STATE OF TEXAS §
§
COUNTY OF DALLAS §

AFFIDAVIT OF H. MICHAEL WARREN

BEFORE ME, the undersigned authority, on this day personally appeared H. Michael Warren, who, having been placed under oath by me, did depose as follows:

1. "My name is H. Michael Warren. I am of sound mind and capable of making this affidavit. The facts stated herein are true and correct based upon my personal knowledge.

2. I have prepared the foregoing direct testimony, and the attached exhibits offered by me are true and correct to the best of my knowledge."

Further affiant sayeth not.

H. Michael Warren

SUBSCRIBED AND SWORN TO BEFORE ME by the said H. Michael Warren this 13TH day of December 2011.

ALLAN WOODCOOK
Notary Public
State of Texas
My Comm. Exp. 08-26-14

Notary Public, State of Texas

Interviews

1.	Rod Adams	Director of Business Services	NextEra Energy Transmission, LLC
2.	Bryan S. Anderson	Managing Attorney	Florida Power & Light Company
3.	Emma Arazani	Paralegal	Parsley Coffin Renner LLP
4.	Bill Avera	Principal	Fincap, Inc.
5.	Heather Bailey	Director	Navigant
6.	Sal Bohsali	Manager – Tax	NextEra Energy Resources, LLC
7.	Matthew Boykin	Senior Regulatory Accountant	NextEra Energy Resources, LLC
8.	Jeanne H. Camp	Chief Actuary	Robert Hughes Associates
9.	Richard B. Cribbs	Corporate Controller	NextEra Energy Resources, LLC
10.	Ann Coffin	Attorney	Parsley Coffin Renner LLP
11.	William Cox	Senior Attorney	Florida Power & Light Company
12.	Cheryl L. Dietrich	Director of Business Management	NextEra Energy Transmission, LLC
13.	Bruce Fairchild	Principal	Fincap, Inc.
14.	Kirk Gillen	Senior Regulatory Issues Manager	Florida Power & Light Company
15.	Eric S. Gleason	President	NextEra Energy Transmission, LLC

16.	Mike Grable	President	Lone Star Transmission, LLC
17.	Lucas Hand	Senior Financial Analyst	NextEra Energy Resources, LLC
18.	Robert N. Hughes	Chairman, CEO	Robert Hughes Associates Inc.
19.	Jay Joyce	President	Expergy Generating Solutions
20.	BillyAnn Litteken	Senior Consultant	Expergy Generating Solutions
21.	Dan Mayers	Director – Trans & Subs Engr & Constr	NextEra Energy Resources, LLC
22.	Dane McKaughan	Attorney	Parsley Coffin Renner LLP
23.	J. D. Munn	Attorney	Parsley Coffin Renner LLP
24.	Brian R. Murphy	Senior Director, Tax Planning	Florida Power & Light Company
25.	Kate Norman	Attorney	Parsley Coffin Renner LLP
26.	Julie Parsley	Attorney	Parsley Coffin Renner LLP
27.	Aldo E. Portales	Assistant Treasurer	NextEra Energy Resources, LLC
28.	Richard Ross	Regulatory Affairs Analyst	Florida Power & Light Company
29.	Mark Santos	Attorney	Parsley Coffin Renner LLP
30.	Natalie Smith	Senior Attorney	Lone Star Transmission, LLC
31.	Jody M. Stiefel	Manager of Rate	Florida Power & Light

		Regulation Strategy	Company
32.	Tom Sykes	Regulatory Affairs Analyst	Florida Power & Light Company
33.	Debora K. Waddell	Attorney	Parsley Coffin Renner LLP
34.	Dane A. Watson	Partner	Alliance Consulting Group

LONE STAR TRANSMISSION, LLC

INVOICE GUIDELINES FOR OUTSIDE VENDORS v. 1.0 (8/15/11)

The following guidelines should be observed for each invoice submitted to Lone Star Transmission, LLC ("Lone Star") for payment:

1. Provide invoices on a monthly basis.
2. Invoices should include the following:
    a. The actual hours, including fractions of hours, worked for each activity performed;
    b. A description of the services or activities for which time is billed;
    c. Identification of the person performing the service or activity with the person's hourly billing rate;
    d. Time entries recorded on the day services are performed; and
    e. A reference to the Lone Star rate case and specifically work order number, WBS# P-2500-023-01.
3. Travel expenses should be broken out to reflect separate amounts charged for Transportation, Lodging, Meals, and Other.
    a. All travel expenses should be reasonable and related to the active conduct of Lone Star business. Reasonable expenses typically include:
        i. Air travel in Coach Class;
        ii. Economical ground transportation;
        iii. Lodging expenses at the single occupancy rate; and
        iv. Non-luxury meal items.
4. Provide supporting documentation for all expenses.

If an invoice does not include the required information, Lone Star personnel will contact the vendor to request the missing information with the expectation that any deviation from these guidelines will be corrected in all subsequent invoices.

Texas Rules of Professional Conduct
Rule 1.04(b)

Factors that may be considered in determining the reasonableness of a fee include, but not to the exclusion of other relevant factors, the following:

(1) the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;
(2) the likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer;
(3) the fee customarily charged in the locality for similar legal services;
(4) the amount involved and the results obtained;
(5) the time limitations imposed by the client or by the circumstances;
(6) the nature and length of the professional relationship with the client;
(7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and
(8) whether the fee is fixed or contingent on results obtained or uncertainty of collection before the legal services have been rendered.

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
I-A COST OF SERVICE SUMMARY - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No	Description	Reference Schedule	Amount
1	Transmission Cost of Service	I-A-1	$18,367,001
2			
3			
4			
5			
6			
7	TOTAL NON-BYPASSABLE DELIVERY CHARGE		$18,367,001

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
I-A-1 SUMMARY OF TEXAS RETAIL - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.	Description	Reference Schedule	1 Rate Period Total Electric	2 Company Adjustments	3 Company Total Request	4 Transmission Function (TRAN)	5 Distribution Function (DIST)	6 Metering Function (MET)	7 Billing Function (TBILL)	8 A-Billing Function (ABILL)	9 T&D Customer Service (TDCS)	10 Total
1	Operating and Maintenance Expenses	II-D-2	$8,530,000	$0	$8,530,000	$8,530,000	$0	$0	$0	$0	$0	$8,530,000
2	Depreciation & Amortization Expenses	II-E-1	2,410,524	0	$2,410,524	2,410,524	0	0	0	0	0	$2,410,524
3	Taxes Other Than Federal Income Tax	II-E-2	1,169,109	0	$1,169,109	1,169,109	0	0	0	0	0	$1,169,109
4	Federal Income Tax	II-E-3	1,736,082	0	$1,736,082	1,736,082	0	0	0	0	0	$1,736,082
5												
6	Return on Rate Base	II-B										
7			4,521,285	0	$4,521,285	4,521,285	0	0	0	0	0	$4,521,285
8	TOTAL COST OF SERVICE											
9			$18,367,001	$0	$18,367,001	$18,367,001	$0	$0	$0	$0	$0	$18,367,001
10	Decommissioning Expense											
11			0	0	0	0	0	0	0	0	0	$0
12	Other Non-Bypassable Charges											
13			0	0	0	0	0	0	0	0	0	$0
14	Minus: Other Revenues											
15			0	0	0	0	0	0	0	0	0	$0
16	TOTAL ADJUSTED REVENUE REQUIREMENT		$18,367,001	$0	$18,367,001	$18,367,001	$0	$0	$0	$0	$0	$18,367,001

WITNESS: RICHARD B. CRIBBS

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B SUMMARY OF RATE BASE - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

			1	2	3	4	5	6	7	8	9	10
Line No.	Description	Reference Schedule	Rate Period Total Electric	Company Adjustments	Company Total Request	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1	Original Cost of Plant	II-B-1	$59,069,376	$0	$59,069,376	$59,069,376	$0	$0	$0	$0	$0	$59,069,376
2	General Plant	II-B-3	506,647	0	$506,647	506,647						$506,647
3	Total Plant		59,576,023	0	$59,576,023	59,576,023	0	0	0	0	0	$59,576,023
4	Minus: Accumulated Depreciation	II-B-5	1,240,012	0	$1,240,012	1,240,012	0	0	0	0	0	$1,240,012
5												
6	Net Plant In Service		$58,336,011	$0	$58,336,011	$58,336,011	$0	$0	$0	$0	$0	$58,336,011
7												
8	Other Rate Base Items:											
9	CWIP	II-B-4	0	0	$0	0	0	0	0	0	0	$0
10	Cash Working Capital	II-B-9	(295,724)	0	($295,724)	(295,724)	0	0	0	0	0	($295,724)
11	Prepayments	II-B-10	39,213	0	$39,213	39,213	0	0	0	0	0	$39,213
12	Materials & Supplies	II-B-8	22,769	0	$22,769	22,769	0	0	0	0	0	$22,769
13	Plant Held for Future Use	II-B-6	0	0	$0	0	0	0	0	0	0	$0
14	Rate Base Other	II-B-11	0	0	$0	0	0	0	0	0	0	$0
15	Accumulated Provisions	II-B-7	(1,735,964)	0	($1,735,964)	(1,735,964)	0	0	0	0	0	($1,735,964)
16	Regulatory Assets	II-B-12	0	0	$0	0	0	0	0	0	0	$0
17	Subtotal		($1,969,707)	$0	($1,969,707)	($1,969,707)	$0	$0	$0	$0	$0	($1,969,707)
18												
19	TOTAL RATE BASE		$56,366,304	$0	$56,366,304	$56,366,304	$0	$0	$0	$0	$0	$56,366,304
20												
21	Rate of Return	II-C-2.1	8.0213%	8 0213%	8 0213%	8.0213%						8 0213%
22												
23	RETURN ON RATE BASE		$4,521,285	$0	$4,521,285	$4,521,285	$0	$0	$0	$0	$0	$4,521,285

