



FPL's 2017-2020 Base Rate Proposal

Our electric service is cleaner and more reliable than ever before – while our typical customer bill is lower than it was a decade ago and among the lowest in the nation. The exceptional value we provide our customers is the direct result of smart, long-term investments we've made in advanced infrastructure and cost-saving efficiencies. Our proposed four-year rate plan, beginning in 2017, is being designed to support investments that benefit customers while keeping our typical customer bill lower through 2020 than it was in 2006.

Continuing to invest in Florida's future

FPL is the state's largest investor and a strong economic engine. From the period 2014 through the end of 2017, we are investing a total of nearly \$16 billion in infrastructure improvements to benefit customers, with additional improvements planned in 2018 and beyond. Our investments have made us one of the most reliable and cleanest utilities in the country while our typical customer bill is about 30 percent below the national average.

More reliable than ever before

We're investing billions to strengthen or "harden" the electric grid and further improve service reliability for customers, including inspecting and replacing poles, placing some equipment underground, and clearing vegetation from lines. Smart grid technology helps us predict potential issues before they disrupt service to customers and also restore power faster following outages. As a result of the work that we've done, our system is more resilient in severe weather and our comprehensive reliability performance is recognized as the best in the nation.

Among the cleanest and most efficient in the nation

Our high-efficiency fleet of power plants has one of the cleanest emission profiles among major utilities nationwide. Our rate proposal includes continued investments in cleaner, more efficient power generation, such as the modernization of aging peaking units; upgrades of combustion turbines; and the addition of three large-scale solar energy centers. Our plan also encompasses the FPL Okeechobee Clean Energy Center, which is expected to begin serving customers in mid-2019 and will be one of the cleanest, most fuel-efficient natural gas plants of its kind in the country.

Investing in efficiency

By continuing to invest in more efficient power plants and advanced technologies, our typical customer bill is lower today than it was a decade ago. Supported by base rates, these investments have helped produce net customer savings over the long term by reducing fuel and other costs. Since 2001, our investments in fuel efficiency have saved customers more than \$8 billion on fuel. Even with the change under our proposed four-year rate plan, we expect typical customer bills in 2020 will still be lower than they were in 2006.

2006	>>	2016	>>	2020
\$108		\$93		\$107

All bill totals include the state's standard gross receipts tax but do not include any local taxes or fees that vary by community. Rates are subject to change.

Operating efficiently saves customers nearly \$2 billion annually

FPL ranks best-in-class among major U.S. utilities based on operating and maintenance (O&M) costs per kilowatt-hour of retail sales. Compared with an average utility's O&M costs, FPL's innovative practices and processes save customers nearly \$2 billion a year – that equates to savings of about \$17 a month on a typical customer's bill.



Keeping Bills LOW

Everyday costs are up, but **FPL bills are down**

While the costs for food and housing are at least 20 percent higher today than they were in 2006 and healthcare costs are about 40 percent higher, **the price FPL customers pay for electricity is lower than it was a decade ago.**

Under our proposed plan, we expect our typical bill to remain lower through 2020 than it was in 2006.

Sources: Consumer Price Index for All Urban Consumers for the Miami-Ft. Lauderdale area - 2006 annual average and August 2015 data published by the U.S. Department of Labor's Bureau of Labor Statistics; FPL bills reflect 1,000-kWh residential rates for 2006, 2016 and 2020 projections, including gross receipts tax. Local fees and other taxes that vary by location are not included.

Our four-year plan

Our current rate agreement expires at the end of 2016, so we're proposing a plan for 2017-2020 that will include three base rate adjustments phased in during the four-year period. Combined with current projections for fuel and other costs, we estimate the total typical customer bill will grow at about 2.8 percent per year, roughly the expected rate of inflation from now through 2020. Even with the change, FPL expects that its typical customer bills will continue to be lower than they were in 2006 through the base rate proposal timeframe (2017-2020).

Year	Annual revenue requirements	Estimated base rate impact
2017	\$860 million	About \$8.50 per month, or 28¢ per day
2018	\$265 million	About \$2.50 per month, or 8¢ per day
2019	\$200 million	About \$2 per month, or 7¢ per day
2020	\$0	No change
TOTAL	\$1.325 billion	\$13 per month, or about 43¢ per day

Next Steps

We've notified the Florida Public Service Commission (PSC) that we expect to file a formal request in the coming months for new base rates that would take effect when our current rate agreement expires at the end of this year. We plan to formally file our petition and testimony with the PSC in March to enable a thorough review and decision before the end of 2016. For more information on our four-year rate proposal, visit FPL.com/answers.

Potential Timeline

1Q16	FPL submits test year letter notification (January); base rate request filed after 60 days (March)
2Q16	PSC holds service hearings in various cities
3Q16	PSC conducts technical hearing in Tallahassee
4Q16	PSC issues decision
2017 – 2020	New rate plan implemented