



March 15, 2021

Mr. Andrew L. Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: 2021 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 19, 2021 you granted Florida Power & Light Company's ("FPL's") request for an extension of time to March 15, 2021 to file its 2021 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing FPL's 2021 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2021 planning assumptions. In accordance with the Stipulation and Settlement Agreement that the Commission approved Order No. PSC-16-0560-AS-EI, the Company will vary the portion of Reserve Amount amortized in 2021 to maintain its actual return on equity within a range of 9.6% to 11.6%.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Bores', is written over a faint, larger signature.

Scott Bores
Senior Director-Financial Planning & Analysis

Enclosures

Cc: Richard Gentry, Office of Public Counsel

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
(\$000'S)**

**SCHEDULE 1
PAGE 1 OF 1**

**Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021**

| I. AVERAGE RATE OF RETURN (JURISDICTIONAL) | (1) PER BOOKS | (2) FPSC ADJUSTMENTS | (3) FPSC ADJUSTED |
|---|------------------|----------------------------|-------------------------|
| NET OPERATING INCOME | \$3,440,492 (A) | (\$227,832) (B) | \$3,212,660 |
| AVERAGE RATE BASE | \$46,150,754 | \$841,957 | \$46,992,711 |
| AVERAGE RATE OF RETURN | 7.45% | | 6.84% |

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

**AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)**

| | |
|----------|-------|
| LOW | 5.87% |
| MIDPOINT | 6.34% |
| HIGH | 6.85% |

IV. FINANCIAL INTEGRITY INDICATORS

| | | |
|---|--------|-------------------------|
| A. TIMES INTEREST EARNED WITH AFUDC | 6.82 | (SYSTEM PER BOOK BASIS) |
| B. TIMES INTEREST EARNED WITHOUT AFUDC | 6.64 | (SYSTEM PER BOOK BASIS) |
| C. AFUDC AS PERCENT OF NET INCOME | 3.81% | (SYSTEM PER BOOK BASIS) |
| D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY | 81.45% | (SYSTEM PER BOOK BASIS) |
| E. LTD TO TOTAL INVESTOR FUNDS | 38.76% | (FPSC ADJUSTED BASIS) |
| F. STD TO TOTAL INVESTOR FUNDS | 1.64% | (FPSC ADJUSTED BASIS) |
| G. RETURN ON COMMON EQUITY (AVERAGE) | 11.60% | (FPSC ADJUSTED BASIS) |

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
RATE BASE (\$000's)