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-1 RATE BASE ACCOUNTS - PLANT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric (Average)	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1		**Intangible Plant-Gross (INT)**	II-B-1														
2	A301	Organization		$85,443	$0	$85,443	$85,443			$85,443	$85,443	$0	$0	$0	$0	$0	$85,443
3	A302	Franchise & Consents		857,254	0	857,254	$857,254			857,254	857,254	0	0	0	0	0	$857,254
4	A303	Miscellaneous Intangible Plant		0	0	0	$0			0	0	0	0	0	0	0	$0
5		Subtotal		$942,697	$0	$942,697	$942,697			$942,697	$942,697	$0	$0	$0	$0	$0	$942,697
6																	
7		**Transmission Plant-Gross (TRAN)**	II-B-1														
8	A350.1	Land Owned in Fee		$948,301	$0	$948,301	$948,301			$948,301	$948,301	$0	$0	$0	$0	$0	$948,301
9	A350.2	Land Rights		0	0	0	$0			0	0	0	0	0	0	0	$0
10	A352	Structures and Improvements		7,599,869	0	7,599,869	$7,599,869			7,599,869	7,599,869	0	0	0	0	0	$7,599,869
11	A353	Station Equipment		44,848,159	0	44,848,159	$44,848,159			44,848,159	44,848,159	0	0	0	0	0	$44,848,159
12	A354	Towers and Fixtures		0	0	0	$0			0	0	0	0	0	0	0	$0
13	A355	Poles and Fixtures		0	0	0	$0			0	0	0	0	0	0	0	$0
14	A356	O.H. Conductors & Devices		0	0	0	$0			0	0	0	0	0	0	0	$0
15	A357	Underground Conduit		0	0	0	$0			0	0	0	0	0	0	0	$0
16	A358	Underground Conductors		0	0	0	$0			0	0	0	0	0	0	0	$0
17	A359	Roads and Trails		0	0	0	$0			0	0	0	0	0	0	0	$0
18		Subtotal		$53,396,329	$0	$53,396,329	$53,396,329			$53,396,329	$53,396,329	$0	$0	$0	$0	$0	$53,396,329
19																	
20		**Regional Transmission and Market Operation Plant - Gross (RTMO)**	II-B-1														
21	A382	Computer Hardware		$3,082,037	$0	$3,082,037	$3,082,037			$3,082,037	$3,082,037	$0	$0	$0	$0	$0	$3,082,037
22	A383	Computer Software		622,618	0	622,618	$622,618			622,618	622,618	0	0	0	0	0	$622,618
23	A384	Communication Equipment		1,025,695	0	1,025,695	$1,025,695			1,025,695	1,025,695	0	0	0	0	0	$1,025,695
24		Subtotal		$4,730,351	$0	$4,730,351	$4,730,351			$4,730,351	$4,730,351	$0	$0	$0	$0	$0	$4,730,351
25																	
26		**TOTAL INT, TRAN, RTMO PLANT-GROSS**	II-B-1	$59,069,376	$0	$59,069,376	$59,069,376			$59,069,376	$59,069,376	$0	$0	$0	$0	$0	$59,069,376
27		**TOTAL TRAN, RTMO PLANT-GROSS**	II-B-1	$58,126,679	$0	$58,126,679	$58,126,679			$58,126,679	$58,126,679	$0	$0	$0	$0	$0	$58,126,679

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-2 RATE BASE ACCOUNTS - GENERAL PLANT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric (Average)	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1	General Plant-Gross		II-B-2														
2	A388	Land Owned in Fee		$0	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0	$0
3	A389	Land and Land Rights		0	0	0	$0			0	0	0	0	0	0	0	$0
4	A390	Structures and Improvements		0	0	0	$0			0	0	0	0	0	0	0	$0
5	A391	Office Furniture & Equip.		281,165	0	281,165	$281,165			281,165	281,165	0	0	0	0	0	$281,165
6	A392	Transportation Equipment		0	0	0	$0			0	0	0	0	0	0	0	$0
7	A393	Store Equipment		0	0	0	$0			0	0	0	0	0	0	0	$0
8	A394	Tools. Shop & Garage Equip.		0	0	0	$0			0	0	0	0	0	0	0	$0
9	A395	Laboratory Equipment		0	0	0	$0			0	0	0	0	0	0	0	$0
10	A396	Power Operated Equipment		0	0	0	$0			0	0	0	0	0	0	0	$0
11		Subtotal		$281,165	$0	$281,165	$281,165			$281,165	$281,165	$0	$0	$0	$0	$0	$281,165
12																	
13	A398	Misc. Equipment		$15,879	$0	$15,879	$15,879			$15,879	$15,879	$0	$0	$0	$0	$0	$15,879
14		Subtotal		$15,879	$0	$15,879	$15,879			$15,879	$15,879	$0	$0	$0	$0	$0	$15,879
15																	
16	TOTAL GENERAL PLANT GROSS		II-B-2	$297,044	$0	$297,044	$297,044			$297,044	$297,044	$0	$0	$0	$0	$0	$297,044

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-3 RATE BASE ACCOUNTS - COMMUNICATION EQUIP. - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric (Average)	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1	A397	Total Communication Equipment - Gross	II-B-3														
2				$209,603	$0	$209,603	$209,603			$209,603	$209,603	$0	$0	$0	$0	$0	$209,603
3		Subtotal		$209,603	$0	$209,603	$209,603			$209,603	$209,603	$0	$0	$0	$0	$0	$209,603
4		TOTAL COMMUNICATION EQUIPMENT															
5				$209,603	$0	$209,603	$209,603			$209,603	$209,603	$0	$0	$0	$0	$0	$209,603
6		TOTAL GENERAL PLANT GROSS INCLUDE. COMM. EQUIP.	II-B-2-3	$506,647	$0	$506,647	$506,647										
7										$506,647	$506,647	$0	$0	$0	$0	$0	$506,647
8		TOTAL PLANT IN SERVICE-GROSS (INCL. INTANGIBLES)	II-B-1-3	$59,576,023	$0	$59,576,023	$59,576,023										
9										$59,576,023	$59,576,023	$0	$0	$0	$0	$0	$59,576,023
10		TOTAL PLANT IN SERVICE-GROSS (EXCL. INTANGIBLES)	II-B-1-3	$58,633,326	$0	$58,633,326	$58,633,326			$58,633,326	$58,633,326	$0	$0	$0	$0	$0	$58,633,326

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-4 RATE BASE ACCOUNTS - CWIP - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Known Change	Company Total Electric	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1					This Schedule is Not Applicable												
2																	
3																	
4																	
5	TOTAL CWIP		II-B-4	-	-	-	-			-	-						

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-5 RATE BASE ACC DEPRECIATION - PLANT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.	Account Number	Description	Reference Schedule	1 Beginning Balance	2 Non-Regulated or Non-Electric	3 Ending Balance	4 Company Total Electric (Average)	5 FF #	6 Funct Factor Name	7 Allocation to Texas	8 TRAN	9 DIST	10 MET	11 TBILL	12 ABILL	13 TDCS	14 Total
1		**Intangible Plant**															
2		**Accumulated Depreciation**															
3	A301	Organization	II-B-5	$0	$0	$1,581	$790			$790	$790	$0	$0	$0	$0	$0	$790
4	A302	Franchise & Consents		0	0	15,859	7,930			7,930	7,930	0	0	0	0	0	$7,930
5	A303	Miscellaneous Intangible Plant		0	0	0	0			0	0	0	0	0	0	0	$0
6																	
7		Subtotal		$0	$0	$17,448	$8,720			$8,720	$8,720	$0	$0	$0	$0	$0	$8,720
8		**Transmission Plant**															
9		**Accumulated Depreciation**															
10	A350.1	Land Owned in Fee	II-B-5	$0	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0	$0
11	A350.2	Land Rights		0	0	0	0			0	0	0	0	0	0	0	$0
12	A352	Structures and Improvements		0	0	350,354	175,177			175,177	175,177	0	0	0	0	0	$175,177
13	A353	Station Equipment		0	0	1,327,506	663,753			663,753	663,753	0	0	0	0	0	$663,753
14	A354	Towers and Fixtures		0	0	0	0			0	0	0	0	0	0	0	$0
15	A355	Poles and Fixtures		0	0	0	0			0	0	0	0	0	0	0	$0
16	A356	O.H. Conductors & Devices		0	0	0	0			0	0	0	0	0	0	0	$0
17	A357	Undergound Conduit		0	0	0	0			0	0	0	0	0	0	0	$0
18	A358	Underground Conductors		0	0	0	0			0	0	0	0	0	0	0	$0
19	A359	Roads and Trails		0	0	0	0			0	0	0	0	0	0	0	$0
20																	
21		Subtotal		$0	$0	$1,677,859	$838,930			$838,930	$838,930	$0	$0	$0	$0	$0	$838,930
22		**Regional Transmission and Market Operation Plant - Gross (RTMO)**															
23		**Accumulated Depreciation**															
24	A382	Computer Hardware	II-B-5	$0	$0	$455,217	$227,608			$227,608	$227,608	$0	$0	$0	$0	$0	$227,608
25	A383	Computer Software		0	0	62,262	31,131			31,131	31,131	0	0	0	0	0	$31,131
26	A384	Communication Equipment		0	0	130,468	65,234			65,234	65,234	0	0	0	0	0	$65,234
27																	
28		Subtotal		$0	$0	$647,947	$323,974			$323,974	$323,974	$0	$0	$0	$0	$0	$323,974
29		TOTAL INT, TRAN, RTMO PLANT-ACCUM DEP.	II-B-5	$0	$0	$2,343,247	$1,171,623			$1,171,623	$1,171,623	$0	$0	$0	$0	$0	$1,171,623
30		TOTAL TRAN, RTMO PLANT-ACCUM DEP.	II-B-5	$0	$0	$2,325,807	$1,162,903			$1,162,903	$1,162,903	$0	$0	$0	$0	$0	$1,162,903
31																	
32		TOTAL INT, TRAN, RTMO PLANT-NET	II-B-1 - II-B-5	$59,069,376	$0	$56,726,130	$57,897,753			$57,897,753	$57,897,753	$0	$0	$0	$0	$0	$57,897,753
33		TOTAL TRAN, RTMO PLANT-NET	II-B-1 - II-B-5	$58,126,679	$0	$55,800,873	$56,963,776			$56,963,776	$56,963,776	$0	$0	$0	$0	$0	$56,963,776

WITNESS: RICHARD B. CRIBBS

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-5 RATE BASE ACC DEPRECIATION - PLANT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric (Average)	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1		General Plant															
2		Accumulated Depreciation	II-B-5														
3	A388	Land Owned in Fee															
4	A389	Land and Land Rights		$0	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0	$0
5	A390	Structures and Improvements		0	0	0	0			0	0	0	0	0	0	0	$0
6	A391	Office Furniture & Equip.		0	0	0	0			0	0	0	0	0	0	0	$0
7	A392	Transportation Equipment		34,750	0	49,230	41,990			41,990	41,990	0	0	0	0	0	$41,990
8	A393	Store Equipment		0	0	0	0			0	0	0	0	0	0	0	$0
9	A394	Tools, Shop & Garage Equip.		0	0	0	0			0	0	0	0	0	0	0	$0
10	A395	Laboratory Equipment		0	0	0	0			0	0	0	0	0	0	0	$0
11	A396	Power Operated Equipment		0	0	0	0			0	0	0	0	0	0	0	$0
12				0	0	0	0			0	0	0	0	0	0	0	$0
13		Subtotal		$34,750	$0	$49,230	$41,990			$41,990	$41,990	$0	$0	$0	$0	$0	$41,990
14	A397	Communication Equipment															
15	A398	Misc. Equipment		$0	$0	$52,401	$26,200			$26,200	$26,200	$0	$0	$0	$0	$0	$26,200
16	A399	Lignite Reserve Depletable		0	0	397	198			198	198	0	0	0	0	0	$198
17	A399	Other Tangible-Depre.		0	0	0	0			0	0	0	0	0	0	0	$0
18				0	0	0	0			0	0	0	0	0	0	0	$0
19		Subtotal		$0	$0	$52,798	$26,399			$26,399	$26,399	$0	$0	$0	$0	$0	$26,399
20		TOTAL ACCUM. DEP. FOR GENERAL PLANT	II-B-5	$34,750	$0	$102,028	$68,389			$68,389	$68,389	$0	$0	$0	$0	$0	$68,389
21		TOTAL GENERAL PLANT-NET	II-B-2 - II-B-5	$471,897	$0	$404,619	$438,258			$438,258	$438,258	$0	$0	$0	$0	$0	$438,258
22																	
23		TOTAL PLANT IN SERVICE NET (INCL. INTANGIBLES)	II-B-1-3 - II-B-5	$59,541,273	$0	$57,130,749	$58,336,811			$58,336,811	$58,336,811	$0	$0	$0	$0	$0	$58,336,811
24																	
25		TOTAL PLANT IN SERVICE NET (EXCL. INTANGIBLES)	II-B-1-3 - II-B-5	$58,598,576	$0	$56,205,492	$57,402,034			$57,402,034	$57,402,034	$0	$0	$0	$0	$0	$57,402,034

