Necessity Analysis

Regulatory Affairs	Corporate Governance	Regulatory Mandate	Legal Compliance	Management Control	Operational Execution	Strategic Planning
1. Rate Design and Administration*						
Activities include developing information to support rate filings that includes but is not limited to present revenue, rate design, fuel cost recovery, revenue requirement analysis and the development of external allocation factors used in the cost of service studies; data collection, development of tariffs and the timely implementation of new or revised rates.						
2. Regulatory Planning and Strategy						
Activities include developing strategy to interact constructively with the Commission and developing forward looking rate view to support strategic planning. These activities, provide regulatory analysis and optimal strategies to operate in a highly regulated industry.						
3. Regulatory Litigation Support						
Activities include processing regulatory Requests for Information (RFIs) after filings are made. The activities include coordinating with the Commission, receiving RFIs, forwarding to appropriate departments, collecting relevant information and submitting to the Commission.						

Note: *Rate design services were not requested by Lone Star

Necessity Analysis

Strategy, Policy and Process Improvement	Corporate Governance	Regulatory Mandate	Legal Compliance	Management Control	Operational Execution	Strategic Planning
1. Strategic Initiatives and Policy Development						
Key activities include: Developing environmental sustainability performance studies and policy recommendations; identifying emerging trends in the industry and potential business opportunities; supporting business units in building pilot projects; assessing impact of potential environmental policies and outcomes on NextEra Energy's business; scenario analysis, strategic decision process design, economic evaluations and strategic direction setting support for the Board.						
2. Process Improvement						
Activities include benchmarking and Six Sigma program for operations that support management control through the process of data collection, performance analysis , process mapping and business continuity activities such as those performed daily to maintain service, consistency, and recoverability;						
3. Enterprise Risk Management						
Activities include: Providing Strategic ERM Risk identification, Risk Measurement and Risk Mapping; activities for Mitigation Planning & Assessment; Risk Budgeting and Reporting; Managing ERM systems.						
4. Environmental Services						
Key activities include: Managing air and water quality, and waste control regulatory processes and control performance; developing environmental surveys, policies and procedures; identifying and developing air and water quality improvement and waste reduction strategies; implementing environmental sustainability measures.						
5. Security						
Key activities include: managing guard services for parking lot patrol, corporate security personnel, incident reporting and arrest notifications, testing and troubleshooting of physical security perimeters, alarm monitoring and security/access card/ID badge administration.						

Necessity Analysis

Transmission and Substation	Corporate Governance	Regulatory Mandate	Legal Compliance	Management Control	Operational Execution	Strategic Planning
1. Engineering Management and Capital construction Activities include the design and construction management for new construction or upgrading of existing transmission facilities. These activities must comply with regulatory mandated standards and support operational execution through engineering data design and monitoring activities. Also includes maintenance support for transmission lines and substations.						
2. Operations Activities include planning and operation aspects of the transmission function and reliability coordinator among transmission systems. Also activities include technology services for load management and optimization. These support management control by providing analytical and factual information that allows for better control of the load management system. These activities also support operational execution through comprehensive data analysis tasks.						
3. Regulatory compliance Activities include ensuring regulatory compliance of all transmission activities, these activities are mandated by regulatory agencies and support operational execution through analysis of regulatory developments						
4. Safety Activities include maintaining safety statistics and managing OSHA compliance procedures. These activities (OSHA) are federally mandated and support operational execution through data tracking and performance reproving tasks.						
5. Storm Response Activities include the development and maintenance of storm response procedures. These activities support execution through maintenance of procedures and relevant data collection.						

Necessity Analysis

NEET Provided Services	Corporate Governance	Regulatory Mandate	Legal Compliance	Management Control	Operational Execution	Strategic Planning
1. Business Services						
Management oversight, which includes strategic and business planning; support of development; project management for rate case development and filing; process management system that ensures replication of each operational process; review of regulatory compliance filings; formulation and administration of quality program; establishment of "Operating Model" framework; and research and analysis of legislative impacts.						
2. Business Management						
Provide executive and management direction for implementation of strategies, processes, and policies for financial planning and forecasting, affiliate transactions, corporate compliance, and business activities; corporate financial, due diligence, and business reporting; financial transaction monitoring; preparation of debt funding estimates; assistance with the preparation of cost projections, estimates and annual five-year plans; and assistance with the preparation and execution of regulatory filings.						
3. Transmission Operations						
Oversight and support in implementation of standardized transmission operations processes and procedures for the system control center, energy management system, field asset assessment and maintenance, event response, and reporting through interfaces with FPL Transmission & Substation organization and other corporate support organizations.						

Benefits Attributes Definitions

Benefits Attributes	Definitions
Reduce Risk	Actions designed to reduce liability and mitigate exposure to financial, operational, fiduciary and other types of risk through activities such as implementing safety programs, performing internal audit, and developing policies, procedures and manuals
Increase Employee Productivity	Programs that enhance employees' abilities to perform their jobs more productively. Examples include implementing certain automated systems, providing certain types of training, implementing and administering employee health awareness programs, developing procedures, policies and practice manuals, developing employee communications and implementing and administering quality programs
Provide Management Information	Activities conducted primarily to provide decision support data and analysis to management personnel. Examples include developing budgets, monitoring operational and financial performance, performing corporate development, conducting strategic assessments and developing integrated information systems
Enhance Corporate Performance	Activities performed to enhance the abilities and effectiveness of management with respect to the business, including developing strategic plans, managing the performance review process, maintaining the inter/intranet and conducting benchmarking studies
Reduce or Avoid Costs	Activities performed to improve the cost effectiveness of operations. Activities include implementing certain automated systems, negotiating discounts with outside vendors and performing certain credit and collections activities
Increase Reliability	Activities performed to increase the reliability of energy delivery/generation and to minimize the impact of disruptions

Benefits Analysis

Corporate Communications	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Marketing						
Activities include branding and; providing market research activities, including primary and secondary research and customer segmentation analysis; representing the company at conferences; managing external web and web initiatives; management of metrics for the company including media tracking, corporate indicators and benchmarking.						
2. Internal and External Communications						
Activities include creating and distributing print and electronic communications with employees regarding corporate-wide initiatives such as training opportunities, health and wellness programs, volunteering opportunities such as "United Way"; management of employee communication campaigns including executive outreach and weekly newsletters; managing corporate-wide support sources like, "Lexis Nexis", "Energy Daily", copyright agreements and general audio visual support.						
3. Customer Communication and Public Relations						
Activities include assisting in the development of the Annual Report; all media related activities; managing customer outreach through safety communications, hurricane announcements and external newsletters; supporting data queries for Customer Relationship Management (CRM) initiatives; educational initiatives and public awareness programs.						

Benefits Analysis

Engineering, Construction, and Corporate Services	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Engineering and Construction Services						
Activities include providing centralized engineering design and program management services for major projects such as environmental retrofitting at existing plants, transmission projects, construction of new plants and power systems interconnection; provide program management services such as technology selection, systems integration, vendor selection, and contract execution.						
2. Corporate Real Estate						
These activities include: Lease management; office space and service center planning and design; parking management; move planning and support; vending operations, janitorial and corporate recycling program management; emergency response.						
3. Procurement and Logistics						
Activities include procurement of goods and/or services across the company such as power systems equipment and spare parts that are critical to operations; managing logistics and quality control of materials procured; supplier and category management; overseeing safety measures in the procurement process; managing transportation logistics.						
4. Office Support and Mail Services						
Activities include developing and providing inserts/mass mail applications, corporate-wide mail delivery, recycle support, signage, art services, managing paper supply for all printers and USPS compliance.						

Benefits Analysis

Engineering, Construction, and Corporate Services (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
6. Warehouse and Distribution						
Activities related with inventory management and warehouse operations. Key inventory management activities include: Min/max management, facility transfers, material returns, material issues, inspection, receiving, picking /packing, storing, bin location maintenance. Warehouse and distribution activities include: cycle count activities, forecasting, capacity planning, variance analysis, quality control, warehouse optimization, kitting/staging/delivery, meter routine projects.						

Benefits Analysis

Finance & Accounting	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Investor Relations						
Investor relations is the primary conduit for information between the financial community and the company Activities include preparation of quarterly earnings release materials, ongoing communication with institutional investors and analysts, and execution of shareholder services, all of which reduce financial risk by providing consistent and pertinent information to shareholders. These activities also provide information to management about the financial community's thoughts about the activities and strategy of company.						
2. Financial Planning						
Activities required to provide utility with focused business and economic modeling. Key activities include: preparing long-range financial plans; participating in budget to actual variance analysis; preparing cash flow and balance sheet forecasts, maintaining planning and forecasting systems and providing user support.						
3. Market Services						
Activities include developing and maintaining banking and rating agency relationships, negotiate terms and conditions, execute financial transactions, provide compliance and regulatory support; acquire capital through non-capital market transactions; negotiate terms and conditions.						

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Benefits Analysis

Finance & Accounting (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
4. Tax Analysis and Compliance						
Activities include tax advisory and planning, special tax situations, tax audits and appeals and litigation; maintain tax ledger; reconcile deferred tax assets/liabilities; Federal, state and local tax filings; consolidations; ensuring compliance with federal, state and local tax codes/law.						
5. M&A and Deal Analysis						
M&A activities support the actual transaction for valuation, regulatory strategy development, deal negotiation, transaction structuring, integration pre-planning and announcement planning. Deal analysis involves identifying and evaluating the synergistic benefits of potential targets.						
6. Sarbanes-Oxley (SOX) Compliance						
These activities develop and oversee NextEra Energy's ongoing SOX compliance program. Activities include: Develop/ update, maintain and continually enhance SOX internal control documentation; Work with process owners, auditors to identify key controls and to streamline and automate them; Perform testing of control activities to support management's assessment of internal controls over financial reporting, Draft is closures for 10-Qs, 10-Ks to meet SOX and internal controls compliance requirements; Prepare annual materiality calculations for SEC registrants; Monitor SOX rulings, announcements from SEC, PCAOB, FASB, GAAP and FERC and assess their impact of NextEra Energy's SOX compliance requirements.						

