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 131 Hay of December 2011.

ALL'AN WOODCOOK Notary Public State of Texas My Comm. Exp. 08-20-14

Notary Public, State of Texas

Interviews

D-141	T5:	
Rod Adams	Director of Business Services	NextEra Energy Transmission, LLC
Bryan S. Anderson	Managing Attorney	Florida Power & Light Company
Emma Arazani	Paralegal	Parsley Coffin Renner LLP
Bill Avera	Principal	Fincap, Inc.
Heather Bailey	Director	Navigant
Sal Bohsali	Manager – Tax	NextEra Energy Resources, LLC
Matthew Boykin	Senior Regulatory Accountant	NextEra Energy Resources, LLC
Jeanne H. Camp	Chief Actuary	Robert Hughes Associates
Richard B. Cribbs	Corporate Controller	NextEra Energy Resources, LLC
Ann Coffin	Attorney	Parsley Coffin Renner LLP
William Cox	Senior Attorney	Florida Power & Light Company
Cheryl L. Dietrich	Director of Business Management	NextEra Energy Transmission, LLC
Bruce Fairchild	Principal	Fincap, İnc.
Kirk Gillen	Senior Regulatory Issues Manager	Florida Power & Light Company
Eric S. Gleason	President	NextEra Energy Transmission, LLC
	Anderson Emma Arazani Bill Avera Heather Bailey Sal Bohsali Matthew Boykin Jeanne H. Camp Richard B. Cribbs Ann Coffin William Cox Cheryl L. Dietrich Bruce Fairchild Kirk Gillen	Bryan S. Anderson Emma Arazani Paralegal Bill Avera Principal Heather Bailey Director Sal Bohsali Manager – Tax Matthew Boykin Jeanne H. Camp Richard B. Cribbs Corporate Controller Ann Coffin Attorney William Cox Senior Attorney Cheryl L. Director of Business Management Bruce Fairchild Senior Regulatory Accountant Chief Actuary Director of Business Management Principal Kirk Gillen Senior Regulatory Issues Manager

16	. Mike Grable	President	Lone Star Transmission,
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. L-A COST OF SERVICE SUMMARY - INTERIM FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013 DOCKET NO. 40020		
Line No	Description	Reference Schedule	Amount
3 2 -	Transmission Cost of Service	I-A-1	\$18,367,001
4 2 0			
-	TOTAL NON-BYPASSABLE DELIVERY CHARGE		\$19 2£7 001

I-A-1 - INTERIM

WITNESS: RICHARD B. CRIBBS

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1-D-2 \$85,390,000 \$80 \$86,390,000 \$80 \$90	Line No.	Description	Reference Schedule	Kithe Ferrod Total Electric	Company	Company Total Request		Distribution Function (DIST)				T&D Curtomer Service (TDCS)	Total
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0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		TOTAL COST OF SERVICE		\$18,367.001	30	\$18,367,001	100'298'38	, 8	· 2	9	- 5	٥ ۽	\$4,521,28
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PUBLIC UTILITY COMMISSION OF TEXAS LONE STAR TRANSMISSION, LLC. L-A-1 SUMMARY OF TEXAS RETALL - INTERIM FOR THE INTERIM RATE FERIOD ENDING MARCH 31, 2013 BOCKET NO, 40020

II-B - INTERIM

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9	Net Plant in Service		\$58,336,011	S	\$58,336,011	\$58.336.011	· 5	9	> ₂	• ;	0	\$1,240,012
	Other Rate Base Items:						3	8	3	8	2	558,336,011
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=	Prepayments	II-B-9	(295,724)	0	(\$295,724)	(205 724)	-	0 0	0 1	0	0	8
2	Materials & Supplies	01-8-10 11-8 ¢	39,213	0	\$39,213	39,213	• •	0		0 0	•	(\$295,724)
E :	Plant Held for Future Use	II-B-6	22,769	o (\$22,769	22,769	0	0	• •	•	-	\$39,213
4 :	Rate Base Other	11-8-11	• •	0 0	ន្ត	•	•	0	0		• •	69/ 776
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PUBLIC UTILITY COMMUSSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
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FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