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-6 RATE BASE ACC. - PLANT HELD FOR FUTURE USE - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Known Change	Company Total Electric	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1																	
2																	
3																	
4					This Schedule is Not Applicable.												
5																	
6	TOTAL PLANT HELD FOR FUTURE USE		II-B-6														

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-7 RATE BASE ACCOUNTS - ACCUM. PROVISIONS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric (Average)	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1		Other Rate Base Items															
2	A228.1	Accumulated Provision for Injury and Damages Reserve		$0	$0	($1,735,846)	($867,923)			($867,923)	($867,923)	$0	$0	$0	$0	$0	($867,923)
3	A228.4	Accumulated Provision for Maintenance		0		0	0			0	0	0	0	0	0	0	$0
4		Subtotal		$0	$0	($1,735,846)	($867,923)			($867,923)	($867,923)	$0	$0	$0	$0	$0	($867,923)
5																	
6		Accumulated Deferred Income Taxes	II-E-3.7	$0	$0	($1,736,082)	($868,041)			($868,041)	($868,041)	$0	$0	$0	$0	$0	($868,041)
7																	
8		TOTAL ACCUMULATED PROVISIONS	II-B-7	$0	$0	($3,471,928)	($1,735,964)			($1,735,964)	($1,735,964)	$0	$0	$0	$0	$0	($1,735,964)

WITNESS: DAVID K. TURNER, RICHARD B. CRIBBS, BRIAN R. MURPHY, ROBERT N. HUGHES

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-8 RATE BASE ACC. - MATERIALS & SUPPLIES - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.	Account Number	Description	Reference Schedule	1 Total Company	2 Non-Regulated or Non-Electric	3 Known Change	4 Company Total Electric	5 FF #	6 Funct Factor Name	7 Allocation to Texas	8 TRAN	9 DIST	10 MET	11 TBILL	12 ABILL	13 TDCS	14 Total
1	Other Rate Base Items																
2	Working Capital																
3	A154	Plant Materials and Operating Supplies															
4		Balance at March 31, 2012		$0	$0	$22,000	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
5		Balance at April 30, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
6		Balance at May 31, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
7		Balance at June 30, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
8		Balance at July 31, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
9		Balance at August 31, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
10		Balance at September 30, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
11		Balance at October 31, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
12		Balance at November 30, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
13		Balance at December 31, 2012		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
14		Balance at January 31, 2013		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
15		Balance at February 28, 2013		$22,000	$0	$0	$22,000			$22,000	$22,000	$0	$0	$0	$0	$0	$22,000
16		Balance at March 31, 2013		$22,000	$0	$10,000	$32,000			$32,000	$32,000	$0	$0	$0	$0	$0	$32,000
17		13-Month Average Plant Material and Operating Supplies	II-B-8	$20,308	$0	$2,462	$22,769			$22,769	$22,769	$0	$0	$0	$0	$0	$22,769
18																	
19																	
20		Subtotal		$20,308	$0	$2,462	$22,769			$22,769	$22,769	$0	$0	$0	$0	$0	$22,769
21	TOTAL MATERIALS & SUPPLIES		II-B-8	$20,308	$0	$2,462	$22,769			$22,769	$22,769	$0	$0	$0	$0	$0	$22,769

WITNESS: DAVID K. TURNER, RICHARD B. CRIBBS

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-9 RATE BASE ACCOUNTS - CASH WORKING CAPITAL - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Known Change	Company Total Electric	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1		**Other Rate Base Items**															
2		**Working Capital**															
3		Cash Working Capital	II-B-9														
4				$0	$0	($295,724)	($295,724)			($295,724)	($295,724)	$0	$0	$0	$0	$0	($295,724)
5		Subtotal		$0	$0	($295,724)	($295,724)			($295,724)	($295,724)	$0	$0	$0	$0	$0	($295,724)
6		TOTAL CASH WORKING CAPITAL															
7			II-B-9	$0	$0	($295,724)	($295,724)			($295,724)	($295,724)	$0	$0	$0	$0	$0	($295,724)
8		TOTAL WORKING CAPITAL	II-B-8-9	$0	$0	($293,263)	($272,955)			($272,955)	($272,955)	$0	$0	$0	$0	$0	($272,955)

WITNESS: JAY JOYCE, RICHARD B. CRIBBS

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-9 - ATTACHMENT - LEAD-LAG STUDY RESULTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.	Description (a)	Reference Schedule	Adjusted Rate Period Amount (b)	Adjustments (c)	Ref (d)	Avg. Daily Expense (e) = ((b)-(c))/365	Revenue Lag Days (f)	Expense Lead Days (g)	Ref (h)	Net (Lead)/ Lag Days (i) = (f)+(g)	Working Capital Requirement (j) = (e)*(i)	Ref (k)
1	Operation & Maintenance Expenses											
2	Labor											
3	Payroll	II-D-3.4	$ 2,750,001			$ 7,534	51.79	(26.64)		25.15	$ 189,505	
4	Incentive Bonus	II-D-3.6	947,059			2,595	51.79	(251.50)		(199.71)	(518,184)	
5	Non-Labor											
6	Other Third-Party O&M		4,066,715			10,929	51.79	(26.24)		25.55	279,247	
7	Affiliate Charges	VK-1-A-C	766,225	77,475		2,099	51.79	(45.13)		6.66	13,981	
8	Total O&M	II-D-2	$ 8,530,000									
9												
10	Federal Income Taxes											
11	Current	II-E-3.17	$ (7,321,213)	(7,321,213)		0	51.79	(37.75)		14.04	0	
12	Deferred FIT & ITC	II-E-3.17	9,057,295			24,815	0.00	0.00		0.00	0	
13	Total FIT		$ 1,736,082									
14												
15	Taxes Other Than Income Taxes											
16	Payroll Taxes	II-E-2	$ 323,825			887	51.79	(19.61)		32.18	28,550	
17	State Franchise Taxes	II-E-2	128,569			352	51.79	46.42		98.21	34,594	
18	Ad Valorem Taxes	II-E-2	716,715			1,964	51.79	(213.50)		(161.71)	(317,534)	
19	Total Taxes Other Than Income Taxes		$ 1,169,109									
20												
21	Depreciation Expense	II-E-1	$ 2,410,524			6,604	0.00	0.00		0.00	0	
22												
23	Return	II-B	$ 4,521,285			12,387	0.00	0.00		0.00	0	
24												
25	Subtotal	Total Revenue Requirement	$ 18,367,001								$ (289,842)	
26												
27	Working Funds and Other (payroll withholdings only)										(5,883)	
28												
29	Total Cash Working Capital Requirement										$ (295,724)	

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-10 RATE BASE ACCOUNTS - PREPAYMENTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Known Change	Company Total Electric	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1	Other Rate Base Items																
2	Working Capital																
3	A165	Prepayments - Insurance	II-B-10														
4		Balance at March 31, 2012		$23,006	$0	($3,163)	$19,843			$19,843	$19,843	$0	$0	$0	$0	$0	$19,843
5		Balance at April 30, 2012		19,843	0	(3,163)	16,680			16,680	16,680	0	0	0	0	0	$16,680
6		Balance at May 31, 2012		16,680	0	(3,163)	13,517			13,517	13,517	0	0	0	0	0	$13,517
7		Balance at June 30, 2012		13,517	0	45,708	59,225			59,225	59,225	0	0	0	0	0	$59,225
8		Balance at July 31, 2012		59,225	0	(7,087)	52,139			52,139	52,139	0	0	0	0	0	$52,139
9		Balance at August 31, 2012		52,139	0	(7,087)	45,052			45,052	45,052	0	0	0	0	0	$45,052
10		Balance at September 30, 2012		45,052	0	14,581	59,633			59,633	59,633	0	0	0	0	0	$59,633
11		Balance at October 31, 2012		59,633	0	(7,127)	52,506			52,506	52,506	0	0	0	0	0	$52,506
12		Balance at November 30, 2012		52,506	0	(7,127)	45,379			45,379	45,379	0	0	0	0	0	$45,379
13		Balance at December 31, 2012		45,379	0	(7,127)	38,251			38,251	38,251	0	0	0	0	0	$38,251
14		Balance at January 31, 2013		38,251	0	4,735	42,986			42,986	42,986	0	0	0	0	0	$42,986
15		Balance at February 28, 2013		42,986	0	(7,140)	35,846			35,846	35,846	0	0	0	0	0	$35,846
16		Balance at March 31, 2013		35,846	0	(7,140)	28,706			28,706	28,706	0	0	0	0	0	$28,706
17		13-Month Average - Prepayments		$38,774	$0	$438	$39,213			$39,213	$39,213	$0	$0	$0	$0	$0	$39,213
18																	
19																	
20		Subtotal		$38,774	$0	$438	$39,213			$39,213	$39,213	$0	$0	$0	$0	$0	$39,213
21	TOTAL PREPAYMENTS		II-B-10	$38,774	$0	$438	$39,213			$39,213	$39,213	$0	$0	$0	$0	$0	$39,213
22																	
23	WORKING CAPITAL TOTAL		II-B-8-10	$59,082	$0	($292,824)	($233,743)			($233,743)	($233,743)	$0	$0	$0	$0	$0	($233,743)

WITNESS: DAVID K. TURNER, RICHARD B. CRIBBS

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-B-11 RATE BASE ACCOUNTS - OTHER - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Known Change	Company Total Electric	FF #	Funct Factor Name	Allocation to Texas	TRAN	DIST	MET	TBILL	ABILL	TDCS	Total
1																	
2					This Schedule is Not Applicable.												
3																	
4																	
5																	
6		TOTAL OTHER RATE BASE ITEMS	II-B-11														