Benefits Analysis

Finance & Accounting (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
7. Accounting						
Key activities include: Completing monthly general ledger close process; preparing journal entries; recording cash transactions; preparing financial statements; consolidation work; accounting support for financing transactions; reconciling cash accounts; supporting external audit preparation; accounting support for rate cases; reviewing budget variance analysis; providing oversight for business unit accounting and reconciliations; and providing certification reporting for.						
8. Internal and External Reporting						
Activities include reporting of NextEra Energy's monthly earnings and scorecard metrics to BOD, Officers and other stakeholders; production of monthly utility gross margin and O&M reports to accounting personnel and finance / budget personnel; external SEC reporting (10K, 10Q); FERC reporting; corporate governance, management control and strategic planning; consolidation accounting and financial statement preparation which reduce financial and operational risk by eliminating duplication effort leading to lesser probability of statement errors and associated liability.						
9. Payroll						
Key activities include: preparing periodic payroll; preparing annual W-2 filings; implementing tax law changes; maintaining bonus plan payments; maintaining time and attendance system; preparing ad-hoc labor reports as required; reconciling payroll charges to general ledger; accounting support for financing transactions; testing payroll for all acquisitions.						

Benefits Analysis

Finance & Accounting (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
10. Accounts Payable						
Activities include centralized PO invoice processing, vendor maintenance, manage relationships with key vendors; create payments to vendors, P-Card and T&E Card management, account reconciliations from A/P to GL among others; support for site invoice processing, void checks and issue stop payments, working duplicate invoice report, manage aged payables.						
11. Cash Operations and Management						
Activities include reconciling cash receipts from A/R to the GL and interfacing with the treasury function to invest the appropriate amount of cash; remittance processing; making cash available on a daily basis for the payment of A/P. These activities ensure that there is enough cash available to pay vendors and employees.						
12. Investments						
Oversees all corporate, trust and foundation investments. Oversee the management of the invested assets of NextEra Energy Inc., such as its employee benefit plans The primary functions relate to determining and the ongoing monitoring of asset allocation and investment objectives & strategies, selection and oversight of external money managers, and evaluating potential use of new investment vehicles.						

Benefits Analysis

General Counsel/Legal	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Legal Services						
These activities include all legal support provided to business units in support of operations (litigation, labor & employment, commercial contracting, corporate governance, regulatory proceedings as well as all other operational legal matters); Monitor compliance with federal, state and / or local laws, regulations and ordinances; draft, negotiate and review agreements.						
2. Claims						
Key activities include: negotiating and reviewing agreements such as Settlement/Release; drafting collection demand letters; monitoring and assisting with the support and management of claims-related litigation; managing actual adjustment of claims; evaluating claims and disputes by testing initial evidence; monitoring and assisting in preparing data for regulatory proceedings; maintaining records and other data concerning third-party claims; negotiating and administering settlements of third-party claims.						
3. Ethics						
The Ethics program develops, implements and monitors the corporate ethics program, including all internal efforts to ensure ethical behavior of employees, such as ethics compliance training						
4. Corporate Governance						
Activities include: Ensuring compliance with federal, state and local laws and regulations; environmental mandates and regulations; recommend governance policy and practice to Board of Directors; manage the process for disclosure and resolution of any conflicts of interest; Coordinate annual shareholder meetings, and Board of Director meetings.						

Benefits Analysis

Human Resources	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Benefits						
Activities include: develop, maintain and administer benefit policies (including pension and short/long-term disability); oversee preparation and distribution of annual benefits statements; manage benefits budget and vendor relationships with benefit providers; manage legally required or company required employee communications regarding benefits; maintain and administer retirement benefit plan; administer insurance benefits.						
2. Compensation						
These activities include the development of a "total rewards" package to attract and retain outstanding employees. Developing and administering all incentive plans and payouts, stock options and restricted stock grants; designing and maintaining salary structures; conducting job analysis and market research for existing job classifications; maintaining and administering relocation policy and services; developing and maintaining job descriptions; conducting compensation related due diligence for M&A activity.						
3. Staffing, Recruiting and Workforce Planning						
Activities encompass those required to attract, hire and develop qualified human resources required to sustain efficient operations, as well as those activities required to plan for future workforce requirements. Key activities include: providing recruitment and talent acquisition services; providing full background check for new hires; coordinating new hire on-boarding processes (pre-employment); coordinating contingent worker acquisition (temp. worker services); maintaining and administering all staffing and employment policies. Workforce planning activities include: performing comprehensive workforce competency analysis; identifying future competency requirements; assessing competency gaps and surplus; developing workforce competency models and plans; administering performance evaluation process.						

Benefits Analysis

Human Resources (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
4. Compliance and Policies						
Key activities include: Monitoring corporate-wide HR-related compliance activities; HR policy administration; assisting in payroll management; developing diversity and equal opportunity compliance, reviews and audits; providing corporate oversight for employee terminations and disciplinary actions; responding to unemployment claims, external agency complaints or inquiries, representing the company and serve as expert witness at unemployment hearings, court proceedings, lawsuits, depositions, arbitration, etc.; administering integrity line process and disseminate investigations into matters such as alleged policy violations, harassment, and discrimination; reviewing company reorganizations to ensure legal and policy compliance and produce disparate impact statistical analysis; overseeing maintenance and retention of all applicable personnel and employee records; diversity program activities including HR interface with the company's current diversity programs.						
5. Employee Relations						
Employee relations activities include developing corporate employee relations strategy for represented and non-represented employees. Key activities include: providing labor relations expertise on integration issues and other technical issues; preparing for, conduct and advise on labor contract negotiations; advising on contract administration, grievance handling and arbitration cases; advising management on union issues; representing the organization in informal dealings with the National Labor Relations Board and the Department of Labor Wage-Hour Division.						
6. Learning and Development						
Promoting business transformation relies on the following activities: Employee and organizational improvement; learning and leadership development programs; technical, regulatory, safety and compliance training; performance management and development system; executive development; educational assistance plan; organizational development; assessments / evaluations; intern programs; new employee orientation.						

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Benefit Analysis

Human Resources (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
7. Wellness Programs						
Key activities include: Employee-assistance program for mental health and substance abuse; administering programs that are intended to improve the overall health of the company's employees.						
8. HR Cost & Performance						
Activities include benchmarking and hence supporting HR management control through the process of data collection, developing budget and performance indicators; performance analysis and process mapping for the HR group.						

Benefits Analysis

Internal Auditing	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Internal Audit Services						
Activities include providing operational reviews, reports on financial operational issues, internal control advice, task force participation, and responding to management requests in order to test the adequacy and effectiveness of internal controls; handle fraud and conflict of interest cases; conduct fraud awareness training as well as internal control process presentations throughout the company.						

Benefits Analysis

Information Management	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. IT Planning and Performance Management						
These activities range from managing IT department performance to managing the relationships of the IT department with business units. Key activities include: establishing and monitoring IT performance measures; implementing IT Enterprise Process Improvements; liaising with business units for all IT support; developing business requirements for initiatives/requests; managing service levels and constraints; managing account plans; managing account communications; aiding in the development of policy, strategic, and tactical planning; tracking technology project opportunities; monitoring and tracking technology capital budget;						
2. Applications Management						
Applications management activities encompass technical support to all applications including installation, maintenance and compliance. These are part of the service delivery function. Key activities include: application break/fix/enhancement support; system reports set-up and administration; ad-hoc reporting; new application installation; critical application support; application security administration; application and platform retirement; data migration, cleansing and maintenance; application performance monitoring; application documentation compliance; SAP system support.						
3. Architecture Management						
These activities range from strategy and planning to standards and optimization. Key activities include: assessing and recommending technology solutions (includes project support); validating business and technical requirements for alignment with defined architecture; managing technology lifecycles and governance; updating architecture documents; maintaining architecture repository.						

Benefits Analysis

Information Management (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
4. Change Management						
These activities ensure that changes are managed and controlled systematically to minimize disruptions and/or declines in the quality of IT services. Activities include the establishment of procedures for initiating, assessing, planning, scheduling, and implementing changes to IT services.						
5. Information Security						
These activities are critical to operational execution given the importance of securing information assets in the enterprise. Activities include: Develop, implement, and sustain a security architecture that maintains a secure work environment for wired and wireless computing within the LAN as well as controlled interaction with external users entering the system through the WAN; assess third party vulnerability and potential fixes; develop training and awareness of critical security issues.						
6. Database and Enterprise Infrastructure Management						
Activities include the organization, management, retrieval of data as well as the design and monitoring of database architecture. Database assets and functionality must be considered, integrated, and managed within the larger IT architecture for security and resilience. Other activities include managing and providing network accounts and resources, basic system monitoring and control as well as management of storage, active directory, print file server, mainframe and distributed environment.						
7. IM Nuclear*						
Activities include Passport and NAMS support, information systems management, data services, infrastructure support and Nuclear Web Applications Support.						

Note: *IM Nuclear does not provide services to Lone Star

Benefits Analysis

Information Management (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
8. Hardware and Software Licensing						
Assess hardware and software needs to ensure that they align with current technology infrastructure. These activities include: Managing hardware and software inventories plus negotiating licensing agreements; Order desktop hardware / software and hardware / software maintenance. Coordinate distribution, installation and documentation of equipment to customer and for invoice payments for desktop hardware / software and hardware / software maintenance.						
9. IT Quality Compliance Management						
Compliance management related to Sarbanes-Oxley (SOX) related applications. Activities include. document creation and maintenance for all SOX related activities within the group; manage software quality assurance program; test validation and defect tracking; test planning and execution; migration and build activities; code control for SOX; enforcement of SOX compliance.						
10. Human Resources Information Systems						
Activities include: Develop and execute processes to support employee actions and to support other HR plans and programs; version control, quality assurance, data integrity, training, analysis and reporting of the system; provide employee data as needed to meet managerial and regulatory requirements;						
11. Telecommunications						
Provision of basic and system-wide data communication capabilities including wired, wireless, fixed, and remote over the LAN and WAN. Activities include: Installing and maintaining PBX system infrastructure; installing and maintaining data network infrastructure; fix and repair LAN connection; creating plan, architecture and strategy for telecom infrastructure; engineering services for developing work / cost estimates, design, validation and implementation						

Benefits Analysis

Information Management (continued)	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
12. Quality/ Assurance (QA) Testing						
QA activities are an important part of the release management function and include: building and configure releases; conducting a quality review; developing standards for release acceptance; and planning for implementation with training and communication.						
13. Service Desk (Help Desk)						
Critical applications are supported by round the clock IT support, non-critical applications and necessary end-user platforms are supported by regular IT support. The service desk activities include: Receipt of technical support calls from employees regarding issues with general desktop computing; telephone, peripheral support and access; help desk support; project support; application administration; employee termination process; user account synching; set-up and support for migrations, moves and org changes; audit table setup and queries.						