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LONG SEAT TRANSMISSION, LLC.
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DOCNET NO. 4029
DOCKET NO. 4029

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FUBLIC UTILITY COMMUSSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
LONE STAR TRANSMISSION, LLC.
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FOR THE WITERME ACT FIRELOD ENDING MARCH 31, 2013
DOCKET NO. 1829

II-B-3 - INTERIM

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		Reference Schedule		74-11				D-B-2-3		[18-13			
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LONE STAR TRANSMISSION OF TEXAS
DOCKET NO. 4022

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	4	Company Total Electric		
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		Total Company	-	-
		Reference Schedule		11-8-4
LONE STAR TRANSMISSION, LLC. 19-84 ARTE BASE ACCOUNTS - CWIP - INTERIM FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013 DOCKET NO. 4020		Description		
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A345 Polana Pictures A35 Out Contained and Marries Conjugate Department Solution A36 Out Contained Planet Conjugate Department Solution A37 Use planet Conjugate Department Solution A38 Use planet Conjugate Department Solution A38 Out Conjugate Department Solution A39 Use planet Conjugate Department Solution A31 Out Conjugate Department Solution A32 Occapium Planet Conjugate Department Solution A33 Out Conjugate Department Solution A34 Occapium Planet Conjugate Department Solution A35 Octabular Marries Operation Planet Conjugate Department Solution A36 Octabular Marries Operation Planet Conjugate Planet Planet Conjugate Planet Conjugate Planet Conjugate Planet Conjugate Planet Conjugate Planet Planet Conjugate Planet Planet Conjugate Planet Planet Conjugate Planet P	<u>-</u>		Towers and Fixtures		•	0	1327.506	1117611		175,177	173,177	0	0	•	•		71 7/13
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A32 Comparison and Market Operation Plant Cross (RTMO) A34 Communication and Market Operation Plant Cross (RTMO) A35 Communication and Market Operation Plant Cross (RTMO) A36 Communication and Market Operation Plant Cross (RTMO) A37 Communication Equipment A38 Communication Equipment A38 Communication Equipment A39 Set 345 AT 347 Set 3274 Set 32	₽ :				•	•	•			•	•	•	٥	0	0	0	8
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TOTAL INT, TRAM, RTMO PLANT-NET 118-5	_	OTAL TRA	AN RIMO FLANTACCIM DEP.	11-8-5	æ	S	C1 242 147					ļ	;	ì		2	\$72,974
TOTAL INT, RIMO PLANTANET TOTAL INT, RIMO PLANT	•			11-8-5	8	; S _i	\$7.575 gm	51,171,623		\$1,171,623	\$1,171,623	æ	æ	a	l	l	
TOTALTRAN, RTMO PLANTANT 101 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		OTAL DIT	TRAN ETMOPIANT NET				s publicano cingo	31,164,743		\$1,162,903	\$1,162,903	8	8	2			67 (1/1/16
II-B-1-II-B-5 \$59,(26,67) 50 \$55,001,715 \$55,001,715 \$50,001,715 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$50 \$5	-	OTAL TRA	IN RIMO PLANTANT	II-B-1 - II-B-5	\$59,069,376	5	027 757 758								ı		31,104,703
556,963,776 \$56,963,776 \$0 50 50	-			II-B-1 - II-B-5	SSB,126,679	8	555,800,873	\$57,897,753 \$56,963,776		557,897,753	557,798,723	8	8	2	l		57,181,753
										356,963,776	\$56,963,776	8	8	3			200

PUBLIC UTILITY COMMISSION OF TEXAS
LOVE STAR TRANSMESSION, LLC.
19-8 SAYTE MARE ACC DEPRICATION - PLAYT - INTERIM
FOR THE UTITISME RAIT FERIOD ENDING MARCH 31, 2013
DOCKET NO. 49829