SCHEDULE 2
PAGE 1 OF 2

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|--|--------------|----------------|--------------|------------|--------------|-----------|--------------|-------------|--------------|
| | PLANT IN | ACCUMULATED | NET | PROPERTY | CONSTRUCTION | NUCLEAR | NET UTILITY | WORKING | TOTAL RATE |
| | SERVICE | DEPRECIATION & | PLANT IN | HELD FOR | WORK IN | FUEL | PLANT | CAPITAL | BASE |
| | | AMORTIZATION | SERVICE | FUTURE USE | PROGRESS | (NET) | | | |
| 1 SYSTEM PER BOOKS | \$60,608,570 | \$17,744,731 | \$42,863,840 | \$474,714 | \$4,567,214 | \$695,124 | \$48,600,892 | (\$710,765) | \$47,890,128 |
| 2 JURISDICTIONAL PER BOOKS | 58,304,335 | 14,447,341 | 43,856,994 | 454,342 | 4,322,647 | 656,385 | 49,290,368 | (3,139,614) | 46,150,754 |
| FPSC ADJUSTMENTS: | | | | | | | | | |
| 3 ACCUM PROV DECOMMISSIONING COSTS | | (5,524,296) | 5,524,296 | | | | 5,524,296 | | 5,524,296 |
| 4 CAPITALIZED EXECUTIVE COMPENSATION | (48,590) | | (48,590) | | | | (48,590) | | (48,590) |
| 5 ENVIRONMENTAL | (1,519,225) | (412,087) | (1,107,137) | | | | (1,107,137) | | (1,107,137) |
| 6 FUEL AND CAPACITY | (179,647) | (49,631) | (130,016) | | | | (130,016) | | (130,016) |
| 7 LOAD CONTROL | (38,100) | (18,589) | (19,511) | | | | (19,511) | | (19,511) |
| 8 ASSET RETIREMENT OBLIGATION | (31,833) | 5,165,025 | (5,196,858) | | | | (5,196,858) | | (5,196,858) |
| 9 CAPITAL LEASES | (85,536) | (40,646) | (44,889) | | | | (44,889) | | (44,889) |
| 10 STORM PROTECTION CLAUSE | (299,955) | (2,339) | (297,616) | | (140,786) | | (438,402) | | (438,402) |
| 11 CONSTRUCTION WORK IN PROGRESS | | | | | (2,162,890) | | (2,162,890) | | (2,162,890) |
| 12 CWIP - CAPACITY ECCR & ECRC PROJECTS | | | | | (21,361) | | (21,361) | | (21,361) |
| 13 ACCOUNTS RECEIVABLE - ASSOC COS | | | | | | | | (216,571) | (216,571) |
| 14 JOBBING ACCOUNTS | | | | | | | | (4,808) | (4,808) |
| 15 NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC | | | | | | | | (85,967) | (85,967) |
| 16 NUCLEAR COST RECOVERY | | | | | | | | 241,631 | 241,631 |
| 17 OTH REG ASSETS & LIAB - CLAUSES | | | | | | | | 2,005 | 2,005 |
| 18 MISC. DEFERRED DEBIT - CLAUSES | | | | | | | | (4,283) | (4,283) |
| 19 CEDAR BAY TRANSACTION | | | | | | | | (301,585) | (301,585) |
| 20 ICL TRANSACTION | | | | | | | | (215,983) | (215,983) |
| 21 POLE ATTACHMENTS RENTS RECEIVABLE | | | | | | | | (55,163) | (55,163) |
| 22 MARGIN CALL CASH COLLATERAL | | | | | | | | 3 | 3 |
| 23 PREPAYMENTS - ECCR | | | | | | | | (1,919) | (1,919) |
| 24 PREPAYMENTS - INTEREST ON COMMERCIAL PAPER | | | | | | | | (5,342) | (5,342) |
| 25 TEMPORARY CASH INVESTMENTS | | | | | | | | (75) | (75) |
| 26 ACCUM. PROV. - PROPERTY & STORM INSURANCE | | | | | | | | 115,689 | 115,689 |
| 27 ASSET RETIREMENT OBLIGATION | | | | | | | | 5,196,858 | 5,196,858 |
| 28 GAIN ON SALE OF EMISSION ALLOWANCE | | | | | | | | 0 | 0 |
| 29 SJRPP ACCELERATED RECOVERY | | | | | | | | 872 | 872 |
| 30 SJRPP CAPACITY/ECRC | | | | | | | | (7,955) | (7,955) |
| 31 EARLY RETIRED ASSETS | | | | | | | | (170,048) | (170,048) |
| 32 INTEREST & DIV RECEIVABLE | | | | | | | | (42) | (42) |
| 33 TOTAL FPSC ADJUSTMENTS | (2,202,886) | (882,564) | (1,320,322) | 0 | (2,325,037) | 0 | (3,645,359) | 4,487,316 | 841,957 |
| 34 FPSC ADJUSTED | \$56,101,449 | \$13,564,777 | \$42,536,672 | \$454,342 | \$1,997,610 | \$656,385 | \$45,645,009 | \$1,347,702 | \$46,992,711 |