Benefits Analysis

Regulatory Affairs	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Rate Design and Administration*						
Activities include developing information to support rate filings that includes but is not limited to present revenue, rate design, fuel cost recovery, revenue requirement analysis and the development of external allocation factors used in the cost of service studies; data collection, development of tariffs and the timely implementation of new or revised rates.						
2. Regulatory Planning and Strategy						
Activities include developing strategy to interact constructively with the Commission and developing forward looking rate view to support strategic planning. These activities, provide regulatory analysis and optimal strategies to operate in a highly regulated industry.						
3. Regulatory Litigation Support						
Activities include processing regulatory Requests for Information (RFIs) after filings are made. The activities include coordinating with the Commission, receiving RFIs, forwarding to appropriate departments, collecting relevant information and submitting to the Commission.						

Note: *Rate design services were not requested by Lone Star

Benefits Analysis

Strategy, Policy and Process Improvement	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Strategic Initiatives and Policy Development						
Key activities include: Developing environmental sustainability performance studies and policy recommendations; identifying emerging trends in the industry and potential business opportunities; supporting business units in building pilot projects; assessing impact of potential environmental policies and outcomes on NextEra Energy's business; scenario analysis, strategic decision process design, economic evaluations and strategic direction setting support for the Board.						
2. Process Improvement						
Activities include benchmarking and Six Sigma program for operations that support management control through the process of data collection, performance analysis , process mapping and business continuity activities such as those performed daily to maintain service, consistency, and recoverability;						
3. Enterprise Risk Management						
Activities include: Providing Strategic ERM Risk identification, Risk Measurement and Risk Mapping; activities for Mitigation Planning & Assessment; Risk Budgeting and Reporting; Managing ERM systems.						
4. Environmental Services						
Key activities include: Managing air and water quality, and waste control regulatory processes and control performance; developing environmental surveys, policies and procedures; identifying and developing air and water quality improvement and waste reduction strategies; implementing environmental sustainability measures.						
5. Security						
Key activities include: managing guard services for parking lot patrol, corporate security personnel, incident reporting and arrest notifications, testing and troubleshooting of physical security perimeters, alarm monitoring and security/access card/ID badge administration.						

Benefits Analysis

Transmission and Substation	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Engineering Management and Capital construction						
Activities include the design and construction management for new construction or upgrading of existing transmission facilities. These activities must comply with regulatory mandated standards and support operational execution through engineering data design and monitoring activities. Also includes maintenance support for transmission lines and substations						
2. Operations						
Activities include planning and operation aspects of the transmission function and reliability coordinator among transmission systems. Also activities include technology services for load management and optimization. These support management control by providing analytical and factual information that allows for better control of the load management system. These activities also support operational execution through comprehensive data analysis tasks.						
3. Regulatory compliance						
Activities include ensuring regulatory compliance of all transmission activities, these activities are mandated by regulatory agencies and support operational execution through analysis of regulatory developments						
4. Safety						
Activities include maintaining safety statistics and managing OSHA compliance procedures. These activities (OSHA) are federally mandated and support operational execution through data tracking and performance reproving tasks.						
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Benefits Analysis

NEET Provided Services	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Cost	Increase Reliability
1. Business Services						
Management oversight, which includes strategic and business planning; support of development; project management for rate case development and filing; process management system that ensures replication of each operational process; review of regulatory compliance filings; formulation and administration of quality program; establishment of "Operating Model" framework; and research and analysis of legislative impacts.						
2. Business Management						
Provide executive and management direction for implementation of strategies, processes, and policies for financial planning and forecasting, affiliate transactions, corporate compliance, and business activities; corporate financial, due diligence, and business reporting; financial transaction monitoring; preparation of debt funding estimates; assistance with the preparation of cost projections, estimates and annual five-year plans; and assistance with the preparation and execution of regulatory filings.						
3. Transmission Operations						
Oversight and support in implementation of standardized transmission operations processes and procedures for the system control center, energy management system, field asset assessment and maintenance, event response, and reporting through interfaces with FPL Transmission & Substation organization and other corporate support organizations.						

Services Comparison – FPL & NEER

Service Characteristics Comparison of Select Business Units

NextEra Energy Resources (NEER) v. FPL

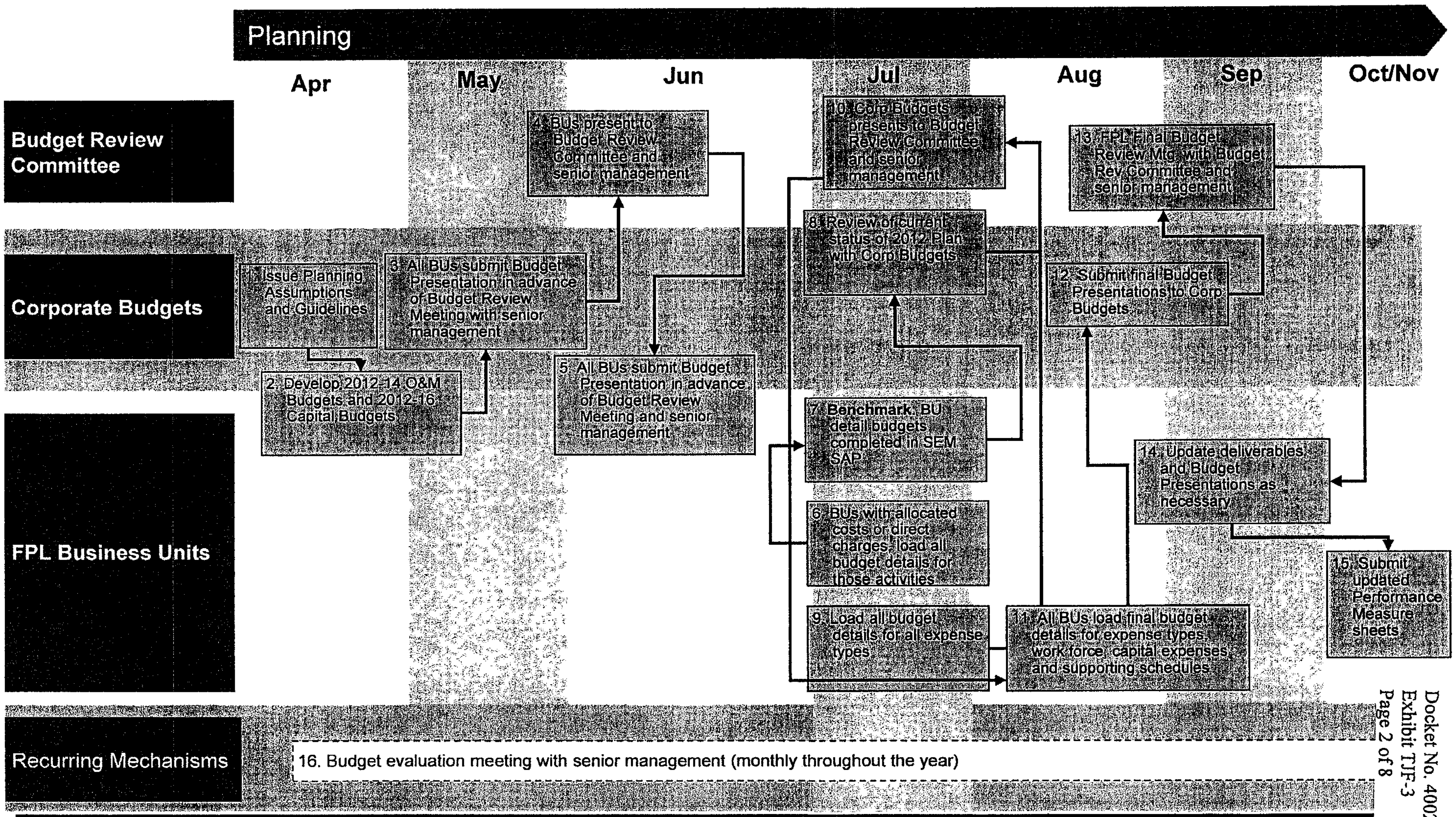
Service	NEER	FPL
Human Resources	NEER HR employees provide specific services such as recruiting and employee relations to affiliates such as Lone Star	FPL HR employees provide services related to payroll and benefits among others
Information Management	NEER IM employees provide mostly back office desktop services and trading floor IT support	FPL IM employees provide overall network including architecture and security of physical and information assets
General Counsel / Legal	NEER Legal employees provide commercial legal work for NEER and its affiliates	FPL Legal employees are responsible for all major regulatory and compliance matters, as well as general legal support to business units
Finance & Accounting	Valuation, tax & property accounting for assets/deals associated with only with NEER and its affiliates. Completely separate group from FPL Finance & Accounting	Responsible for activities such as FPL SOX compliance, tax analysis, financial planning and cash management
Engineering, Construction and Corporate Services (ECCS)	NEER ECCS employees provide materials sourcing, procurement, engineering support, survey work among others mostly for projects for NEER affiliates such as Lone Star	FPL ECCS employees provide the same services but mostly on the utility side
Strategy Policy and Process Improvement	NEER Strategy employees provide environmental support services such as surveys, policy development and support for affiliates such as Lone Star	FPL employees in this group provide support for strategic initiatives, process improvement initiatives such as six sigma, risk identification and management among others

booz&co.