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	Account						i in the second	ŀ			•	2	=	12 13	7	
ź		conditioner	Reference Schedule	Beginning Balance	Non-Regulated or Non-Electric	Ending Balance	Total Electric	Franci	Allocation to	TRAIN	DIST	MET	TBET	ABEL TDCS	Total	
	General Plant						(Average)	Nes								_
~	Accumulate	Accumulated Depreciation	17-13-5]
•	A388	Land Owned in Fee														
4	A389	Land and Land Rights		8	8	8	8		2	•	;	i				
*	A3%	Structures and Improvements		0	•	•	•		3 -	3 4	8 4	8 '	8	.	8	8
40	A391	Office Furniture & Equip.		0	•	•	•		, ,		5 6	-	0		•	8
7	V392	Transportation Equipment		34,750	•	49,230	41,990		41 900		-	ъ,	•	0		8
	A393	Store Equipment		•	•	•				066"14	5 6	۰ د	٥.		<u>م</u>	\$41,990
•	A394	Tools, Shoro & Garnes Franin		0	•	0	۰				-	0	•	•		8
2	A395	Laboratory Equipment		•	۰	0	٥				۰ ۵	۰.	0	•		S
=	A3%	Power Operated Equipment		0	0	0	•		9 6		-	•	•	•	0	8
2				•	•	•	0			•			0	0	_	8
_		Tableto		\$34,750	8	549,230	241.990		9		9 (•	۰,			8
3	A397 (Communication Equipment								Kil	3	8	8	8		S41,398
2		Misc. Equipment		8	8	\$52,401	\$26,200		S76 200	575	8	4	;			
2		Lignite Reserve Depletable			•	397	85		85		3	3 .	R ·	•		\$26,200
_	A3%	Other Tangible-Depte.		0	•	0	0		2	8			٠.		•	\$198
=				• ;	0	•	0			•		ه د	•		_	a
2				3	8	\$52,798	526,399		\$26.399	802 903	• 5	۶ -	٠ ۽			2
2	TOTAL AC	TOTAL ACCUM, DEP. FOR GENERAL PLANT	11.0 %									8	3	2		\$26,399
# F	TOTAL CE	TOTAL GENERAL PLANT-NET	11-8-1 - 11-8-5	\$471,897	8 8	\$102,028	\$68,389		\$68,389	\$68,389	a	8	a			268 380
1 5	Treat by	A Birth Tay Grown o're ann a bearing				A TOLLOW	3438,238		\$438,258	\$438,258	8	8	8	8	•	\$438.258
3 ;	TOTAL	OTAL PLANT IN SERVICE NET (INCL. INTANGIBLES)	II-B-1-3 - 11-B-5	SS0 541 773									l	l		
5 2			l	a code pour		857,30,749	\$50,336,011		110,365,852	\$58,336,011	a	8	3	5	200 220 BA	į
ล	TOTAL PLA	TOTAL PLANT IN SERVICE NET (EXCL. INTANGIBLES)	II-B-1-3- II-B-6	542 606 674										ı	1	
					2	336 283 192	257,482,834		1 44 441 440		I	I				

FUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
LONE STAR TRANSMISSION, LLC.
FOR THE UNITRAIN RATE PERIOD ENDING MARCH 31, 2015
DOCKET NG. 4023