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
II-B-12 RATE BASE ACCOUNTS - REGULATORY ASSETS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.	Account Number	Description	Reference Schedule	1 Beginning Balance	2 Non-Regulated or Non-Electric	3 Ending Balance	4 Company Total Electric (Average)	5 FF #	6 Funct Factor Name	7 Allocation to Texas	8 TRAN	9 DIST	10 MET	11 TBILL	12 ABILL	13 TDCS	14 Total
1		Other Rate Base Items															
2		Regulatory Assets/(liabilities) in Rate Base	II-B-12														
3	A182.3	Regulatory Asset - ASC 740 (SFAS 109) - AFUDC Equity		$683,538	$0	$670,892	$677,215			$677,215	$677,215	$0	$0	$0	$0	$0	$677,215
4	A282	Deferred Tax Liability - ASC 740 (SFAS 109) - AFUDC Equity		(683,538)	0	(670,892)	($677,215)			($677,215)	(677,215)	0	0	0	0	0	($677,215)
5		Subtotal		$0	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0	$0
6																	
7		TOTAL REGULATORY ASSETS	II-B-12	$0	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0	$0
8																	
9		TOTAL OTHER RATE BASE ITEMS	II-B-6-12	$0	$0	($3,764,753)	($1,969,707)			($1,969,707)	($1,969,707)	$0	$0	$0	$0	$0	($1,969,707)
10																	
11		TOTAL RATE BASE	II-B-1-12	$0	$0	$53,365,996	$56,366,304			$56,366,304	$56,366,304	$0	$0	$0	$0	$0	$56,366,304
12																	
13		Rate of Return					8.02%			8.02%	8.02%						8.02%
14																	
15		RETURN ON RATE BASE		$0	$0	$0	$4,521,285			$4,521,285	$4,521,285	$0	$0	$0	$0	$0	$4,521,285

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-C-1 RATE OF RETURN CALCULATION - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

			3	4	5	6	7	8
Line No.	Description	Reference Schedule	Company Total Request	Transmission Function (TRAN)	Distribution Function (DIST)	Metering Function (MET)	T&D Customer Service (TDCS)	Total TX-Retail
1	Requested Rate Base	II-B	$56,366,304	$56,366,304	$0	$0	$0	$56,366,304
2	Weighted Cost of Capital	II-C-2.1	8.021%	8 021%	0.000%	0.000%	0.000%	8.021%
3	Return on Rate Base In Revenue Requirement		$4,521,285	$4,521,285	$0	$0	$0	$4,521,285
4								
5								
6								
7	The final revenue requirement is based on the rate of return method. Schedule II-B reflects the components of the total requested rate base for determining the allowed return on rate base. Schedule II-C-2 1							
8	calculates the Weighted Cost of Capital used in determining the requested return on rate base.							
9								
10								

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
II-C-1.1 RATE OF RETURN METHOD - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

			1	2	3	4	5	6	7	8
Line No	Description	Reference Schedule	Rate Period Total Electric	Company Adjustments	Company Total Request	Transmission Function (TRAN)	Distribution Function (DIST)	Metering Function (MET)	T&D Customer Service (TDCS)	Total TX-Retail
1	Weighted Cost of Capital									
2	Common Equity				5.720%					
3	Preferred Stock				0.000%					
4	Long Term Debt				2.301%					
5					8.021%					
6										
7	The final revenue requirement is based on the rate of return method. Schedule II-B reflects the components of the total requested rate base for determining									
8	determining the allowed return on rate base. Schedule II-C-2.1 calculates the Weighted Cost of Capital used in determining the requested return on rate base.									
9										
10										

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
WEIGHTED AVERAGE COST OF CAPITAL - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line No.		(a) Balance	(b) Percent of Total	(c) Cost	(d) Weighted Cost
1	Common Equity	Not Applicable	52.0000%	11 0000%	5.7200%
2	Preferred Stock	Not Applicable	0.0000%	0.0000%	0.0000%
3	Preferred Trust Securities	Not Applicable	0.0000%	0.0000%	0.0000%
4	Long-Term Debt	Not Applicable	48.0000%	4.7943%	2.3013%
5	Short-Term Debt	Not Applicable	0.0000%	0.0000%	0.0000%
6					
7	Total	Not Applicable	100.0000%		8.0213%

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
WEIGHTED AVERAGE COST OF PREFERRED STOCK - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line	(a) Description	(b) Issuance Date	(c) Mandatory Redemption (Y/N)	(d) Dividend Rate	(e) Par Value at Issuance	(f) Premium or (Discount)	(g) Underwriting Fees and Issuance Expenses	(h) Gain or (Loss) on Redeemed Stock	(i) Original Net Proceeds	(j) Net Proceeds As % of Par	(k) Par Value Currently Outstanding	(l) Current Net Proceeds	(m) Issue As % of Total Net Proceeds	(n) Cost of Money	(o) Weighted Average Cost
1	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
2	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
3	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
4	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
5	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
6	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
7	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
8	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
9	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
10	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
11	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
12	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
13	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
14	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
15	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
16	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
17	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
18	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
19	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
20	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
21	XX	XX/XX/XX	X	0.000%	$0	$0	This Schedule is Not Applicable.					$0	0.000%	0.000%	0.000%
22	XX	XX/XX/XX	X	0.000%	$0	$0						$0	0.000%	0.000%	0.000%
23	XX	XX/XX/XX	X	0.000%	$0	$0						$0	0.000%	0.000%	0.000%
24	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
25	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
26	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
27	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
28	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
29	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
30	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
31	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
							Total				$0	$0	0.000%		0.000%
							Plus: Unamortized Premium (Discount)				$0				
							Less: Unamortized Fees and Issuance Expenses				$0				
							Plus: Unamort. Gains (Losses) on Redeemed Stock				$0				
							Net Balance of Preferred Stock				$0				

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
ADJUSTED COST OF PREFERRED STOCK - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

LINE		
1	Balance of Unamortized Gains (Losses) on	**This Schedule is Not Applicable.**
2	Redeemed Stock (Sched.II-C-2.2)	
3	- Balance Related to Gains (Losses) Identified	
4	in Col.(h) of Schedule II-C-2.2	
5		
6	Net Balance of Unamortized Gains (Losses) Not	
7	Accounted for in Col.(h) of Schedule II-C-2.2	
8		
9		
10	Annual Amortization of Gains (Losses) on	
11	Redeemed Stock	
12	- Annual Amortization Related to Gains (Losses)	
13	Identified in Col.(h) of Schedule II-C-2.2	
14		
15	Net Annual Amortization of Gains (Losses) Not	
16	Accounted for in Col.(h) of Schedule II-C-2.2	
17		
18		
19	Net Balance of Preferred Stock (Sched.II-C-2.2)	
20	- Net Balance of Unamortized Gains (Losses) from Line 6	
21		
22	Preferred Stock Balance Excluding Net Gains (Losses)	
23		
24	x Weighted Average Cost of Preferred Stock (Sched.II-C-2.2)	
25		
26	Annual Preferred Stock Requirement	
27		
28	- Net Amortization of Gains (Losses) from Line 15	
29		
30	Adjusted Annual Preferred Stock Requirement	
31		
32	Adjusted Cost of Preferred Stock (Line 30/Line 19)	

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
WEIGHTED AVERAGE COST OF PREFERRED TRUST SECURITIES - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line	(a) Description	(b) Issuance Date	(c) Maturity Date	(d) Interest Rate	(e) Par Value at Issuance	(f) Premium or (Discount)	(g) Underwriting Fees and Issuance Expenses	(h) Gain or (Loss) on Redeemed Stock	(i) Original Net Proceeds	(j) Net Proceeds As % of Par	(k) Par Value Currently Outstanding	(l) Current Net Proceeds	(m) Issue As % of Total Net Proceeds	(n) Cost of Money (see note)	(o) Weighted Average Cost
1	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
2	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
3	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
4	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
5	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
6	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
7	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
8	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
9	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
10	XX	XX/XX/XX	X	0.000%	$0	$0	This Schedule is Not Applicable.				$0	$0	0.000%	0.000%	0.000%
11	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
12	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
13	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
14	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
15	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
16	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
17	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
18	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
19	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
20	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
21	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
22	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
23	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
24	XX	XX/XX/XX	X	0.000%	$0	$0	$0	$0	$0	0.000%	$0	$0	0.000%	0.000%	0.000%
							Total				$0	$0	0.000%		0.000%

Plus: Unamortized Premium (Discount)	$0
Less: Unamortized Fees and Issuance Expenses	$0
Plus: Unamort. Gains (Losses) on Redeemed Securities	$0
Net Balance of Preferred Trust Securities	$0

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
ADJUSTED COST OF PREFERRED TRUST SECURITIES - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

LINE		
1	Balance of Unamortized Gains (Losses) on	**This Schedule is Not Applicable.**
2	Redeemed Securities (Sched.II-C-2.3)	
3	- Balance Related to Gains (Losses) Identified	
4	in Col.(h) of Schedule II-C-2.3	
5		
6	Net Balance of Unamortized Gains (Losses) Not	
7	Accounted for in Col.(h) of Schedule II-C-2 3	
8		
9		
10	Annual Amortization of Gains (Losses) on	
11	Redeemed Securities	
12	- Annual Amortization Related to Gains (Losses)	
13	Identified in Col.(h) of Schedule II-C-2.3	
14		
15	Net Annual Amortization of Gains (Losses) Not	
16	Accounted for in Col.(h) of Schedule II-C-2.3	
17		
18		
19	Net Balance of Preferred Trust Securities (Sched.II-C-2.3)	
20	- Net Balance of Unamortized Gains (Losses) from Line 6	
21		
22	Preferred Trust Securities Balance Excluding Net Gains (Losses)	
23		
24	x Weighted Average Cost of Preferred Trust Securities (Sched.II-C-2.3)	
25		
26	Annual Preferred Trust Securities Requirement	
27		
28	- Net Amortization of Gains (Losses) from Line 15	
29		
30	Adjusted Annual Preferred Trust Securities Requirement	
31		
32	Adjusted Cost of Preferred Trust Securities (Line 30/Line 19)	

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
WEIGHTED AVERAGE COST OF LONG-TERM DEBT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line	(a) Description	(b) Issuance Date	(c) Maturity Date[1]	(d) Interest Rate[2]	(e) Principal Amount at Issuance[3]	(f) Premium or (Discount)	(g) Underwriting Fees and Issuance Expenses	(h) Gain or (Loss) on Reacquired Debt	(i) Original Net Proceeds	(j) Net Proceeds As % of Par	(k) Principal Currently Outstanding[4]	(l) Current Net Proceeds	(m) Issue As % of Total Net Proceeds	(n) Cost of Debt[5]	(o) Weighted Average Cost
1	Construction Bank Loan	Various	11/18/2016	Variable	$99,500,000	$0	$7,500,207	$0	$99,500,000	100.000%	$380,500,000	$372,999,793	100.000%	4.794%	4.794%
2															
3															
4								Total			$380,500,000	$372,999,793	100.000%		4.794%
5															
6						Plus:	Unamortized Premium (Discount)				$0				
7						Less:	Unamortized Fees and Issuance Expenses				$0				
8						Plus:	Unamortized Gains (Losses) on Reacq. Debt				$0				
9								Net Balance of Debt			$380,500,000				