Exhibit TJF 3

FPL and NEER Budgeting and Cost Control Processes

FPL Planning & Budgeting Process



FPL Planning & Budgeting Process – Detail of Activities

Activity	Group	Description
1. Issue Planning Assumptions and Guidelines	Corporate Budgets	The corporate budget planning group develops a set of planning assumptions and guidelines for all the Business Units (BUs) to use as they develop their budgets. The guidelines involve items such as instructions for preparing the supporting schedules, required budget details/data items, deliverables with corresponding dates, and worksheets for providing input to Corporate Budgets as the process proceeds through subsequent steps
2. Develop 2012-14 O&M Budgets and 2012-16 Capital Budgets	Business Units	With guidance and assumptions provided through Corporate Budgets, the various BUs begin developing O&M and Capital Budgets. This process also involves developing a Budget Presentation containing the BU's overall objectives, goals, key initiatives, budget assumptions, benchmarking & performance indicators and detailed cost and employment summaries. This activity also includes the preparation of selected rate case deliverables when necessary.
3. All BUs submit Budget Presentation in advance of Budget Review Meeting with senior management	Business Units/Corporate Budgets	Corporate Budgets review each BU's Budget Presentation to identify discrepancies and suggest changes as appropriate before making the presentations available for the Budget Review Committee. This activity is primarily for quality control purposes, in order to ensure that guidelines were adequately followed and ensure there are no outstanding issues prior to the Review Committee.
4. BUs present to Budget Review Committee and senior management	Corporate Budgets/Budget Review Committee	The Budget Review Committee (consisting of senior management) review the details of the budgets presented and identify any concerns on the focus or direction of those targets. This serves as input into the next iteration of the plan which will then presented to the Review Committee.
5. All BUs submit Budget Presentation in advance of Budget Review Meeting with senior management	Business Units/Corporate Budgets	Based on the feedback from the Budget Review Committee, the BUs make appropriate updates to their Budget Presentations and make it available for review for Corporate Budgets.

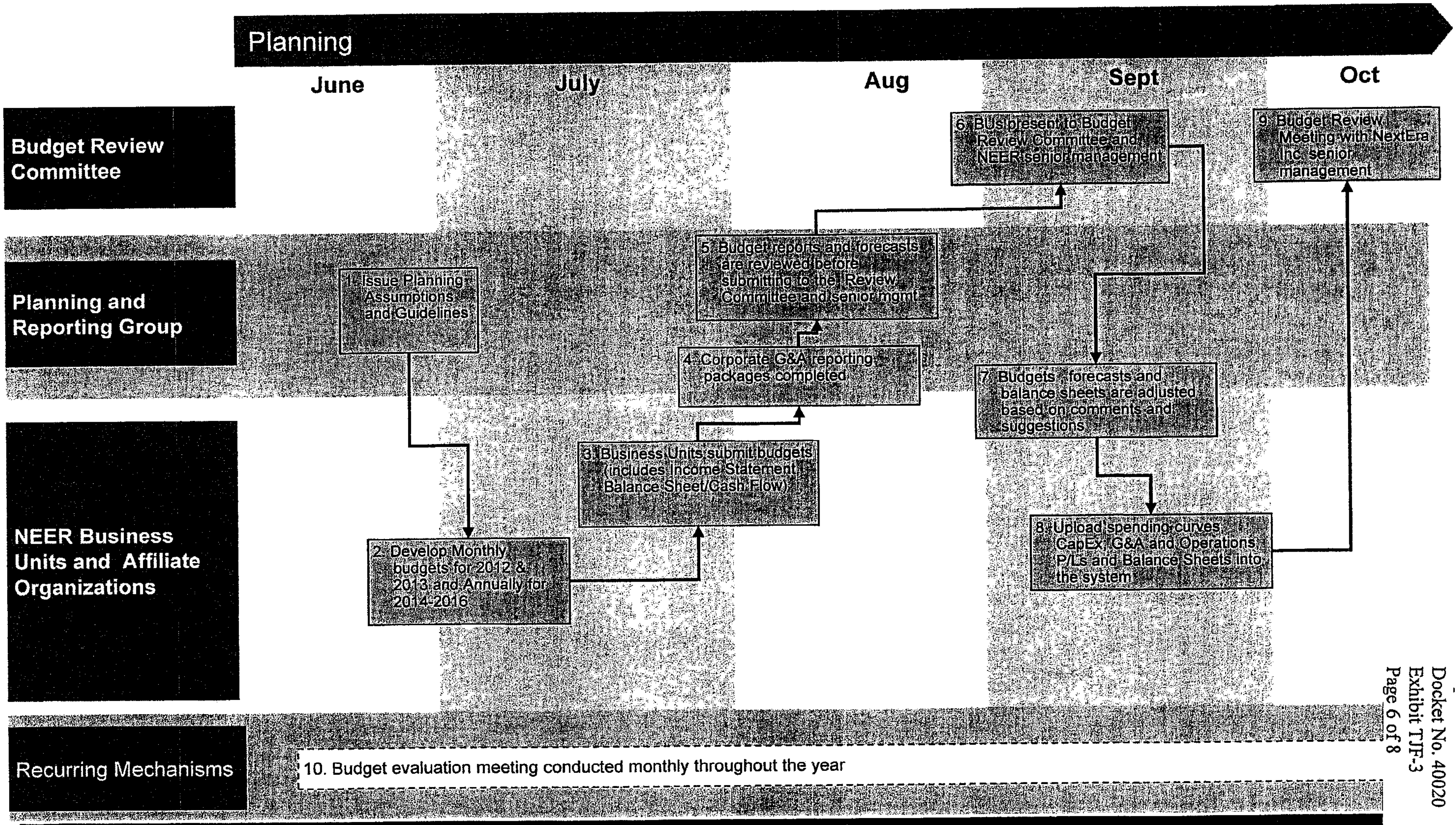
FPL Planning & Budgeting Process – Detail of Activities

Activity	Group	Description
6. BUs with allocated costs or direct charges, load all budget details for those activities	Business Units	Finance, HR, Information Management, General Counsel, Corp Communications, Strategy, Policy & Process Improvement, Internal Audit, Engineering Construction and Corporate Services, Regulatory Affairs, External Affairs State, Generation, Energy Market Trading and Nuclear groups load budget details into the system. This is made available for testing/auditing purposes, in order to identify any charges that may be incorrectly attributed prior to next review and approval.
7. Benchmark: BU detail budgets completed in SEM SAP	Business Units	The various BUs identify relevant performance measures and compare the unit's performance to the industry's performance or another relevant benchmark. The performance measures are both financial (cost) and operational (quality). At least five years of performance data is required if available. Industry average is identified as well as the top quartile and the top decile entry points where available. If the BU's performance is below the top quartile entry point on a particular indicator then the BU must include a set of key initiatives that it intends to undertake to close the gap.
8. Senior management review of current status of 2012 Plan with Corp Budgets	Corporate Budgets	Senior management and Corporate Budgets review the uploaded budget summaries and recommend changes as necessary.
9. Load all budget details for all expense types	Business Units	All BUs upload their budget details including direct charges and allocated costs. This is a more comprehensive version of the uploading process seen in prior steps, in order to ensure that the overall budget is nearing its final version.
10. Corporate Budgets presents to senior management and Budget Review Committee	Corporate Budgets/Budget Review Committee	The Budget Review Committee (consisting of senior management) review the details of the budgets presented and identify any concerns on the focus or direction of those targets.

FPL Planning & Budgeting Process – Detail of Activities

Activity	Group	Description
11. All BUs load final budget details for expense types, work force, capital expenses and supporting schedules	Business Units	After comments and changes from the Budget Review meeting are incorporated, the BUs load the final budget details for all expense types, work force, capital expenses and supporting schedules.
12. Submit final Budget Presentations to Corporate Budgets	Business Units/Corporate Budgets	The BUs make final updates to the Budget Presentations based on the comments and suggested changes from the Review Committee and submit them to Corp Budgets.
13. FPL Final Budget Review Mtg with senior management and Budget Rev Committee	Budget Review Committee	Corporate Budgets and Budget Review Committee along with senior management review the final set of Budget Presentations and request final set of changes as necessary.
14. Update deliverables and Budget Presentations as necessary	Business Units	Based on the comments form the final review meeting the BUs make final changes to the Budget Presentations.
15. Submit updated Performance Measure sheets	Business Units	Submit updated Performance Measure sheets.

NEER Planning & Budgeting Process



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NEER Planning & Budgeting Process – Detail of Activities

Activity	Group	Description
1. Issue Planning Assumptions and Guidelines	Planning and Reporting Group	The Planning and Reporting Group develops a set of planning assumptions and guidelines for all NEER Business Units (BUs) and Affiliates. The guidelines include instructions for preparing the supporting schedules, budget details/data items, and detailed worksheets for providing input to the Planning Group
2. Develop Monthly budgets for 2012 & 2013 and Annually for 2014-2016	Business Units and Affiliates	Using the planning document provided by the Planning and Reporting groups, the various BUs and Affiliates develop their initial budgets. This process also involves developing a Presentation containing the BU's overall objectives, goals, key initiatives, budget assumptions, benchmarking & performance indicators and detailed cost and employment summaries. The process is similar to FPL but differs in the timing.
3. Business Units and Affiliates submit budgets (includes Income Statement, Balance Sheet/Cash Flow)	Business Units and Affiliates/Planning and Reporting Group	The various BUs and Affiliates prepare Income Statements, Balance Sheets, Cash Flow details etc. and after informal review with a relevant parties (such as affiliates receiving charges like Lone Star) submit them to the Planning and Reporting Group.
4. Corporate G&A reporting packages completed	Planning and Reporting Group	The Planning and Reporting Group consolidates the budget presentations provided by all parties
5. Budget reports and forecasts are reviewed before submitting to the Review Committee and senior mgmt.	Business Units and Affiliates/Planning and Reporting Group	After the reporting packages are created, the Planning and Reporting Group reviews them with the various BUs to prepare for the Budget Review Committee. The review involves checking for discrepancies and adherence to the planning guidelines. If there are any issues the BUs are asked for revisions.