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT (\$'000's)**

**SCHEDULE 2
PAGE 2 OF 2**

**Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021**

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|----------------------------------|-----------------------|--|--------------|-------------------------------------|-------------------------------|---|--------------------------------|--------------------------------|----------------------------|
| | OPERATING REVENUES | OPERATION & MAINTENANCE FUEL & NET INTERCHANGE | OTHER O&M | DEPRECIATION AND AMORTIZATION | TAXES OTHER THAN INCOME | INCOME TAXES AND INVESTMENT TAX CREDIT | GAIN LOSS ON DISPOSITION | TOTAL OPERATING EXPENSES | NET OPERATING INCOME |
| 1 SYSTEM PER BOOKS | \$11,717,132 | \$3,082,020 | \$1,446,797 | \$1,567,457 | \$1,421,247 | \$760,940 | (\$683) | \$8,277,777 | \$3,439,355 |
| 2 JURISDICTIONAL PER BOOKS | 11,293,050 | 2,948,306 | 1,397,420 | 1,487,386 | 1,397,981 | 736,782 | (683) | 7,967,192 | 3,325,858 |
| <u>FPSC ADJUSTMENTS:</u> | | | | | | | | | |
| 3 CAPACITY COST RECOVERY | (253,014) | (166,127) | (37,033) | (6,512) | (161) | (10,863) | | (220,696) | (32,319) |
| 4 CONSERVATION COST RECOVERY | (53,088) | | (44,438) | (6,328) | (939) | (347) | | (52,051) | (1,037) |
| 5 ENVIRONMENTAL COST RECOVERY | (175,264) | | (28,764) | (43,013) | (179) | (25,489) | 0 | (97,445) | (77,820) |
| 6 FUEL COST REC RETAIL | (2,773,717) | (2,762,891) | (1,958) | | (28) | (2,246) | | (2,767,124) | (6,593) |
| 7 STORM PROTECTION COST RECOVERY | (42,264) | | | (7,538) | | (8,266) | | (15,804) | (26,460) |
| 10 FRANCHISE REVENUE & EXPENSE | (479,989) | | (346) | | (479,643) | 0 | | (479,989) | - |
| 11 GROSS RECEIPTS TAX | (261,781) | | | | (261,781) | 0 | | (261,781) | - |
| 12 MISCELLANEOUS O&M EXPENSES | | | (1,036) | | | 254 | | (782) | 782 |
| 13 AVIATION - EXPENSES | | | (193) | | | 47 | | (145) | 145 |
| 14 EXECUTIVE COMPENSATION | | | (44,862) | | | 11,001 | | (33,861) | 33,861 |
| 15 INTEREST TAX DEFICIENCIES | | | 317 | | | (78) | | 239 | (239) |
| 16 INTEREST SYNCHRONIZATION | | | | | | 3,519 | | 3,519 | (3,519) |
| 17 TOTAL FPSC ADJUSTMENTS | (4,039,117) | (2,929,018) | (158,312) | (63,391) | (742,731) | (32,467) | 0 | (3,925,919) | (113,198) |
| 18 FPSC ADJUSTED | \$7,253,933 | \$19,288 | \$1,239,109 | \$1,423,995 | \$655,250 | \$704,315 | (\$683) | \$4,041,273 | \$3,212,660 |

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
CAPITAL STRUCTURE (\$000'S)
FPSC ADJUSTED BASIS

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021

| AVERAGE | SYSTEM PER BOOKS | RETAIL PER BOOKS | ADJUSTMENTS | | ADJUSTED RETAIL | RATIO | LOWPOINT | | MIDPOINT | | HIGHPOINT | |
|-----------------------------|---------------------|---------------------|--------------------|--------------------|---------------------|----------------|-----------|---------------|-----------|---------------|-----------|---------------|
| | | | PRORATA | SPECIFIC | | | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST | COST RATE | WEIGHTED COST |
| LONG TERM DEBT | \$14,813,913 | \$14,272,700 | \$338,807 | (\$50,232) | \$14,561,274 | 30.99% | 3.73% | 1.16% | 3.73% | 1.16% | 3.73% | 1.16% |
| SHORT TERM DEBT | 622,939 | 600,172 | 14,297 | (\$0) | 614,469 | 1.31% | 0.75% | 0.01% | 0.75% | 0.01% | 0.75% | 0.01% |
| PREFERRED STOCK | 0 | 0 | 0 | \$0 | 0 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| COMMON EQUITY | 22,705,019 | 21,875,195 | 521,109 | (\$0) | 22,396,305 | 47.66% | 9.60% | 4.58% | 10.55% | 5.03% | 11.60% | 5.53% |
| CUSTOMER DEPOSITS | 377,976 | 377,783 | 9,000 | (\$0) | 386,783 | 0.82% | 2.04% | 0.02% | 2.04% | 0.02% | 2.04% | 0.02% |
| DEFERRED INCOME TAX | 5,302,519 | 5,106,829 | 119,559 | (\$87,971) | 5,138,417 | 10.93% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| FAS 109 DEFERRED INCOME TAX | 3,183,644 | 3,067,288 | 73,069 | \$0 | 3,140,357 | 6.68% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| INVESTMENT TAX CREDITS | 884,118 | 850,788 | 17,570 | (\$113,250) | 755,107 | 1.61% | 7.29% | 0.12% | 7.86% | 0.13% | 8.50% | 0.14% |
| TOTAL | <u>\$47,890,128</u> | <u>\$46,150,754</u> | <u>\$1,093,410</u> | <u>(\$251,452)</u> | <u>\$46,992,711</u> | <u>100.00%</u> | | <u>5.87%</u> | | <u>6.34%</u> | | <u>6.85%</u> |