(1) - May be repaid prior to final maturity without penalty; variable rate construction loans projected to be refinanced following commercial operation with fixed-rate long-term note
(2) - Interest rate based on LIBOR plus a 1.50% margin, plus commitment fees of 0.75% per annum on undrawn portion of loan commitment
(3) - Initial amount borrowed out of $386,600,000 total loan commitment; refer to WP / II-C-2.4 - INTERIM for additional information
(4) - Total amount projected to be borrowed; refer to Line 17, Page 1 of WP / II-C-2.4 - INTERIM
(5) - Refer to Line 20, Page 1 of WP / II-C-2.4 - INTERIM

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
ADJUSTED COST OF LONG-TERM DEBT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Schedule II-C-2.4a

LINE		
1	Balance of Unamortized Gains (Losses) on	**This Schedule is Not Applicable.**
2	Reacquired Debt (Sched.II-C-2.4)	
3	- Balance Related to Gains (Losses) Identified	
4	in Col.(h) of Schedule II-C-2.4	
5		
6	Net Balance of Unamortized Gains (Losses) Not	
7	Accounted for in Col.(h) of Schedule II-C-2.4	
8		
9		
10	Annual Amortization of Gains (Losses) on	
11	Reacquired Debt	
12	- Annual Amortization Related to Gains (Losses)	
13	Identified in Col.(h) of Schedule II-C-2.4	
14		
15	Net Annual Amortization of Gains (Losses) Not	
16	Accounted for in Col.(h) of Schedule II-C-2.4	
17		
18		
19	Net Balance of Debt (Sched.II-C-2.4)	
20	- Net Balance of Unamortized Gains (Losses) from Line 6	
21		
22	Debt Balance Excluding Net Gains (Losses)	
23		
24	x Weighted Average Cost of Debt (Sched.II-C-2.4)	
25		
26	Annual Debt Requirement	
27		
28	- Net Amortization of Gains (Losses) from Line 15	
29		
30	Adjusted Annual Debt Requirement	
31		
32	Adjusted Cost of Debt (Line 30/Line 19)	

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
WEIGHTED AVERAGE COST OF
SHORT-TERM DEBT - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

					End of Monitoring Period 12 Months Ended ____			
					(a)	(b)	(c)	(d)
Line		Balance at end of [Year]	Balance at end of [Year]	Balance at end of [Year]	Balance Outstanding	Balance As a % of Total	Average Cost	Weighted Average Cost
1	Commercial Paper	$0	$0	$0	$0	0.00%	0.00%	0.00%
2	Bank Loans	0	0	This Schedule is Not Applicable.	0	0.00%	0.00%	0.00%
3	Other	0	0	0	0	0.00%	0.00%	0.00%
4								
5	Total Notes Payable	$0	$0	$0	$0	0.00%	0.00%	0.00%

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
SECURITY ISSUANCE RESTRICTIONS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

This Schedule is Confidential and will be provided pursuant to the terms of the Protective Order.

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
CAPITAL REQUIREMENTS AND ACQUISITION PLAN - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

LINE	CAPITAL REQUIREMENTS	Most Recent Fiscal Year (2011)	2012	2013	2014	2015
1	Transmission	$277,782,719	$473,605,684	$33,152,424	$0	$0
2						
3	Distribution	0	0	0	0	0
4						
5	General	0	0	0	0	0
6						
7	Other (Specify)	0	0	0	0	0
8						
9						
10	TOTAL CAPITAL REQUIREMENTS	$277,782,719	$473,605,684	$33,152,424	$0	$0
11						
12						
13	SOURCES OF CAPITAL					
14						
15	Internal	0	0	0	0	0
16						
17	External:					
18	Long-Term Debt	133,335,705	227,330,728	15,913,163	0	0
19	Preferred Stock	0	0	0	0	0
20	Common Equity	144,447,014	246,274,956	17,239,260	0	0
21						
22	Other (Specify)	0	0	0	0	0
23						
24	TOTAL CAPITAL SOURCES	$277,782,719	$473,605,684	$33,152,424	$0	$0

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
HISTORICAL FINANCIAL STATISTICS - INTERIM
(TOTAL COMPANY BASIS)
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

Line	Fiscal Year:	[Year-4]	[Year-3]	[Year-2]	[Year-1]	Monitoring Period Year
1	Total Debt as a Percent					
2	of Total Capital					
3						
4	CWIP as a Percent of Net Plant					
5						
6	Construction Expenditures as a					
7	Percent of Total Capital					
8						
9	Pre-Tax Interest Coverage					
10						
11	Funds From Operations / Total Debt					
12		**This Schedule is Not Applicable.**				
13						
14	Fixed Charge Coverage					
15						
16	Fixed Charge Coverage (Including					
17	Distributions on Pref Trust Securities)					
18						
19	Funds From Operations Interest Coverage					
20						
21	Net Cash Flow / Capital Outlays					
22						
23						
24	Cash Coverage of Common Dividends					
25						
26						
27	Return on Average Common Equity					

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC
GROWTH IN EARNINGS, DIVIDENDS, AND BOOK VALUE - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

(A) YEAR	(B) BEGINNING COMMON EQUITY	+	(C) NET INCOME FOR COMMON	-	(D) COMMON DIVIDENDS	+	(E) ADDTL. EQUITY (NET) F-(B+C-D)	=	(F) ENDING COMMON EQUITY	(G) AVERAGE COMMON EQUITY (B+F)/2	(H) ROE C/G	(I) PERCENT EARNINGS RETAINED (C-D)/C	(J) IMPLIED GROWTH H x I	(K) WTD. AVG. SHARES (FOR EPS)	(L) WTD. AVG. SHARES (FOR DPS)	(M) YEAR END SHARES (FOR BVPS)	(N) EPS C/K	(O) DPS D/L	(P) BVPS F/M

This Schedule is Not Applicable.

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
RATING AGENCY REPORTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

SEE SCHEDULE II-C-2.10 - ATTACHMENT - RATING AGENCY REPORTS - INTERIM

MOODY'S
INVESTORS SERVICE

Credit Opinion: NextEra Energy, Inc.

Global Credit Research - 07 Dec 2011

Juno Beach, Florida, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured Shelf	(P)Baa1
Subordinate Shelf	(P)Baa2
Pref. Shelf	(P)Baa3
NextEra Energy Capital Holdings, Inc.	
Outlook	Stable
Senior Unsecured	Baa1
Jr Subordinate	Baa2
BACKED Pref. Shelf	(P)Baa3
Commercial Paper	P-2
Florida Power & Light Company	
Outlook	Stable
Issuer Rating	A2
First Mortgage Bonds	Aa3
Senior Secured Shelf	(P)Aa3
Senior Unsecured Shelf	(P)A2
Subordinate Shelf	(P)A3
Pref. Shelf	(P)Baa1
Commercial Paper	P-1
FPL Group Capital Trust I	
Outlook	Stable
BACKED Pref. Stock	Baa2

Contacts

Analyst	Phone
Michael G. Haggarty/New York City	212.553.7172
William L. Hess/New York City	212.553.3837

Key Indicators

[1]NextEra Energy, Inc.

	LTM 9/30/2011	2010	2009	2008
(CFO Pre-W/C + Interest) / Interest	5.1x	4.5x	6.3x	5.1x
(CFO Pre-W/C) / Debt	20%	18%	26%	21%
RCF / Debt	17%	13%	21%	17%
FCF / Debt	(13%)	(14%)	(13%)	(16%)

[1] All ratios calculated in accordance with the Unregulated Utilities and Power Companies Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Diverse, low carbon, mostly contracted or hedged generating portfolio at NextEra Energy Resources

- High debt levels at its unregulated subsidiaries, much of which is either directly guaranteed by NextEra Energy or has significant recourse characteristics

- Consolidated cash flow coverage ratios that are weak for a Baa1 rated hybrid power company, particularly as its non-utility businesses have grown and diversified

- Energy marketing and trading, shale gas drilling, Texas retail, and Spanish solar businesses have increased risk profile

- Stabilized Florida utility political and regulatory environment with two year rate settlement in place through 2012

Corporate Profile

NextEra Energy, Inc. (NextEra, Baa1 Issuer Rating, stable outlook) is one of the largest power and utility companies in the U.S. with annual revenues of over $15 billion. NextEra Energy Capital Holdings, Inc. (Capital Holdings, Baa1 senior unsecured, stable outlook) finances the company's unregulated operations, which include wind, solar, and other independent power projects, as well as several diversified energy businesses, through its wholly owned subsidiary, NextEra Energy Resources (unrated). NextEra Energy is also the parent of Florida Power and Light Company (FPL, A2 Issuer Rating, stable outlook), a vertically integrated utility with a service territory that includes many of the Florida coastal communities, and Lonestar Transmission LLC (unrated), a regulated transmission company in Texas.

SUMMARY RATING RATIONALE

NextEra Energy's rating reflects its position as the parent of both one of the largest unregulated wholesale generating and diversified energy companies in the U.S. and a fully regulated vertically integrated Florida utility. Over the last decade, NextEra Energy has evolved from being solely a regulated Florida utility into a major, international energy company with its Florida regulated utility declining in importance as a credit driver for the consolidated entity. As a result, as its non-utility unregulated operations have become the primary credit driver of the company's consolidated credit profile, and issues associated with some of these businesses have weakened its relative position at the Baa1 rating category. Because of its status as a hybrid power company with both unregulated and regulated utility operations, NextEra Energy is analyzed under both Moody's Unregulated Power Company and Regulated Electric and Gas Utility rating methodologies, with the Unregulated Power Company Methodology increasingly applicable.

DETAILED RATING CONSIDERATIONS

- Diverse, low carbon, mostly contracted or hedged generating portfolio at NextEra Energy Resources

The company's unregulated generating portfolio at NextEra Energy Resources will consist of 16,522 MW of generating capacity in 22 states and Canada following the sale of five of its natural gas plants. Near-term growth in 2012 is expected to come primarily from wind and solar project development. Long-term growth of its U.S. wind portfolio beyond 2012 could be challenging due to the potential termination of government tax incentives for the sector, but also because of low power prices, increased competition, and ongoing uncertainty over renewable portfolio standards and the timing of carbon regulation. The company plans to add approximately 1,400 MW to 2,000 MW of new wind generation in 2011 and 2012, including 150 MW that has been added as of September 30, 2011. It is also planning to add a total of 660 MW of new solar generation from 2011 through 2014 and approximately 280 MW between 2015 and 2016. It is in the process of constructing the Genesis project, a 250 MW solar thermal facility in California, as well as a 99.8 MW solar thermal facility in Spain. It is also a 50% owner of Desert Sunlight, a 550 MW solar PV facility under construction in California.