Note: The planning and budget process is also discussed in detail in Ms. Dietrich's direct testimony. NEET and Lone Star follow a similar budgeting process.

NEER Planning & Budgeting Process – Detail of Activities

Activity	Group	Description
6. BUs present to Budget Review Committee and NEER senior management	Business Units and Affiliates and Budget Review Committee	All BUs present their budgets to the review committee which involves senior NEER senior management. During this review, budget assumptions are discussed and a higher level NEER perspective is taken to ensure that the budgets are in line with the overall strategic goals of NEER.
7. Budgets , forecasts and balance sheets are adjusted based on comments and suggestions	Business Units and Affiliates	Based on the feedback from the Budget Review Committee, the BUs make appropriate updates to their budgets and make it available for review for the Planning and Reporting Group.
8. Upload spending curves, CapEx, G&A and Operations, P/Ls and Balance Sheets into the system	Business Units and Affiliates	All the NEER BUs upload the revised budgets and details into the system.
9. Budget Review Meeting with NextEra Inc. senior management	Budget Review Committee	After the first round of review and revisions, the budgets are discussed with the Budget Review Committee (which includes NEER senior management) as well as NextEra Inc. executives. This process ensures that an enterprise view is taken on the budget before they are finally approved.

Note: The planning and budget process is also discussed in detail in Ms. Dietrich's direct testimony. NEET and Lone Star follow a similar budgeting process.

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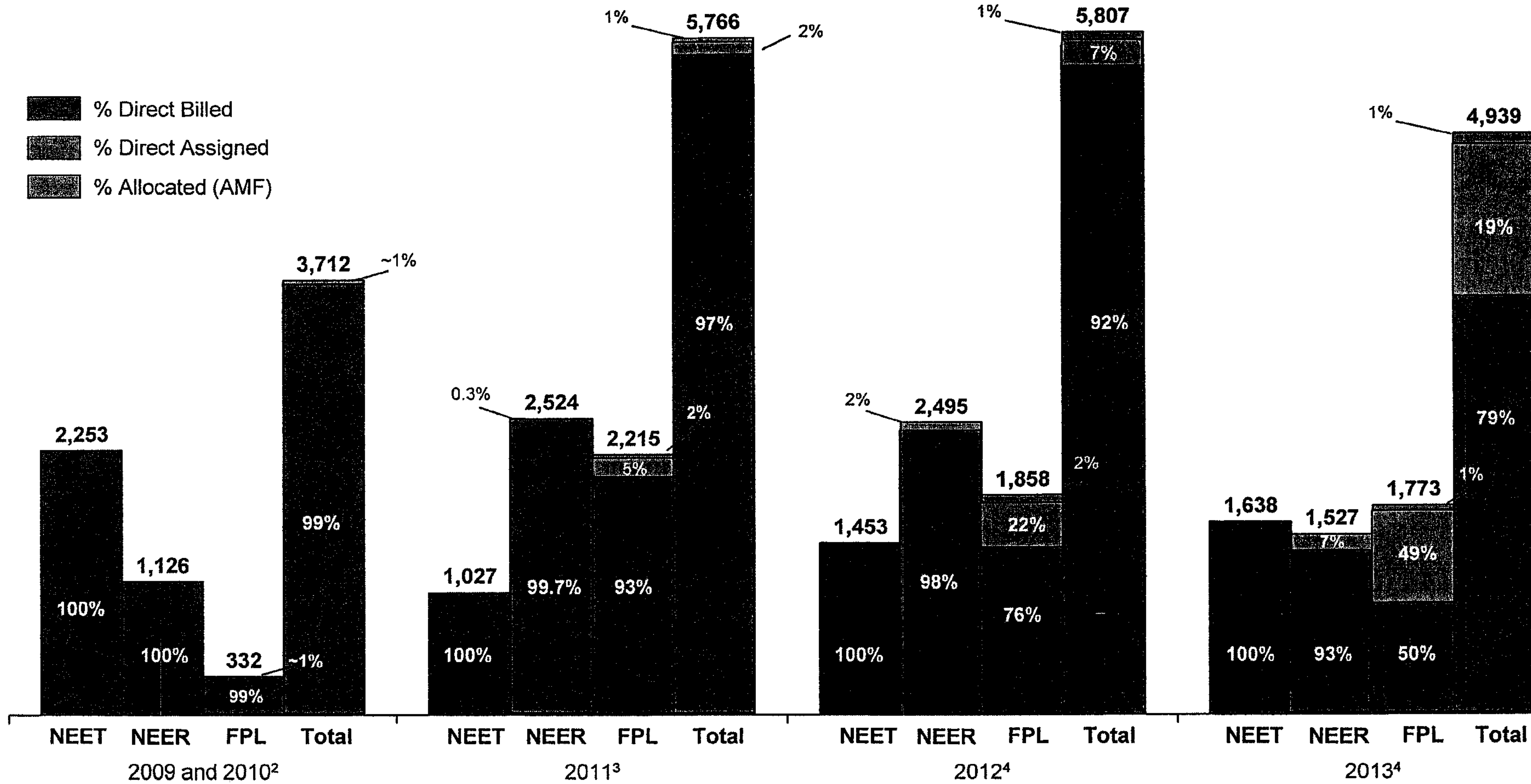
Exhibit TJF 4

Cost Allocation Methodology

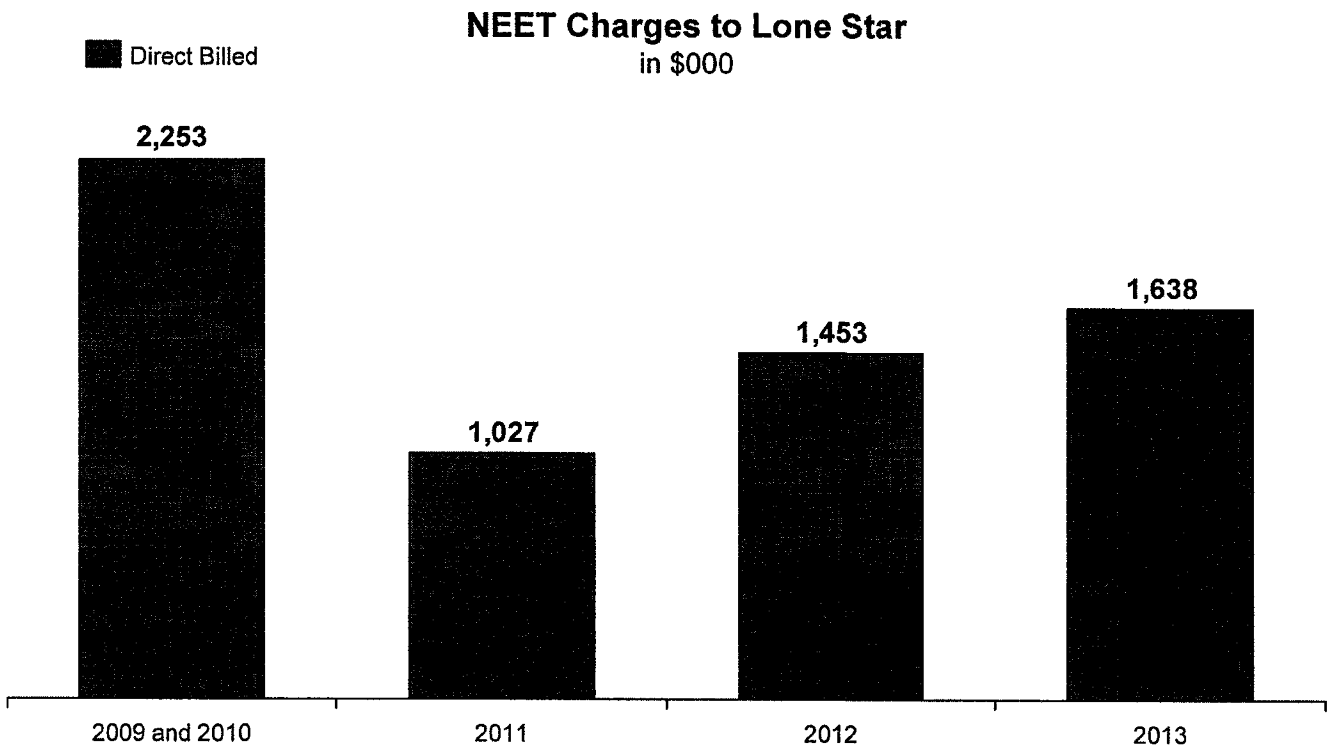
Lone Star Charges – Breakdown by Company

Trend of Affiliate Charges[1] to Lone Star ($000)



1) Includes all affiliate charges except for those charged to rate case expenses
2) Lone Star did not have a bank account until the second half of 2010 and its bills were paid through NEET, hence the relatively high NEET charges in 2010 compared to other years
3) Includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

