

News Releases

PSC approves four-year rate agreement, keeping typical customer bills low through 2020 while advancing affordable clean energy and best-in-class reliability

11/29/2016

- **Among the most affordable in the state and nation, FPL's typical customer bill has decreased over the past 10 years and is expected to remain lower than 2006 levels for several more years**
- **Agreement supports billions of dollars in planned investments to continue improving FPL's electrical infrastructure, which is already one of the cleanest and most reliable in the U.S.**

JUNO BEACH, Fla., Nov. 29, 2016 /PRNewswire/ -- The Florida Public Service Commission today unanimously approved a comprehensive four-year rate settlement agreement developed jointly by Florida Power & Light Company, the state's Office of Public Counsel and major customer advocacy organizations. The agreement is expected to keep FPL's typical bills lower than they were in 2006 through at least the end of 2020.



The agreement takes effect in January 2017 and will support continued investments in FPL's infrastructure, including the implementation of innovative technologies that help reduce and shorten outages, generate power more efficiently and curtail fuel consumption and air emissions. FPL has been investing an average of approximately \$3.5 billion a year in its infrastructure and expects to continue investing at a similar rate for the next four years.

"The agreement benefits all of our customers by ensuring rates continue to remain low for at least the next four years while also enabling continued smart investments in reliability and clean energy," said FPL President and CEO Eric Silagy. "FPL's combination of low bills, outstanding service and clean generation is among the very best in the country, and this important agreement will help us continue delivering superior value for customers. This is an excellent example of what can be achieved through cooperative, constructive partnerships, and I thank Public Counsel and other customer representatives for helping lead the development of this important, innovative compromise, which will benefit our customers and our state in the years ahead."

The agreement, which was also supported by the South Florida Hospital & Healthcare Association and the Florida Retail Federation, resolves FPL's current base rate proceeding and addresses related matters, including natural gas hedging and universal-scale solar investment.

The agreement reflects a reduction in FPL's proposed January 2017 base rate revenue increase of more than 50 percent, from \$826 million to \$400 million, driven partly by a reduction in the company's originally proposed return on equity midpoint from 11.5 percent to 10.55 percent. The agreement allows for an ROE range of 9.60 percent to 11.60 percent. FPL's current allowed ROE midpoint is 10.50 percent with a range of 9.50 percent to 11.50 percent. Likewise, FPL's 2018 requested revenue increase would be reduced by more than 20 percent, from \$270 million to \$211 million.

The agreement also includes the FPL Okeechobee Clean Energy Center, which is expected to begin serving customers in mid-2019, with a \$200 million revenue adjustment upon entering service. This is a reduction of \$9 million compared with FPL's original proposal. One of the cleanest, most efficient of its kind in the world, the FPL Okeechobee Clean Energy Center will use advanced combined-cycle natural gas technology to help meet Florida's growing energy needs. Due to the plant's fuel efficiency, customers will benefit from a decrease in the fuel portion of their bills that will partially offset the base rate increase necessary to cover the capital and operating costs.

The forward-looking agreement positions Florida for a significant expansion of solar energy, enabling 1,200 megawatts of new solar capacity. FPL will be allowed to adjust base rates to accommodate up to 300 megawatts of new solar capacity annually during the agreement's four-year term. Each proposed solar project must be determined to be cost-effective – meaning the base rate impact is expected to be offset by fuel and other benefits so that the project produces a net savings for customers over its operating lifetime.

Other components of the approved agreement:

- *Encourages a 50-megawatt pilot program to expand on FPL's battery storage initiatives to enhance operations of existing and/or planned solar facilities, among other potential benefits. Cost recovery would be included in FPL's next base rate proceeding so the program would not impact rates until 2021 at the earliest*
- *Terminates FPL's natural gas hedging program during the settlement's term – a key condition of the Office of Public Counsel's support. Although*

- FPL continues to support the idea of hedging as a means to protect customers during times of higher fuel price volatility, the company accepts the termination of the program until the end of the settlement term as part of the broader compromise benefitting customers*
- Continues FPL's successful asset optimization incentive mechanism with a minimum sharing threshold of \$40 million. Created as part of 2012 base rate settlement, FPL's enhanced program saved FPL customers more than \$124 million during the 2013-2015 period – \$22 million more than would have been saved under the previous program*
- Maintains the company's current equity ratio*
- Maintains energy conservation credits for large business customers who participate in the Commercial and Industrial Load Control program at current levels*
- Reduces depreciation expense by \$126 million compared with FPL's adjusted proposal*
- Allows FPL to amortize over the settlement's minimum term up to \$1 billion of depreciation surplus in addition to the rollover of any unamortized reserve amount from the 2012 Settlement Agreement*

Information for Residential Customers

FPL's typical 1,000-kWh residential customer bill is about 15 percent lower today than it was 10 years ago; and under the approved agreement, it is projected to remain below 2006 levels based on the company's current projections for fuel and other costs through the year 2020. FPL's typical residential bill will also continue to be among the lowest in the state and nation, according to the latest available utility bill comparisons.