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS
(\$000's)**

**SCHEDULE 4
PAGE 1 OF 1**

**Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021**

A. TIMES INTEREST EARNED WITH AFUDC

| | |
|--------------------------------------|--------------------|
| EARNINGS BEFORE INTEREST | \$3,550,620 |
| AFUDC - DEBT | 27,085 |
| INCOME TAXES | 755,869 |
| TOTAL | <u>\$4,333,574</u> |
| INTEREST CHARGES (BEFORE DEBT AFUDC) | 634,973 |
| TIE WITH AFUDC | <u>6.82</u> |

B. TIMES INTEREST EARNED WITHOUT AFUDC

| | |
|--------------------------------------|--------------------|
| EARNINGS BEFORE INTEREST | \$3,550,620 |
| AFUDC - EQUITY | (91,734) |
| INCOME TAXES | 755,869 |
| TOTAL | <u>\$4,214,754</u> |
| INTEREST CHARGES (BEFORE DEBT AFUDC) | \$634,973 |
| TIE WITHOUT AFUDC | <u>6.64</u> |

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

| | |
|---------------------------------------|--------------------|
| AFUDC - DEBT | \$27,085 |
| X (1-INCOME TAX RATE) | 0.7548 |
| SUBTOTAL | <u>\$20,443</u> |
| AFUDC - EQUITY | 91,734 |
| TOTAL | <u>\$112,178</u> |
| NET INCOME AVAILABLE TO COMMON | <u>\$2,942,732</u> |
| PERCENT AFUDC TO AVAILABLE NET INCOME | <u>3.81%</u> |

D. PERCENT INTERNALLY GENERATED FUNDS

| | |
|--|--------------------|
| NET INCOME | \$2,942,732 |
| PREFERRED DIVIDENDS | 0 |
| COMMON DIVIDENDS | (188,555) |
| AFUDC (DEBT & OTHER) | (118,820) |
| DEPRECIATION & AMORTIZATION | 1,567,457 |
| DEFERRED INC TAXES & INVESTMENT CREDITS | 634,490 |
| CLAUSE OVER/UNDER RECOVERY | 109,847 |
| OTHER SOURCES/USES OF FUNDS | (683) |
| TOTAL | <u>\$4,946,469</u> |
| CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY) | \$6,072,662 |
| PERCENT INTERNALLY GENERATED FUNDS | 81.45% |

E .& F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL

| | |
|------------------------------------|---------------------|
| RECONCILED AVERAGE RETAIL AMOUNTS: | |
| LONG TERM DEBT | \$14,561,274 |
| SHORT TERM DEBT | 614,469 |
| PREFERRED STOCK | 0 |
| COMMON EQUITY | 22,396,305 |
| TOTAL | <u>\$37,572,048</u> |
| % LONG TERM DEBT TO TOTAL | 38.76% |
| % SHORT TERM DEBT TO TOTAL | 1.64% |