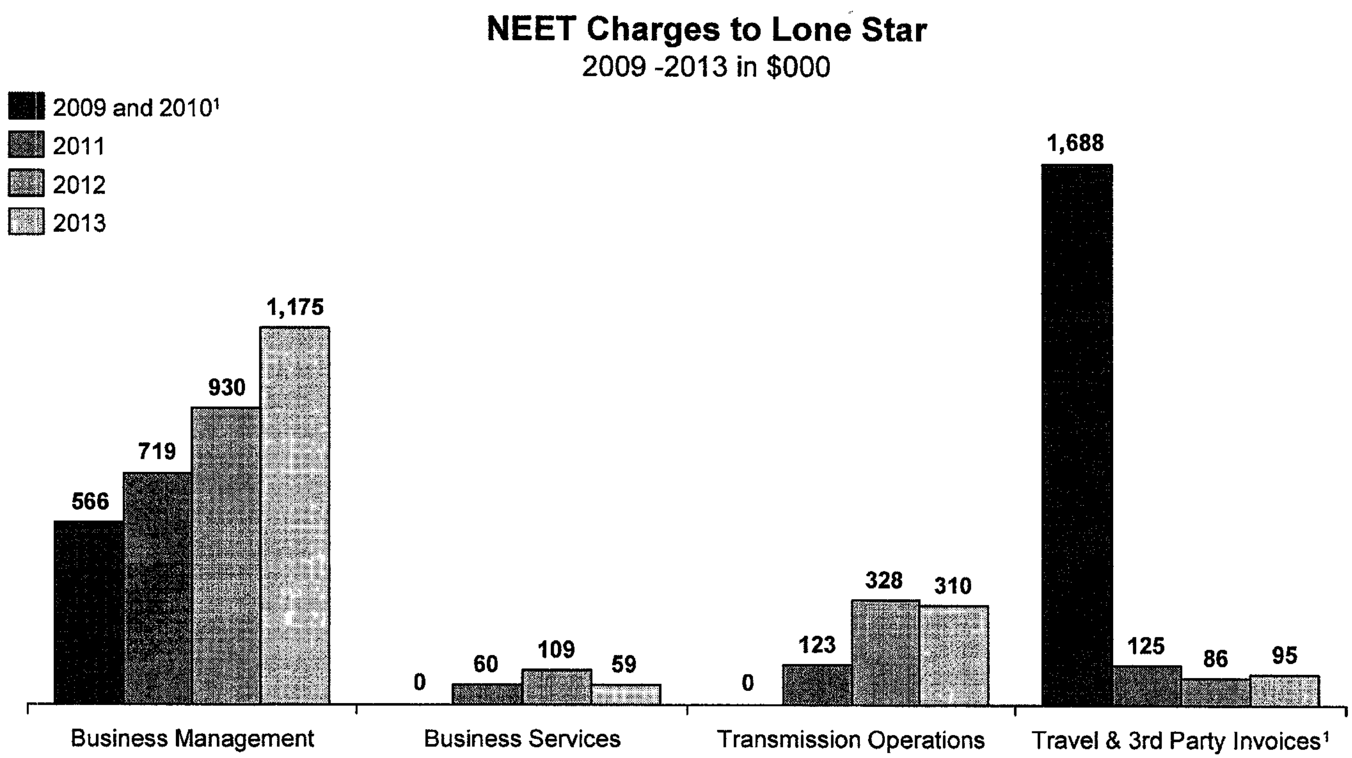
Trend of Charges from NEET by Billing Method



Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014. Lone Star did not have a bank account until the second half of 2010 and its bills were paid through NEET, hence the relatively high NEET charges in 2010 compared to other years

Source: NEET provided data; Booz & Company analysis

Trend of Charges from NEET by Functions

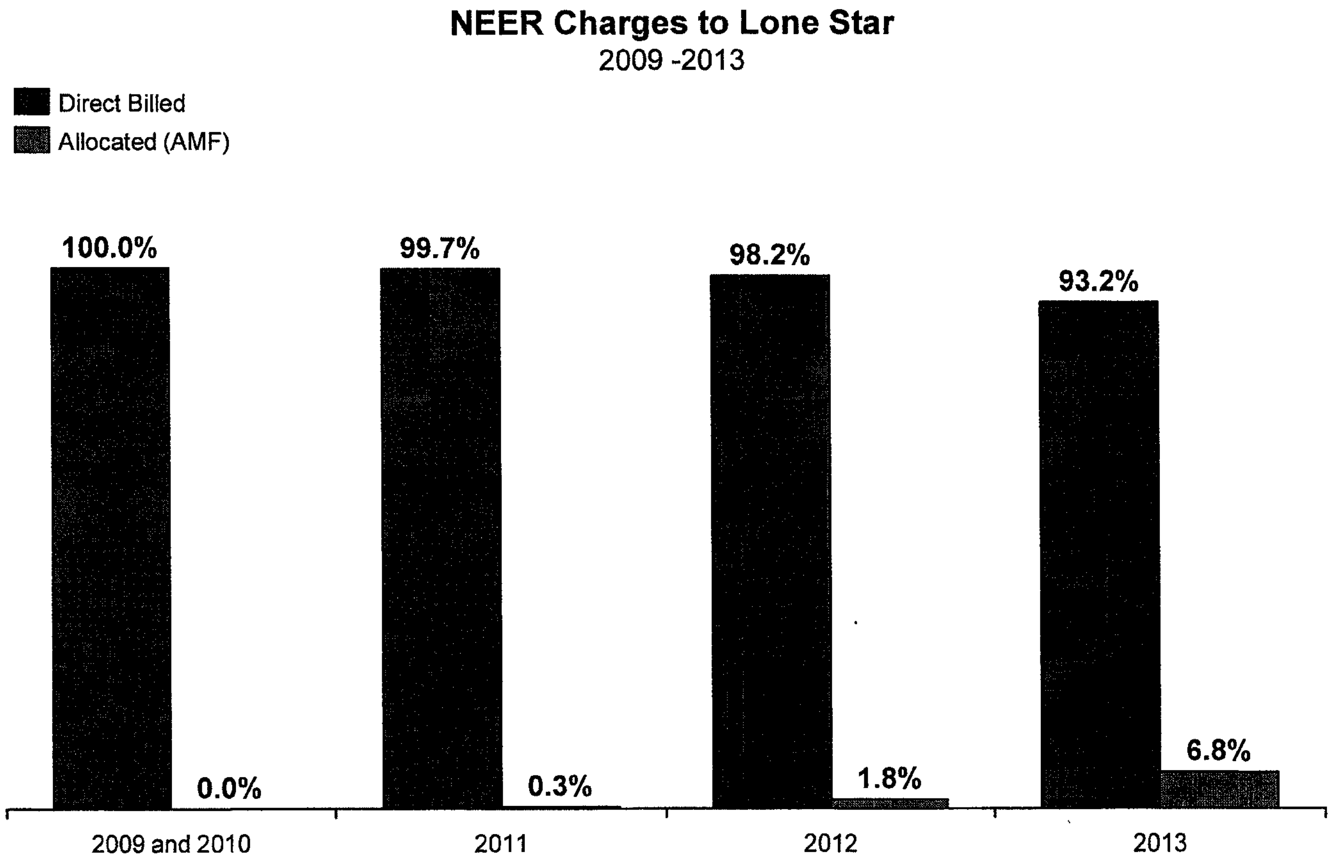


1) Lone Star did not have a bank account until the second half of 2010 and its bills were paid through NEET, hence the relatively high charges in 2010 compared to other years

Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

Source: NEET provided data; Booz & Company analysis

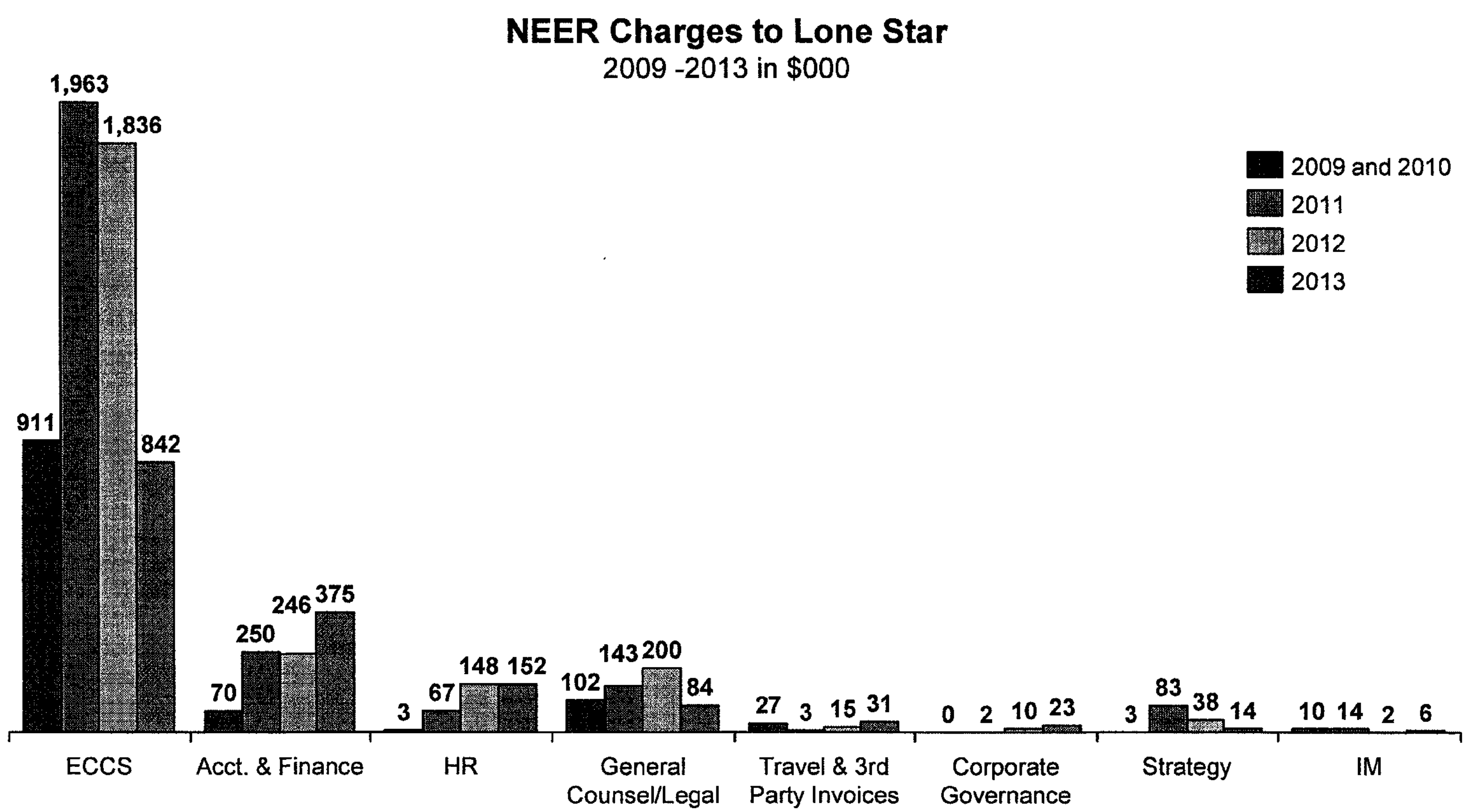
Trend of Charges from NEER by Billing Method



Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

Source: NEET provided data; Booz & Company analysis

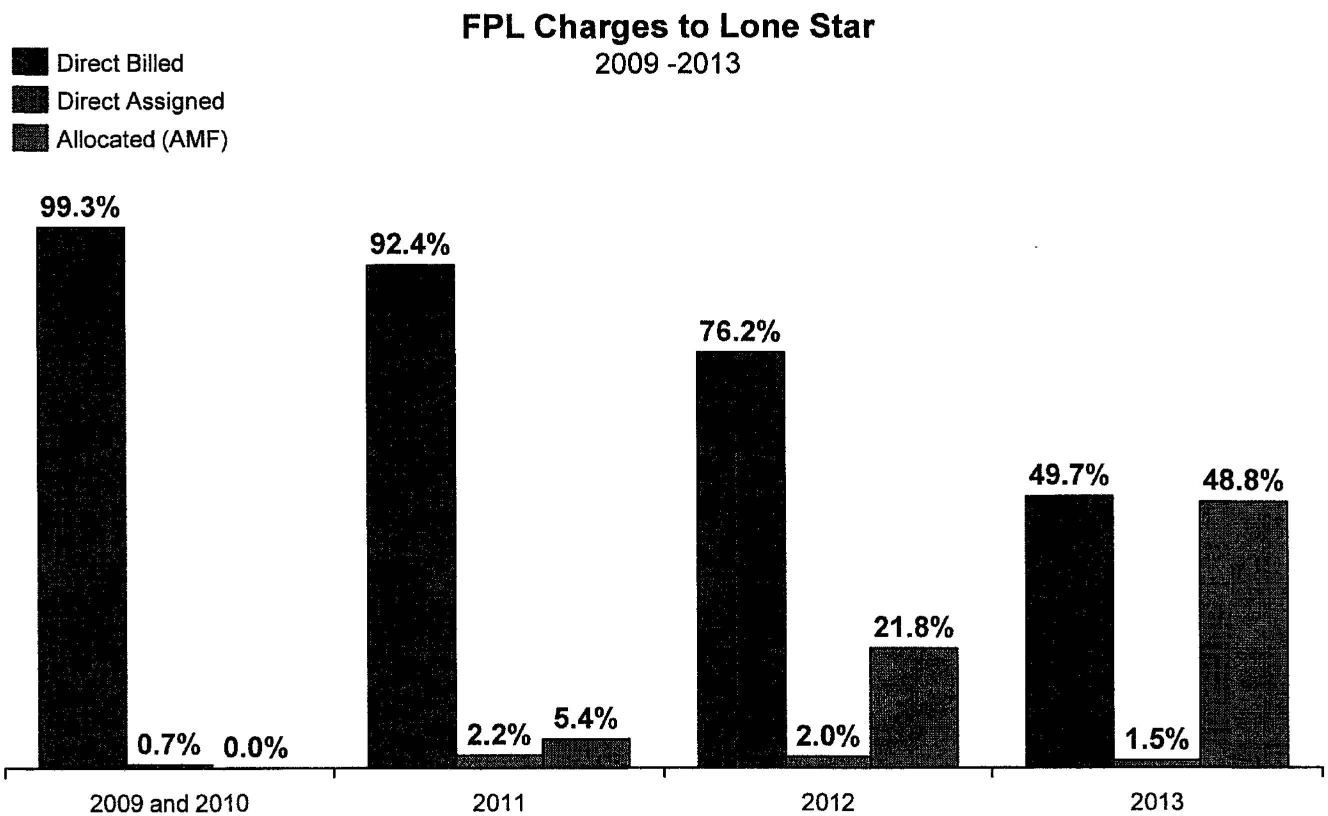
Trend of Charges from NEER by Functions



Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

Source: NEET provided data; Booz & Company analysis

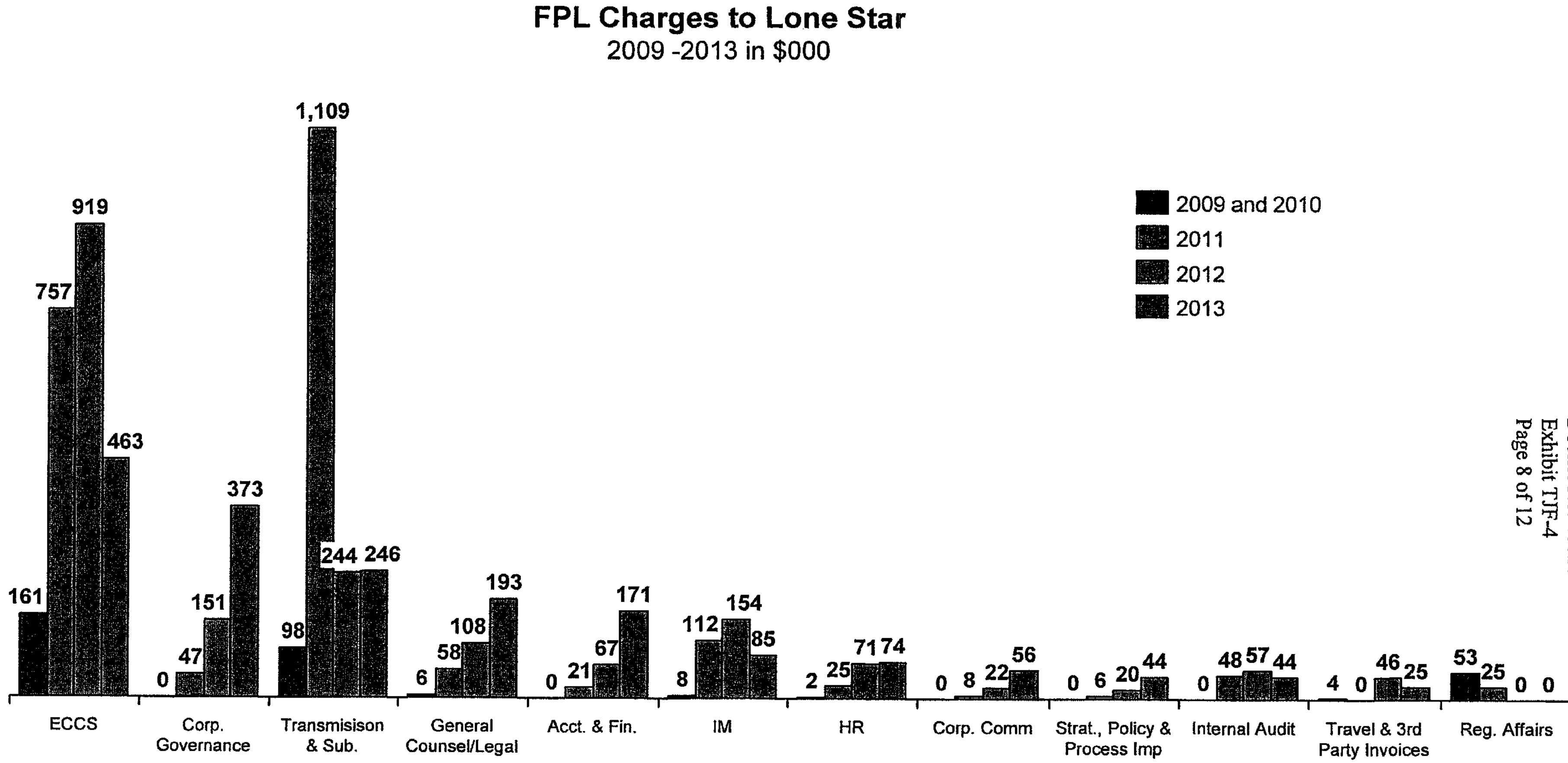
Trend of Charges from FPL by Billing Method



Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

Source: NEET provided data; Booz & Company analysis

Trend of Charges from FPL by Functions



Note: For 2011, includes the January – Sept actuals for the calendar year 2011, forecast for the remaining months in the fiscal year. 2012 and 2013 are fiscal years i.e. 2012 = April 2012 to March 2013; 2013 = April 2013 to March 2014

Source: NEET provided data; Booz & Company analysis

2011 FPL Services Overview - Allocation Drivers

Primary & Secondary Allocation Drivers

Functions	Primary Allocation Factors	Secondary Allocation Factors
Corporate Communications	Massachusetts Formula (MF)	NA
Engineering, Construction & Corp Svcs	Massachusetts Formula (MF)	Headcount (including Affiliates)
Finance and Accounting	Massachusetts Formula (MF)	NA
General Counsel/Legal	Massachusetts Formula (MF)	NA
Human Resources	Headcount, Incl. Affiliates	Massachusetts Formula (MF)
Internal Audit	Massachusetts Formula (MF)	NA
Information Management (IM)	Workstations per BU / SAP User count	Servers per BU
Regulatory Affairs	Massachusetts Formula (MF)	NA
Strategy, Policy and Business Processes	Headcount (including Affiliates) / # of Sq. Ft.	Massachusetts Formula
Transmission and Substation	Massachusetts Formula (MF)	NA

2011 FPL Services Overview – Peer Group Allocation Drivers

Allocation Factors Utilized

Primary Factors	FPL	AEP	Allegheny	Dominion	Duke	Entergy	Exelon	First Energy	Progress	SCANA	Southern	Xcel
Number of General Ledger Transactions		■				■						
Number of Invoices Processed (AP)	■	■	■	■		■		■	■			■
Number of Utility Customers		■	■	■	■	■	■	■		■	■	■
Number of Phones		■		■		■						■
Number of Desktops Supported	■		■	■	■	■	■	■			■	■
Number of Network ID's				■		■						
Occupied Square Footage	■			■	■	■						■
Employee Headcount	■	■	■	■	■	■	■	■	■	■	■	■
Other Allocation Factors	22	40	35	19	16	95	15	10	5	6	16	16
TOTAL NUMBER OF ALLOCATION FACTORS REPORTED ON FORM 60	**26**	**45**	**39**	**26**	**20**	**103**	**18**	**14**	**7**	**8**	**19**	**22**