NextEra has also diversified into regulated transmission in Texas through its Lone Star subsidiary, which is constructing and will operate approximately 300 miles of 345 kv transmission lines in the state. At December 31, 2010, the company's investment in Lone Star totaled $20 million and it plans to invest a total of $780 million, including AFUDC, from 2011 through 2014 for the construction of the transmission line. Moody's views this fully regulated transmission company as a small but positive contributor to the company's overall credit profile.

On September 1, 2011, subsidiary NextEra Energy Resources announced the sale of four of its contracted natural gas-fired generating assets to an affiliate of LS Power for $1.05 billion, subject to working capital and other adjustments. The company is also in the process of selling one of its merchant natural gas generating assets to Entergy Corporation for $346 million, subject to working capital and other adjustments. Moody's views the sale of the contracted assets as modestly negative to overall credit quality in that it reduces the generation portfolio's diversity, as well as the percentage of contracted assets within the portfolio. The company's natural gas generating portfolio now consists predominantly of merchant generation in Texas, where it had only 42% of its 2012 gross margin hedged as of June 30, 2011, by far the lowest of any of its generating assets. The sale also increases the proportion of energy trading and marketing, shale gas drilling, and retail energy marketing in the company's overall business mix compared to its more traditional, lower risk contracted generating assets, which Moody's views as having a lower business risk profile.

- High, growing debt levels at both Capital Holdings and NextEra Energy Resources that is either guaranteed by NextEra or has significant recourse characteristics

As NextEra Energy has emphasized the growth of its non-utility operations in recent years, debt levels at both Capital Holdings and NextEra Energy Resources have increased significantly and now together total $14.2 billion as of September 30, 2011 (on a Moody's adjusted basis), up from $11 billion at December 31, 2009, or 65% of the debt of the consolidated organization. This considerable growth has diluted the guarantee of the parent company over the years, as it now directly guarantees over $9 billion of Capital Holdings debt, in addition to various counterparty obligations.

An additional $5 billion of debt is characterized as "limited recourse" debt under subsidiary NextEra Energy Resources on the company's financial statements. Though this debt may not be directly guaranteed, much of it is tied to NextEra Energy and/or Capital Holdings in some way, either through sponsorship of the underlying projects; tax interrelationships including guarantees of production tax credits on wind projects; cash traps at some projects that are tied to rating levels of NextEra Energy or Capital Holdings, or through financial covenants at NextEra Energy itself. As a result, the long-term debt to capitalization of Capital Holdings, including all of the NextEra Energy Resources debt, was a high 77% at September 30, 2011.

Moody's notes that this $14.2 billion of debt has been incurred at Capital Holdings and Energy Resources, two major entities that do not file separate audited SEC financial statements, which are filed only on a consolidated basis at NextEra Energy, Inc. Moody's believes the level of financial and operational transparency at Capital Holdings and Energy Resources has not increased commensurately with their business risk profiles over the last several years. In addition to the lack of audited financials, these companies do not file or otherwise disclose their bank credit facilities, financial covenant requirement, or the level of cushion they may have under such covenants.

- Consolidated cash flow coverage metrics are weak for a Baa1 rated hybrid power company, particularly as non-utility operations have grown and diversified

As a hybrid power company with both unregulated generation and regulated utility operations, NextEra Energy is analyzed using guidelines in both Moody's Unregulated Power Company and Moody's Regulated Electric and Gas Utility rating methodologies. The company's consolidated financial performance and cash flow coverage metrics have historically been relatively stable and adequate for a company with a balanced mix of businesses, but have not strengthened as it has relied more on unregulated cash flows to service its growing debt obligations.

As the company has become more of a wholesale generating company, diversified into other energy related businesses, and expanded internationally, Moody's would expect cash flow coverage metrics to strengthen to offset and mitigate the higher risk associated with the growth of these businesses. Over the last two years, the company has generated consolidated CFO pre-working capital interest coverage of 4.5x in 2010 and 5.1x for the twelve months ending September 30, 2011, at the low end of the 3.6x to 6.9x rating range guidelines for a Baa rating under our Unregulated Power Company rating methodology. The ratio of consolidated CFO pre-working capital to debt of 17.6% in 2010 and 19.7% for the twelve months ending September 30, 2011 were below the Baa rating range of 21% to 35% under that methodology. Moody's notes that utility FPL's metrics are well above the parameters outlined for its A2 Issuer Rating under our Regulated Utility rating methodology, which offsets to some degree the consolidated company's weak metrics under our Unregulated Power Company rating methodology.

These coverage metrics include all of the debt issued at both Capital Holdings and Energy Resources that is consolidated on NextEra Energy's balance sheet. Some of the debt at Energy Resources is at the individual project level and is characterized as "limited recourse" on the company's financial statements. Although not directly guaranteed, Moody's believes there are significant recourse characteristics in much of this debt despite its "limited recourse" classification and, as a result, we include it in our analytical approach and in our published financial ratios.

- Energy trading and marketing, shale gas well drilling, Texas retail, and Spanish solar businesses increase risk profile

Over the last few years, NextEra Energy Resources has diversified away from being a predominantly domestic, asset focused wholesale power company with expansions into several non-asset based and international businesses. The company expanded its Houston based trading operations significantly over the last few years with the gross margin contribution from this business fluctuating widely from $52 million in 2010, $205 million in 2009, and $76 million in 2008. The company has cited results from these activities as a more material driver of its overall financial performance in recent years. The contribution of the trading business in 2010 and 2011 was significantly lower than in 2009 because of unfavorable market conditions. In November 2011, the company announced that it was relocating its gas trading operations from Houston to its corporate headquarters in Florida and that it had lowered expectations for this business in 2012. Moody's would view any movement away from energy trading and marketing as credit supportive for NextEra Energy and Capital Holdings.

Energy Resources has also begun to invest in natural gas, including shale drilling projects, with capital expenditures in this sector increasing from $115 million in 2008 to $140 million in 2010, with an additional $400 to $600 million planned through 2014. While this level of investment is modest compared to the company's $3 billion of total capital expenditures in 2010, Moody's views shale gas drilling and related businesses as having a higher risk profile than the company's wholesale generation business. Moody's believes the involvement of one of the leading "clean energy" companies in what is currently one of the most environmentally controversial drilling practices, "fracking", even to a limited degree, entails reputational and other intangible risks.

- Stabilization of utility subsidiary FPL's political and regulatory environment with new Florida commissioners and a two year rate settlement in place, although regulatory risk could increase again with new rate case filing expected in 2012.

The political and regulatory environment for investor-owned utilities in the state of Florida has stabilized since highly politicized rate proceedings in 2009 and early 2010 resulted in a rate outcome calling for a $75 million base rate increase for utility subsidiary FPL, a small fraction of the $1 billion requested by the company. Since these rate proceedings concluded, however, there has been an almost complete change in the composition of the Florida Public Service Commission (FPSC) with the turnover of four of the five commissioners. A new governor has also been elected in the state. Because of the political and regulatory developments that unfolded during the 2009 and 2010 rate proceedings, Moody's lowered FPL's score on Factor 1 in our Regulated Utility rating methodology grid, Regulatory Framework, to a "Baa" or average score from the "A" or above average score.

Despite the adverse rate case outcome, FPL continues to operate under traditional rate of return regulation with strong cost recovery provisions in place. These include fuel and capacity clauses which are adjusted annually based on expected fuel and power prices and for prior period differences between projected and actual costs. FPL may also recover pre-construction and construction work in progress for nuclear capital expenditures and since 2009 has been able to recover costs associated with the utility's three new solar generating facilities. Additionally, FPL has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to emission controls.

In December 2010, the FPSC approved a settlement agreement between FPL and most interveners that freezes base rates through 2012. It also permits the company to reduce its depreciation reserve by up to $267 million in 2010, and again by $267 million in 2011 and 2012 (plus any amounts not used in prior years), up to a total of $776 million over the term of the settlement. FPL must use at least enough of its depreciation reserve to maintain a 9% earned regulatory ROE but may not use any that would result in an earned regulatory ROE of over 11%. The company had indicated that the use of its surplus depreciation reserve should allow it to realize a retail regulatory ROE at or near 11% in 2011 and 2012.

Although the settlement freezes base rates and utilizes its depreciation reserve in lieu of higher rates, both negatives from a cash flow and credit standpoint, it does provide regulatory clarity through 2012 and should avoid the need for additional base rate proceedings at least until the newly constituted FPSC has been in place for a period of time and has exhibited a meaningful track record. However, regulatory risk could again surface as Moody's expects the company to file a new rate case in 2012.

Liquidity Profile

NextEra Energy maintains no bank credit facilities or other liquidity facilities at the parent company level, but benefits from large, mostly unused bank revolving credit facilities at both of its major subsidiaries ($4.4 billion at Capital Holdings and $3.2 billion at FPL). Of these bank facilities, $17 million of FPL's and $40 million of Capital Holdings' expire in 2012, with most of the facilities expiring in 2013. FPL maintains a significantly stronger liquidity profile than Capital Holdings, where liquidity is constrained by high levels of commercial paper outstanding, significant credit rating related collateral calls, substantial letters of credit and guarantees outstanding, and an energy trading and marketing business that could suddenly require additional liquidity.

Capital Holdings and Energy Resources have $2.0 billion of debt due over the 12 months ending September 30, 2012, including $1.4 billion of outstanding commercial paper and $550 million of long-term debt. Commercial paper outstanding at Capital Holdings increased significantly during the third quarter to $1.4 billion at September 30, 2011 from $395 million at June 30, 2011. The company expects to materially reduce the level of commercial paper outstanding from the proceeds of its natural gas plant sales.

At September 30, 2011, Capital Holdings and Energy Resources had approximately $1.1 billion of standby letters of credit outstanding (and $10 million at the utility, FPL); $99 million of surety bonds outstanding ($53 million at FPL); and approximately $12.6 billion notional amount of guarantees outstanding ($23 million at FPL), of which $8.1 billion ($15 million for FPL) have expiration dates over the next five years. The company's notional amount of guarantees outstanding increased significantly during the third quarter to $12.6 billion at September 30, 2011 from $10.3 billion at June 30, 2011.

Approximately $970 million of the NextEra Energy's standby letters of credit outstanding at September 30, 2011 were issued under Capital Holdings' credit facilities which, when combined with its currently outstanding commercial paper, utilizes over half of the company's $4.4 billion bank revolving credit facilities. Capital Holdings had $610 million of cash on hand as of September 30, 2011, up from $246 million at June 30, 2011.