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

| | |
|--|----------------------|
| | <u>FPSC ADJUSTED</u> |
| AVERAGE JURISDICTIONAL EARNED RATE OF RETURN | 6.84% |
| LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES: | |
| LONG TERM DEBT | 1.16% |
| SHORT TERM DEBT | 0.01% |
| PREFERRED STOCK | 0.00% |
| CUSTOMER DEPOSITS | 0.02% |
| TAX CREDITS - WEIGHTED COST (MIDPOINT) | 0.13% |
| SUBTOTAL | <u>1.31%</u> |
| TOTAL | 5.53% |
| DIVIDED BY COMMON EQUITY RATIO | 47.66% |
| JURISDICTIONAL RETURN ON COMMON EQUITY | <u>11.60%</u> |

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
 YEAR: 2021

FORECASTED ASSUMPTIONS:

| CUSTOMERS | FORECASTED YEAR | PRIOR YEAR |
|-------------|--------------------|------------------|
| RESIDENTIAL | 4,594,396 | 4,548,301 |
| COMMERCIAL | 576,415 | 571,587 |
| INDUSTRIAL | 12,692 | 11,999 |
| OTHER | 5,439 | 5,108 |
| TOTAL | <u>5,188,943</u> | <u>5,136,995</u> |

| MWH SALES | FORECASTED YEAR (1) | PRIOR YEAR (2) |
|-------------|------------------------|--------------------|
| RESIDENTIAL | 59,975,802 | 63,743,060 |
| COMMERCIAL | 47,316,969 | 46,161,035 |
| INDUSTRIAL | 3,121,509 | 3,119,350 |
| OTHER | 478,940 | 507,507 |
| TOTAL | <u>110,893,220</u> | <u>113,530,952</u> |

(1) Includes forecasted weather normal sales
 (2) 2020 actual sales

OTHER MAJOR FORECASTED ASSUMPTIONS:

- A. INFLATION FACTORS (ANNUAL RATE OF CHANGE):
- 1. CONSUMER PRICE INDEX (CPI) 2.6%
 - 2. GROSS DOMESTIC PRODUCT (GDP) DEFLATOR 1.1%
 - 3. PRODUCER PRICE INDEX (PPI) - ALL GOODS 2.0%
 - 4. PRODUCER PRICE INDEX (PPI) - INTERMEDIATE MATERIALS 1.9%
 - 5. PRODUCER PRICE INDEX (PPI) - FINISHED PRODUCT GOODS 2.1%
- B. CAPITAL OVERHEAD RATES
- 1. PENSION & WELFARE 3.6%
 - 2. PAYROLL TAXES & INSURANCE 7.2%
- C. OTHER CORPORATE ASSUMPTIONS
- INTEREST RATES -
- 1) 30 DAY COMMERCIAL PAPER 0.3%
 - 2) LONG TERM DEBT 3.5%
- DEPRECIATION RESERVE SURPLUS AMORTIZATION (\$613,723)
- D. ICL BASE REVENUE REQUIREMENTS COLLECTED THROUGH THE CAPACITY CLAUSE ARE REFLECTED AS BASE REVENUES HEREIN.

I AM THE PERSON RESPONSIBLE FOR PREPARATION OF THIS DOCUMENT AND I AM AWARE THAT SECTION 837.06, FLORIDA STATUTES, PROVIDES:

WHOEVER KNOWINGLY MAKES A FALSE STATEMENT IN WRITING WITH THE INTENT TO MISLEAD A PUBLIC SERVANT IN THE PERFORMANCE OF HIS OFFICIAL DUTY SHALL BE GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083

 Scott Bores
 NAME



 SIGNATURE

Senior Director - Financial Planning & Analysis

 TITLE

3/15/2021

 DATE

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
INDIVIDUAL PROJECTS COMMENCING DURING 2021
(AMOUNTS IN 000'S)

Company: Florida Power & Light Company and Subsidiaries, excluding Florida City Gas
YEAR: 2021

Schedule of Individual projects that commence during 2021 and exceed a gross cost of 0.5% of the sum of the total balance in FERC accounts 101 & 106:

| Project | Estimated Total Cost | Estimated Construction Commencement Date | Estimated In-Service Date |
|---------------------------------------|---------------------------------|---|--------------------------------------|
| Large Scale Solar Projects - 10 Sites | 859,585 | Dec-2021 | Dec-2022 |