Notes: Exact allocation factor descriptions used by utilities may vary slightly; some utilities utilize more than one allocation factor in calculations; FPL does not file FERC FORM 60
Source: FERC Form 60, Booz & Company analysis

FPL Allocation Types – (1of 2)

Allocation Factor Overview

Driver Based Allocation
Headcount (including Affiliates)
Square Footage (including Affiliates)
Square Footage - General Office – Miami
Square Footage - Juno Beach
Capitalized Software shared with Affiliates (Composite allocation based on individual IM drivers applied to specific hardware and software)
Capitalized Hardware shared with Affiliates (Composite allocation based on individual IM drivers applied to specific hardware and software)
Shared Nuclear Executives (allocated by # of units)
Shared Power Generation Division Executives (allocated by megawatts)
Corporate Business Unit resource supporting Affiliates
Actual number of workstations per Business Unit (including Affiliates)
Actual number of mainframe MIPS CPU hours by Business Unit / Affiliate for support activities
Database Administrator Resource - Business Intelligence Data Movement
Database Administrator Resource - Technical Support
Actual number of workstations per Business Unit (includes Affiliates in FPL facilities) for support activities
SAP User count per Business Unit / Affiliate for support activities
Servers per Business Unit / Affiliate for support activities
Server Ownership by Business Unit / Affiliate - Infrastructure for support activities

FPL Allocation Types - (2 of 2)

Allocation Factor Overview

Driver Based Allocation
Actual number of workstations per Business Unit (including all Affiliates) for project activities
Actual number of workstations per business unit (includes Affiliates in FPL facilities) for project activities
Actual number of mainframe MIPS CPU hours by Business Unit / Affiliate for project activities
Actual % of FPL's Affiliates workforce as a % of total FPL workforce for Affiliate allocation
SAP user count per Business Unit / Affiliate for project activities
Servers per Business Unit / Affiliate for project activities
Server Ownership by Business Unit / Affiliate - Infrastructure for project activities
Number of documents processed (for customer service)
Payroll, Revenue, Net Plant (Massachusetts Formula)

Note: Differing Massachusetts Formulae (MF) are for specific BUs for allocations to particular affiliates such as Fibernet

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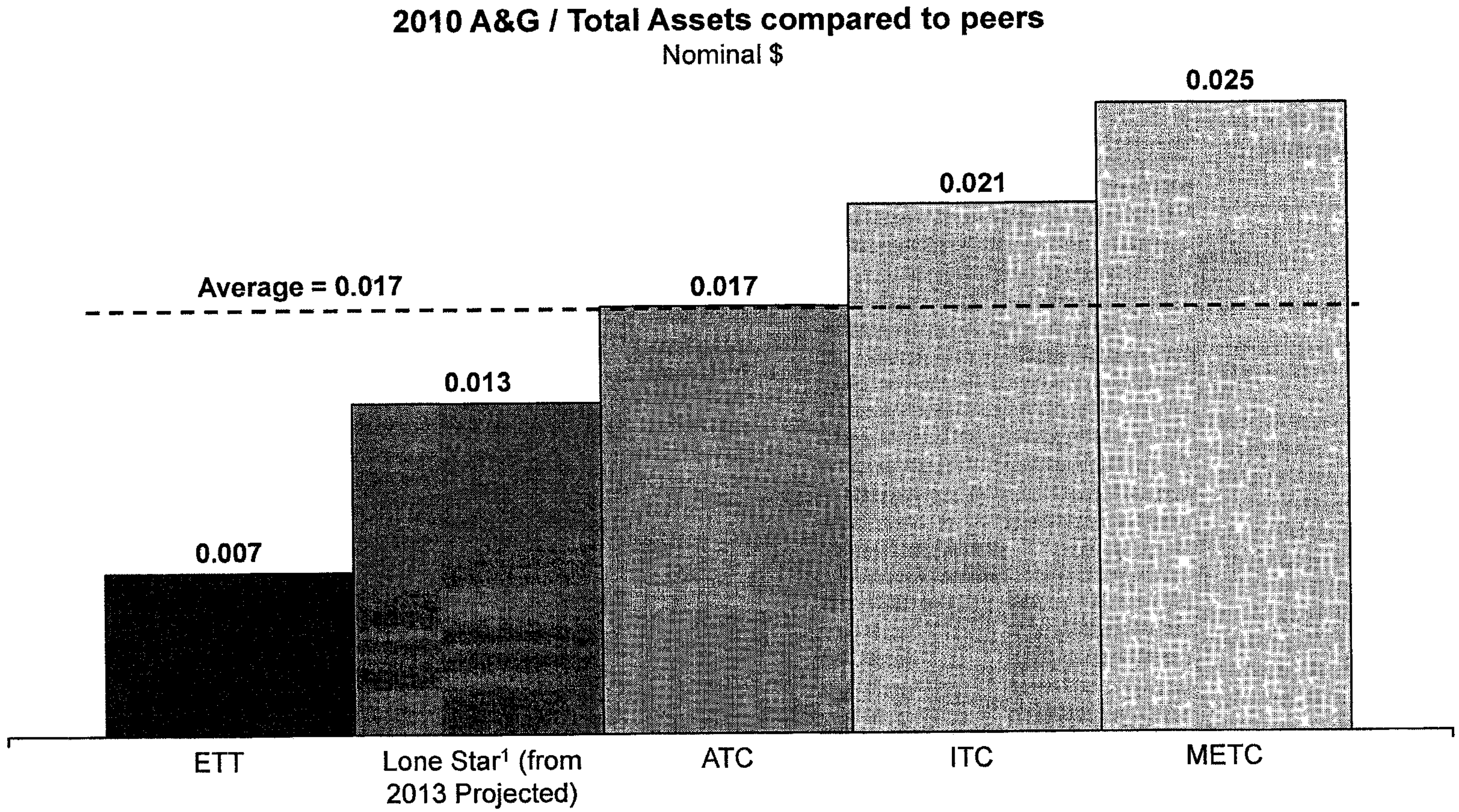
Exhibit TJF 5

Cost Comparability: FPL Form 1 and Lone Star Benchmarking

Lone Star Cost Comparability



1) Uses Lone Star's fiscal year 2013/14 projected A&G deflated to 2010. A&G and Total Assets deflated using the CPI and PPI respectively. A&G includes pensions and benefits
Note: ETT = Electric Transmission Texas , ATC = American Transmission Company, ITC = International Transmission Company, METC = Michigan Electric Transmission Company
Source: SNL Financial, FERC Form 1, PUCT Filings (data for ETT only); Booz & Company analysis

2011 FERC Form 1 Benchmarking Groups (1 of 2)

Regional Peer Group
Utilities in FRCC and SERC regions

▪Alabama Power Company	▪Georgia Power Company
▪Carolina Power & Light Company	▪Gulf Power Company
▪Duke Energy Carolinas, LLC	▪Kentucky Utilities Company
▪Entergy Arkansas, Inc.	▪Louisville Gas and Electric Company
▪Entergy Gulf States Louisiana, L.L.C.	▪Mississippi Power Company
▪Entergy Louisiana, LLC	▪South Carolina Electric & Gas Co.
▪Entergy Mississippi, Inc.	▪Tampa Electric Company
▪Entergy New Orleans, Inc.	▪Virginia Electric and Power Company
▪Florida Power Corporation	

Service Type Peer Group
Utilities having Generation, Transmission and Distribution

▪Alabama Power Company	▪Kentucky Utilities Company
▪Appalachian Power Company	▪MidAmerican Energy Company
▪Arizona Public Service Company	▪Nevada Power Company
▪Carolina Power & Light Company	▪Northern States Power Company
▪Central Maine Power Company	▪Ohio Power Company
▪Columbus Southern Power Company	▪Oklahoma Gas and Electric Company
▪Dayton Power and Light Company	▪PacifiCorp
▪Duke Energy Carolinas, LLC	▪Portland General Electric Company
▪Duke Energy Ohio, Inc.	▪Public Service Company of Colorado
▪Entergy Arkansas, Inc.	▪Public Service Company of New Mexico
▪Entergy Louisiana, LLC	▪Public Service Company of Oklahoma
▪Florida Power Corporation	▪Public Service Electric & Gas Company
▪Georgia Power Company	▪South Carolina Electric & Gas Co.
▪Indiana Michigan Power Company	▪Tampa Electric Company
▪Jersey Central Power & Light	▪Union Electric Company
▪Kansas City Power & Light Company	▪Virginia Electric and Power Company

Note: Utilities with <500k total customers removed due to scale incompatibility
Source: FERC Form 1 - 2010YE data; Booz & Company analysis

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2011 FERC Form 1 Benchmarking Groups (2 of 2)

Scale-based Peer Group

Utilities with >1MM Total Electricity Customers

▪Alabama Power Company	▪NSTAR Electric Company
▪Ameren Illinois Company	▪Ohio Edison Company
▪Arizona Public Service Company	▪Oncor Electric Delivery Company LLC
▪Baltimore Gas and Electric Company	▪Pacific Gas and Electric Company
▪Carolina Power & Light Company	▪PacifiCorp
▪CenterPoint Energy Houston Electric LLC	▪PECO Energy Company
▪Commonwealth Edison Company	▪Public Service Company of Colorado
▪Connecticut Light and Power Company	▪Public Service Electric and Gas Company
▪Consolidated Edison Company of New York, Inc.	▪Puget Sound Energy, Inc.
▪Consumers Energy Company	▪San Diego Gas & Electric Co.
▪Duke Energy Carolinas, LLC	▪Southern California Edison Co.
▪Florida Power Corporation	▪Union Electric Company
▪Georgia Power Company	▪Virginia Electric and Power Company
▪Jersey Central Power & Light Company	▪Wisconsin Electric Power Company
▪Northern States Power Company - MN	

Source. FERC Form 1 - 2010YE data; Booz & Company analysis