NextEra Energy also has substantial exposure to collateral calls in the event of credit rating downgrades. If NextEra Energy and Capital Holdings' credit ratings were downgraded to BBB/Baa2, NextEra Energy would be required to post collateral of approximately $350 million ($100 million at FPL). If FPL and Capital Holdings' credit ratings were downgraded below investment grade, the company would be required to post collateral of approximately $2.3 billion ($0.8 billion at FPL). This level of downgrade related collateral calls is well above industry peers such as Constellation Energy and Exelon Generation, both of which would have additional collateral obligations in the range of $1 billion if downgraded below investment grade (as of September 30, 2011). Moreover, additional NextEra Energy contracts that do not have rating triggers but require the maintenance of certain financial measures or have other credit-related cross default triggers could require additional collateral of up to approximately $600 million ($150 million at FPL).

FPL's $3 billion of bank credit facilities support more manageable outstanding obligations, including $408 million of commercial paper as of September 30, 2011, down from $655 million at June 30, 2011. In addition, the utility had a minimal $3 million of letters of credit supported by the facility. FPL's bank revolving credit facilities are also available to support the purchase of $633 million of pollution control, solid waste disposal, and industrial development bonds in the event they are tendered and not remarketed. FPL has a very manageable $49 million of long-term debt due over the twelve months ending September 30, 2012, with its next significant maturity in 2013.

Neither FPL nor Capital Holdings have a material adverse change clause in their bank credit facilities, although both have a 65% debt to capitalization covenant, the calculation of which management does not make public. The company reported that it was in compliance with these covenants at September 30, 2011.

Rating Outlook

The stable rating outlook reflects Moody's expectation that the growth of the company's unregulated businesses will moderate beyond 2012; that debt levels at Capital Holdings and Energy Resources will stabilize and not increase beyond current levels; that it will maintain a high level of long-term contracts and hedges in place on its remaining wholesale generating assets; and that it will strictly limit its energy marketing and trading, shale gas drilling, Texas retail, and Spanish solar businesses to current levels. Expansion of any of these businesses or the addition of other diversified businesses would likely negatively affect its credit ratings or rating outlook. The stable outlook also reflects the regulatory clarity provided by the utility's two year rate settlement and Moody's expectation that the utility's next rate case will result in a less politicized and more credit supportive rate case outcome.

What Could Change the Rating - Up

A higher rating could be considered if the company materially reduces debt levels at Capital Holdings and/or Energy Resources; if it reduces or eliminates any or all of its diversified businesses; if cash flow coverage metrics increase to levels more in line with our parameters for a high Baa rated unregulated power company, including consolidated CFO pre-working capital to debt of 30% or higher and CFO pre-working capital to interest of 6.0x or higher.

What Could Change the Rating - Down

A downgrade could be considered if leverage continues to increase at Capital Holdings and/or Energy Resources; if there is any further expansion into diversified, higher risk businesses; if there is a significant energy trading loss; if liquidity at Capital Holdings is further constrained by the demands of the trading business or any of its other businesses; if there is a further decline in the regulatory or political environment in Florida; or if consolidated cash flow coverage metrics remain weak for its current rating and risk profile, including CFO pre-working capital to debt below 20% or CFO pre-working capital interest coverage below 5.0x.

Rating Factors

NextEra Energy, Inc.

Power Companies [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of December 2011	
Factor 1: Market Assessment, Scale and Competitive Position (20%)	Measure	Score	Measure	Score
a) Market and Competitive Position (15%)		Baa		Baa
b) Geographic Diversity (5%)		Aa		Aa
Factor 2: Cash Flow Predictability of Business Model (20%)				
a) Hedging strategy (10%)		A		A

b) Fuel Strategy and mix (5%)		A		A
c) Capital requirements and operatinal performance (5%)		A		A
Factor 3: Financial policy (10%)		Baa		Baa
Factor 4: Financial Strength - Key Financial Metrics (50%)				
a) CFO pre-WC + Interest / Interest (15%) (3yr Avg)	5.3x	Baa	4.5 - 5.5x	Baa
b) CFO pre-WC / Debt (20%) (3yr Avg)	21.1%	Baa	18 - 22%	Ba
c) RCF / Debt (7.5%) (3yr Avg)	17.4%	Baa	14 - 18%	Baa
d) FCF / Debt (7.5%) (3yr Avg)	(14.3)%	B	(20) - (10)%	B
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa1		Baa1

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of December 2011	
	Measure	Score	Measure	Score
Factor 1: Regulatory Framework (25%)				
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		A		A
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		A		A
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.3x	A	4.5 - 5.5x	A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.1%	Baa	18 - 22%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	16.5%	Baa	14 - 18%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	49.2%	Baa	48 - 51%	Baa
Rating:				
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics

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Credit Opinion: NextEra Energy, Inc.

Global Credit Research - 11 Apr 2011

Juno Beach, Florida, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured Shelf	(P)Baa1
Subordinate Shelf	(P)Baa2
Preferred Shelf	(P)Baa3
NextEra Energy Capital Holdings, Inc.	
Outlook	Stable
Senior Unsecured	Baa1
Jr Subordinate	Baa2
Bkd Preferred Shelf	(P)Baa3
Commercial Paper	P-2
Florida Power & Light Company	
Outlook	Stable
Issuer Rating	A2
First Mortgage Bonds	Aa3
Senior Secured Shelf	(P)Aa3
Senior Unsecured Shelf	(P)A2
Subordinate Shelf	(P)A3
Preferred Shelf	(P)Baa1
Commercial Paper	P-1
FPL Group Capital Trust I	
Outlook	Stable
Bkd Preferred Stock	Baa2

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Key Indicators

[1]NextEra Energy, Inc.

	2010	2009	2008	2007
(CFO Pre-W/C + Interest) / Interest Expense	4.7x	6.3x	5.1x	6.2x
(CFO Pre-W/C) / Debt	18%	26%	21%	29%
(CFO Pre-W/C - Dividends) / Debt	14%	21%	16%	23%
Debt / Book Capitalization	48%	48%	49%	44%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Diverse, low carbon, highly contracted generating portfolio at NextEra Energy Resources

- Consolidated cash flow coverage ratios that are adequate for a Baa rated hybrid power company

- Energy marketing and trading and natural gas infrastructure businesses increase risk profile

- High, growing debt levels at unregulated subsidiaries

- Stabilized Florida utility's political and regulatory environment with two year rate settlement

Corporate Profile

NextEra Energy, Inc. (Baa1 Issuer Rating, stable outlook), is one of the largest providers of electricity-related services in North America with annual revenues of over $15 billion. NextEra Energy Capital Holdings, Inc. (Capital Holdings, Baa1 senior unsecured, stable outlook) finances the company's unregulated operations, primarily wind and other independent power projects through its wholly owned subsidiary, NextEra Energy Resources (unrated). NextEra Energy is also the parent of Florida Power and Light Company (FPL, A2 Issuer Rating, stable outlook), a vertically integrated utility with a service territory that includes many of the Florida coastal communities.

SUMMARY RATING RATIONALE

NextEra Energy's rating reflects its position as the parent of both one of the largest unregulated wholesale generating companies in the U.S. and a fully regulated vertically integrated Florida utility. Over the last decade, NextEra Energy has transformed itself from being solely a regulated Florida utility into a national wholesale power company with its Florida utility declining in importance as a credit driver for the consolidated entity. Moody's believes that its unregulated wholesale power operations will continue to be an increasingly important part of the company's consolidated credit profile going forward. Because of its status as a hybrid power company with both regulated and unregulated operations, the company is analyzed under both Moody's Regulated Electric and Gas Utility and Unregulated Power Company rating methodologies.

DETAILED RATING CONSIDERATIONS

- Diverse, low carbon, highly contracted generating portfolio at NextEra Energy Resources

The company's unregulated generating portfolio at NextEra Energy Resources consists of 18,866 MW of generating capacity across 26 states and Canada with most of its growth in recent years coming from wind. Its portfolio is national in scope and consists of generating capacity that is currently 44% wind, 35% natural gas, 14% nuclear, and 7% other, making it particularly well positioned to benefit from costs associated with carbon or other environmental requirements. Although large, diverse, and highly contracted, the portfolio has not been completely immune to the recessionary economic environment and poor power market conditions that have characterized much of the country over the last several years, which has increased the volatility of the portfolio's earnings and cash flows. Power generated from the wind portfolio fell short of expectations in late 2009 and early 2010, which the company attributed to an El Nino influenced weather pattern, reducing wind resources in both Texas and throughout the midwest, although more recent wind results have been stronger. Lower power prices and unfavorable market conditions have also negatively affected results for the company's Texas fossil generating units.

Future growth of NextEra Energy Resources wind portfolio, a key strategic goal of the company, will continue to be challenging due to low power prices, increased competition, higher costs, and ongoing uncertainty over renewable portfolio standards and carbon regulation. The company plans to add approximately 3,500 MW to 5,000 MW of new wind generation in the years 2010 to 2014, including between 700 MW and 1,000 MW in 2011. It is also planning to add between 400 MW and 600 MW of new solar generation from 2010 to 2014, which includes a major investment in a solar energy project in Spain.

The company has also diversified into regulated transmission in Texas through its Lone Star subsidiary, which will construct and operate approximately 300 miles of 345 kv transmission lines in the state. At December 31, 2010, the company's investment in Lone Star totaled $20 million and it plans to invest a total of $780 million, including AFUDC, from 2011 through 2014 for the construction of the transmission line.

- Consolidated cash flow coverage metrics that are adequate for a Baa rated hybrid power company

As a hybrid power company with both regulated utility and unregulated power company operations, NextEra Energy is analyzed using guidelines in both Moody's Regulated Electric and Gas Utility and Unregulated Power Company rating methodologies. The company's consolidated financial performance and cash flow coverage metrics have historically been strong, relatively stable, and adequate for a company with a balanced mix of regulated utility and unregulated generation businesses. However, as the company has become more of an unregulated wholesale power generator, and continues to grow its energy trading and marketing and natural gas infrastructure businesses while also diversifying internationally, Moody's would expect cash flow coverage metrics to increase proportionally to mitigate the growth of these unregulated businesses. These metrics include a consolidated CFO pre-working capital interest coverage ratio of 4.7x in 2010, which is within the 3.6x to 6.9x rating range guidelines for a Baa rated unregulated wholesale power company. However, consolidated CFO pre-working capital to debt of 18.4% in 2010 was below the Baa rating range of 21% to 35% under our Unregulated Power Company rating methodology.