The agreement will maintain the current level of the fixed residential customer charge, which is a part of base rates, through 2017. For a typical 1,000-kWh residential customer bill, the estimated base adjustments are:

- In 2017, an increase of about \$5 a month or less than 17 cents a day on the base rate portion of the bill*
- In 2018, an increase of less than \$2.50 a month or 8 cents a day on the base rate portion of the bill*
- In mid-2019, when the FPL Okeechobee Clean Energy Center begins powering customers, an increase of about \$2 a month or less than 7 cents a day on the base rate portion of a typical bill to cover the cost of the new plant, partially offset by a reduction in the fuel charge*

Annually from 2018 through 2021, relatively small rate adjustments for new solar energy centers would have an average net impact of less than 50 cents a month or 2 cents a day on a typical bill, depending on the actual amount of new solar capacity completed in a given year. Importantly, the solar capacity additions would result in no net increase to customer costs over the life of each project because the plants would generate savings on fuel and other costs that would begin offsetting the base rate impact immediately, with the offset increasing over time.

Most FPL customers power their homes for just a few dollars a day. FPL's residential customer monthly usage median is approximately 950 kWh, which means that the majority of FPL customer households consume less than the standard 1,000-kWh typical residential bill benchmark. As of October 2016, FPL's typical bill is approximately \$92.

To estimate what the new rates would mean for their own bills based on individual electricity usage, FPL residential customers can visit the online calculator at www.FPL.com/answers.

FPL's Typical 1,000-kWh Residential Customer Bill: Staying Lower than 2006 Rates Through 2020		
2006 <i>(actual bill, 10 years ago)</i>	→	2020 <i>(projected bill under settlement)</i>
\$108.61		\$102.97
<i>The 2020 figure reflects the current estimate for FPL's typical bill in 2020, which includes base rate adjustments approved by the Florida PSC, as well as current projections for fuel and other clauses. All bill totals include the state's standard gross receipts tax but do not include any local taxes or fees that vary by community. All rates are subject to change.</i>		

Information for Business Customers

FPL business customers' typical bills have decreased about 20 percent on average over the past 10 years. The impact of the agreement varies depending on rate class and customer usage. Most typical business customer bills will see an increase in the range of approximately 3 to 8 percent in 2017 – with smaller businesses seeing the lowest increases – roughly 3 to 5 percent in 2018 and about 1 percent or less in mid-2019. Large commercial and industrial customers with more complex rate structures may contact their FPL account managers for information about the impact to their bills.

Florida Power & Light Company

Florida Power & Light Company is the third-largest electric utility in the United States, serving more than 4.8 million customer accounts or more than 10 million people across nearly half of the state of Florida. FPL's typical 1,000-kWh residential customer bill is approximately 30 percent lower than the latest national average and, in 2015, was the lowest in Florida among reporting utilities for the sixth year in a row. FPL's service reliability is better than 99.98 percent, and its highly fuel-efficient power plant fleet is one of the cleanest among all utilities nationwide. The company received the top ranking in the southern U.S. among large electric providers, according to the J.D. Power 2016 Electric Utility Residential Customer Satisfaction StudySM, and was recognized in 2016 as one of the most trusted U.S. electric utilities by Market Strategies International. A leading Florida employer with approximately 8,800 employees, FPL is a subsidiary of Juno Beach, Fla.-based NextEra Energy, Inc. (NYSE: NEE), a clean energy company widely recognized for its efforts in sustainability, ethics and diversity, and has been ranked No. 1 in the electric and gas utilities industry in Fortune's 2016 list of "World's Most Admired Companies." NextEra Energy is also the parent company of NextEra Energy Resources, LLC, which, together with its

affiliated entities, is the world's largest generator of renewable energy from the wind and sun. For more information about NextEra Energy companies, visit these websites: www.NextEraEnergy.com, www.FPL.com, www.NextEraEnergyResources.com.