These coverage metrics include all of the debt issued at both Capital Holdings and NextEra Energy Resources that is consolidated on NextEra Energy's balance sheet, although some of the debt at NextEra Energy Resources is at individual project levels and is characterized as "limited recourse" on the company's financial statements. Because this debt is consolidated on NextEra's financial statements, Moody's includes it in our analytical approach and in our published financial ratios. However, Moody's also considers the potential improvement in financial ratios if the limited recourse debt and associated project cash flows were excluded from these calculations. In this scenario, NextEra Energy's consolidated CFO pre-working capital interest coverage for 2010 improves to 6.0x and CFO pre-working capital to debt improves to 23%. Although these ratios appear relatively low under our Unregulated Power Company methodology ratio range guidelines, this is offset by the strong financial metrics of utility subsidiary FPL, which is strongly positioned under our Regulated Electric and Gas Utility rating methodology.

- Growing energy trading and marketing along with natural gas infrastructure businesses increase risk profile

For much of its history, NextEra Energy Resources was predominantly an asset focused wholesale power company, although the company has in recent years begun growing its non-asset based business including power and gas marketing and trading operations. The company has expanded its Houston based trading operations significantly over the last several years and has indicated its intention to continue to grow this business. The gross margin contribution from the business has been volatile at $205 million in 2009 and $76 million in 2008 and the company has cited results from these activities as a more material driver of overall financial performance in recent years. The company no longer discloses the gross margin contribution from this business, but has indicated that results in 2010 were lower than 2009 as a result of unfavorable market conditions. Moody's views this increased emphasis on energy trading and marketing at NextEra Energy as a change in the company's previously wholesale asset focused business strategy and one that has increased the company's business risk profile, cash flow and earnings volatility, and liquidity needs.

NextEra Energy Resources has also begun to invest in natural gas infrastructure and plans to add natural gas infrastructure projects totaling approximately $400 to $600 million in 2010 through 2014. While this level of investment is modest compared to the company's $3 billion in total capital expenditures in 2010, Moody's views natural gas drilling and related businesses as having a higher risk profile than the company's wholesale generation business.

- High, growing debt levels at both Capital Holdings and NextEra Energy Resources has diluted the value of the NextEra Energy parent company guarantee and resulted in wider ratings notching between the NextEra Energy/Capital Holdings rating and the Florida utility rating

As NextEra Energy has emphasized the growth of its unregulated operations, debt levels at both Capital Holdings and NextEra Energy Resources have increased significantly, and now together total $12.6 billion as of December 31, 2010 (up from $11 billion at December 31, 2009), or 65% of the debt of the consolidated organization (up from 62% last year). This considerable growth has diluted the guarantee of the parent company over the years, as it now directly guarantees approximately $9 billion of Capital Holdings debt, in addition to various counterparty obligations. An additional $5 billion of debt is characterized as "limited recourse" debt under NextEra Energy Resources on the company's financial statements. Though this debt may not be directly guaranteed, much of it is tied to NextEra Energy and Capital Holdings in some way, either through sponsorship of the underlying projects; a guarantee of production tax credits on wind projects; or through cash traps at some projects that are tied to rating levels of NextEra Energy or Capital Holdings. As a result, the long-term debt to capitalization of Capital Holdings, including all of the NextEra Energy Resources debt, was a high 71% at December 31, 2010.

Moody's expects debt at the company's unregulated wholesale generating subsidiaries to continue to increase as a percentage of total consolidated debt. Because of these trends, in April 2010, Moody's widened the notching between the ratings of NextEra Energy/NextEra Energy Resources and the rating of the utility FPL from one to two notches to reflect the higher debt levels and diverging risk profile.

- Stabilization of utility subsidiary FPL's political and regulatory environment with new Florida commissioners in place and the execution of a two year rate settlement

The political and regulatory environment for investor-owned utilities in the state of Florida has stabilized since highly politicized rate proceedings in 2009 and early 2010 resulted in a rate outcome calling for a $75 million base rate increase for utility subsidiary FPL, a small fraction of the $1 billion requested by the company. Since these rate proceedings, however, there has been an almost complete change in the composition of the Florida Public Service Commission (FPSC) with the turnover of four of the five commissioner seats. There is also a new governor in place in the state. Because of the political and regulatory developments that unfolded during the 2009 and 2010 rate proceedings, Moody's lowered FPL's score on Factor 1 in our Regulated Electric and Gas Utility rating methodology grid, Regulatory Framework, to the "Baa" or average category from the "A" or above average category.

Despite the adverse rate case outcome, FPL continues to operate under traditional rate of return regulation with strong cost recovery provisions in place in Florida. These include fuel and capacity clauses which are adjusted annually based on expected fuel and power prices and for prior period differences between projected and actual costs. FPL may also recover pre-construction and construction work in progress for nuclear capital expenditures and since 2009 has been able to recover costs associated with the utility's three new solar generating facilities. Additionally, FPL has an environmental cost recovery clause that is adjusted annually for capital spending and operating expenses related to emissions.

In December 2010, the FPSC approved a settlement agreement between FPL and most interveners that freezes base rates through 2012. It also permits the company to reduce its depreciation reserve by up to $267 million in 2010, and again by $267 million in 2011 and 2012 (plus any amounts not used in prior years), up to a total of $776 million over the term of the settlement. FPL must use at least enough of its depreciation reserve to maintain a 9% earned regulatory ROE but may not use any that would result in an earned regulatory ROE of over 11%. The rate freeze does not apply to the company's cost recovery clauses and the company's midpoint for return on equity is the same as mandated in its rate case outcome at 10%. If the company's earned ROE falls below 9% at any time before December 31, 2012, the company can seek a rate adjustment. The settlement also includes a provision that caps the size of the surcharge that can be implemented to recover storm costs at $4 per 1,000 kHz of usage on residential bills, with the remainder to be recovered in later years. However, if storm costs exceed $800 million, FPL may request a higher customer surcharge.

Although the settlement freezes base rates and utilizes its depreciation reserve in lieu of higher rates, both are negatives from a cash flow and credit standpoint, although the settlement does provide regulatory clarity through 2012 and should avoid the need for additional base rate proceedings at least until the newly constituted FPSC has been in place for a period of time and has exhibited a meaningful track record.

Liquidity Profile

NextEra Energy maintains no bank credit facilities or other liquidity facilities at the parent company level, but benefits from a strong liquidity profile at both FPL and Capital Holdings. Although both subsidiaries maintain large, mostly unused bank credit facilities ($3.3 billion at FPL and $4.4 billion at Capital Holdings), Capital Holdings also has a substantial $2.7 billion of long-term debt due in 2011, significant amounts of commercial paper and letters of credit outstanding, and an energy marketing and trading business that requires additional liquidity support.

FPL's $3.3 billion of credit facilities mostly expire in 2013 and support limited outstanding obligations, including $101 million of commercial paper as of December 31, 2010, down from $818 million at December 31, 2009. In addition, the utility had $8 million of letters of credit outstanding. FPL's bank revolving credit facilities are also available to support the purchase of $633 million of pollution control, solid waste disposal, and industrial development bonds in the event they are tendered and not remarketed. FPL has a very manageable $45 million of long-term debt due over the next twelve months with its next significant maturity in 2013.

Capital Holdings and NextEra Energy Resources have $2.7 billion of debt due over the next 12 months, including $788 of outstanding commercial paper, $850 million of Capital Holdings debentures, $627 million of Capital Holdings term loans, and $390 million of NextEra Energy Resources debt. At December 31, 2010, Capital Holdings and NextEra Energy Resources had approximately $960 million of standby letters of credit outstanding (and $17 million at the utility, FPL); $36 million of surety bonds outstanding ($51 million at FPL); and approximately $9.5 billion notional amount of guarantees outstanding ($43 million at FPL), of which $6.1 billion ($34 million for FPL) have expiration dates over the next five years. Approximately $771 million of the standby letters of credit outstanding at December 31, 2010 were issued under Capital Holdings' credit facilities. Capital Holdings had $282 million of cash on hand as of December 31, 2010, up from $156 million at December 31, 2009.

Neither FPL or Capital Holdings have a material adverse change clause in their bank credit facilities, although both have a 65% debt to capitalization covenant, the calculation of which it does not make public. The company was in compliance with this covenant at December 31, 2010.

Rating Outlook

The stable rating outlook reflects Moody's expectation that cash flows from the company's diverse, low carbon emission, wholesale generating fleet will continue to support consolidated coverage metrics that are adequate for a Baa rating; that the company will maintain a high level of long-term contracts and hedges in place; and that the company will limit the growth of its energy marketing and trading, natural gas infrastructure, and international businesses. The stable outlook also reflects the regulatory clarity provided by the utility's two year rate settlement and Moody's expectation that the political and regulatory environment in Florida will not deteriorate further and may improve over time.

What Could Change the Rating - Up

A higher rating could be considered if the company materially reduces debt levels at Capital Holdings and NextEra Energy Resources; if cash flow coverage metrics increase to offset the growth in leverage at these businesses, including consolidated CFO pre-working capital to debt of 35% or higher and CFO pre-working capital to interest of 7.0x or higher.

What Could Change the Rating - Down

A downgrade could be considered if leverage continues to increase at Capital Holdings and/or NextEra Energy Resources; if there is more reliance on short-term debt to finance growth; if there is a significant energy trading and marketing loss or its liquidity is constrained by the demands of this business; if there is a further decline in the regulatory or political environment in Florida; or if there is a sustained decline in consolidated cash flow coverage metrics, including CFO pre-working capital interest coverage below 5.0x and CFO pre-working capital to debt below 20%.

Rating Factors

NextEra Energy, Inc.

Power Companies [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of April 2011	
Factor 1: Market Assessment, Scale and Competitive Position (20%)	Measure	Score	Measure	Score
a) Market and Competitive Position (15%)		Baa		Baa
b) Geographic Diversity (5%)		A		A
Factor 2: Cash Flow Predictability of Business Model (20%)				
a) Hedging strategy (10%)		A		A
b) Fuel Strategy and mix (5%)		A		A
c) Capital requirements and operatinal performance (5%)		A		A
Factor 3: Financial policy (10%)		A		A
Factor 4: Financial Strength - Key Financial Metrics (50%)				
a) CFO pre-WC + Interest / Interest (15%) (3yr Avg)	5.4x	Baa	4.5 - 5.5x	Baa
b) CFO pre-WC / Debt (20%) (3yr Avg)	21.6%	Baa	17 - 20%	Baa
c) RCF / Debt (7.5%) (3yr Avg)	16.8%	Baa	13 - 16%	Baa
d) FCF / Debt (7.5%) (3yr Avg)	(14.43)%	B	(12) - (15)%	B
Rating:				
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of April 2011	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		A		A
Factor 3: Diversification (10%)				
a) Market Position (5%)		Baa		Baa
b) Generation and Fuel Diversity (5%)		Baa		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		A		A
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.4x	A	4.5 - 5.5x	A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.6%	Baa	17 - 20%	Ba

d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	16.8%	Baa		13 - 16%	Baa / Ba
e) Debt/Capitalization (3 Year Avg) (7.5%)	48.6%	Baa		48 - 51%	Baa
Rating:					
a) Indicated Rating from Grid		A3			A3
b) Actual Rating Assigned		Baa1			Baa1

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW
OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics

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