Cautionary Statements and Risk Factors That May Affect Future Results

This news release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy, Inc. (together with its subsidiaries, NextEra Energy) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NextEra Energy's control. Forward-looking statements in this news release include, among others, statements concerning future operating performance. In some cases, you can identify the forward-looking statements by words or phrases such as "will," "may result," "expect," "anticipate," "believe," "intend," "plan," "seek," "aim," "potential," "projection," "forecast," "predict," "goals," "target," "outlook," "should," "would" or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NextEra Energy and its business and financial condition are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, or may require it to limit or eliminate certain operations. These risks and uncertainties include, but are not limited to, the following: effects of extensive regulation of NextEra Energy's business operations; inability of NextEra Energy to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise; impact of political, regulatory and economic factors on regulatory decisions important to NextEra Energy; disallowance of cost recovery based on a finding of imprudent use of derivative instruments; effect of any reductions to, or elimination of, governmental incentives or policies that support utility scale renewable energy projects or the imposition of additional taxes or assessments on renewable energy; impact of new or revised laws, regulations, interpretations or other regulatory initiatives on NextEra Energy; effect on NextEra Energy of potential regulatory action to broaden the scope of regulation of over-the-counter (OTC) financial derivatives and to apply such regulation to NextEra Energy; capital expenditures, increased operating costs and various liabilities attributable to environmental laws, regulations and other standards applicable to NextEra Energy; effects on NextEra Energy of federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions; exposure of NextEra Energy to significant and increasing compliance costs and substantial monetary penalties and other sanctions as a result of extensive federal regulation of its operations; effect on NextEra Energy of changes in tax laws and in judgments and estimates used to determine tax-related asset and liability amounts; impact on NextEra Energy of adverse results of litigation; effect on NextEra Energy of failure to proceed with projects under development or inability to complete the construction of (or capital improvements to) electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget; impact on development and operating activities of NextEra Energy resulting from risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements; risks involved in the operation and maintenance of electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities; effect on NextEra Energy of a lack of growth or slower growth in the number of customers or in customer usage; impact on NextEra Energy of severe weather and other weather conditions; threats of terrorism and catastrophic events that could result from terrorism, cyber attacks or other attempts to disrupt NextEra Energy's business or the businesses of third parties; inability to obtain adequate insurance coverage for protection of NextEra Energy against significant losses and risk that insurance coverage does not provide protection against all significant losses; a prolonged period of low gas and oil prices could impact NextEra Energy's gas infrastructure business and cause NextEra Energy to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired; risk of increased operating costs resulting from unfavorable supply costs necessary to provide full energy and capacity requirement services; inability or failure to manage properly or hedge effectively the commodity risk within its portfolio; potential volatility of NextEra Energy's results of operations caused by sales of power on the spot market or on a short-term contractual basis; effect of reductions in the liquidity of energy markets on NextEra Energy's ability to manage operational risks; effectiveness of NextEra Energy's risk management tools associated with its hedging and trading procedures to protect against significant losses, including the effect of unforeseen price variances from historical behavior; impact of unavailability or disruption of power transmission or commodity transportation facilities on sale and delivery of power or natural gas; exposure of NextEra Energy to credit and performance risk from customers, hedging counterparties and vendors; failure of counterparties to perform under derivative contracts or of requirement for NextEra Energy to post margin cash collateral under derivative contracts; failure or breach of NextEra Energy's information technology systems; risks to NextEra Energy's retail businesses from compromise of sensitive customer data; losses from volatility in the market values of derivative instruments and limited liquidity in OTC markets; impact of negative publicity; inability to maintain, negotiate or renegotiate acceptable franchise agreements; increasing costs of health care plans; lack of a qualified workforce or the loss or retirement of key employees; occurrence of work strikes or stoppages and increasing personnel costs; NextEra Energy's ability to successfully identify, complete and integrate acquisitions, including the effect of increased competition for acquisitions; NextEra Energy Partners, LP's (NEP's) acquisitions may not be completed and, even if completed, NextEra Energy may not realize the anticipated benefits of any acquisitions; environmental, health and financial risks associated with ownership and operation of nuclear generation facilities; liability of NextEra Energy for significant retrospective assessments and/or retrospective insurance premiums in the event of an incident at certain nuclear generation facilities; increased operating and capital expenditures at nuclear generation facilities resulting from orders or new regulations of the Nuclear Regulatory Commission; inability to operate any owned nuclear generation units through the end of their respective operating licenses; liability for increased nuclear licensing or compliance costs resulting from hazards, and increased public attention to hazards, posed to owned nuclear generation facilities; risks associated with outages of owned nuclear units; effect of disruptions, uncertainty or volatility in the credit and capital markets on NextEra Energy's ability to fund its liquidity and capital needs and meet its growth objectives; inability to maintain current credit ratings; impairment of liquidity from inability of credit providers to fund their credit commitments or to maintain their current credit ratings; poor market performance and other economic factors that could affect NextEra Energy's defined benefit pension plan's funded status; poor market performance and other risks to the asset values of nuclear decommissioning funds; changes in market value and other risks to certain of NextEra Energy's investments; effect of inability of NextEra Energy subsidiaries to pay upstream dividends or repay funds to NextEra Energy or of NextEra Energy's performance under guarantees of subsidiary obligations on NextEra Energy's ability to meet its financial obligations and to pay dividends on its common stock; the fact that the amount and timing of dividends payable on NextEra Energy's common stock, as well as the dividend policy approved by NextEra Energy's board of directors from time to time, and changes to that policy, are within the sole discretion of NextEra Energy's board of directors and, if declared and paid, dividends may be in amounts that are less than might be expected by shareholders; NEP's inability to access sources of capital on commercially reasonable terms could have an effect on its ability to consummate future acquisitions and on the value of NextEra Energy's limited partner interest in NextEra Energy Operating Partners, LP; and effects of disruptions, uncertainty or volatility in the credit and capital markets on the market price of NextEra Energy's common stock. NextEra Energy discusses these and other risks and uncertainties in its annual report on Form 10-K for the year ended December 31, 2015 and other SEC filings, and this news release should be read in conjunction with such SEC filings made through the date of this news release. The forward-looking statements

made in this news release are made only as of the date of this news release and NextEra Energy undertakes no obligation to update any forward-looking statements.

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