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	9 10	MET	4		
	6	SIG	4		
	80	TRAN DIST MET TBILL ABILL TDCS TOM			1
	7	Allocation to Texas			
	9		Name		
	-	£ *	_		
	Ą	Company Total Electric			
		Known		t Applicable.	
	7	Non-Regulated or Non-Electric		This Schedule is Not Applicable.	
		Total Company		_	
		Reference Schedule			11-B-6
PUBLIC UTILITY COMMISSION OF TEXAS LONE STAR TRANSMISSION, LLC. LONE STAR TRANSMISSION, LLC. FOR ATTE BASEACC PLANT HELD FOR FUTURE USE INTERIM FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013 BOCKET NO. 4020		Description			TOTAL FLANT HELD FOR FUTURE USE
PUBLIC UTILITY CO LONE STAR TRANSN ILB-6 RATE BASE AC FOR THE INTERIM F DOCKET NO. 40020		Account Number			TOTAL PLAN
	Ĺ	No.	- 7	€ ± A	9

_			l		7	m	4	•	•		•						
ij	Account	Description	9-0				Сопрацу	ľ	ŀ	}	*	<u>-</u> [9 10 11 12 13	<u> </u>	=	14	1
ž	\dashv		Schedule	Balance	Non-Regulated or Non-Electric	Ending	Total	t-	Funct Factor	Allocation to	TRAN	DIST	EL THE	ILL ABI	DIST MET THILL ABILL TDCS	Total	
			1				(Аустаде)		N.			_	_	_			
-	Officer Rate	Office Rate Bare Items										1	┨	4	1		_
7	A228.1	Accumulated Provision for Injury and Democes Described															
٠	A228.4	Accumulated Provision for Maintenance		\$ '	8	(\$1,735,846)	(\$867,923)			(\$867.923)	, EGG 2031	٤	i				
4		[Titles		• ;		•	۰			•	(Carried)	3	3 '		R	(\$867,923	_
W 1				8	3	(\$1,735,846)	(5867,923)			(\$867.923)	0	٠,	- :	- ;	• ;	8	
•	Accumulate.	Accumulated Deferred Income Taxes	H.P.33	•							(76) (and)	•	3	2	2	(\$867,923)	_
^				7	8	(\$1,736,682)	(3868,041)			(3848.641)	CERCE DATE	2	8	•	1		
a 0	TOTALAC	CUMULATED PROVISIONS								•		;	•	2	2	(3868,041)	
			À	55	2,	(\$3,471,929)	(\$1.735.954)	l		200		I	l	ı			
							1			200	2 C C C C C C C C C C C C C C C C C C C	2		2			

FUBLIC UTLITY COMMISSION OF TEXAS
LOPIS STAR TRANSMISSION, LLC.
LL-PT BAIT RARE ACCUUNTS - ACCUM PROVISIONS - INTERIM
FOR THE UTTERIN BAIT PERIOD ENDING MARCH 31, 2013
DOCKLY NO. 14020

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II-B-8 - INTERIM

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Line No	Account	Description	Reference	Total Company	Non-Regulated or Non-Electro	Known	Company Total Electric	£ ;	et Allocation to	TRAN	DIST	o Fa	TBILL A	12 13 ABILL TDCS		Fotal
								_			_	_		_		_
-	Other Rate Base Benn										-	1	1	+		7
7	Working Capital															
3	A154	Plant Materials and Operating Sapulies														
*		Balance at March 31, 2012														
S		Balance at April 30, 2012		æ	8	\$22,000	\$22,000		\$22.00		•	8	á			
vo		Balance at May 31, 2012		\$22,000	8	8	\$22,000		0000			2 5	2 1	2	_	22,000
7		Belance at home 30 2012		\$22,000	2	24	\$22,000				3	2	2	8		22,000
•		Defended to the second of the		\$22,000	S	5	922 000		\$22,00	_	8	8	8	S.	22	22,000
		7107 15 Arra in agreemen		\$22,000	: 8		322,000		\$22,00	_	8	S	æ	8	23	22,000
٠,		Balance at August 31, 2012		400 EG		3	277,000		\$22,00		3 5	8	8	30	. 2	9000
2 :		Balance at September 30, 2012		000,000	3	8	\$22,000		\$22,00		05	8	8			200
=		Bulance at October 31, 2012		000,224	S ,	8	\$22,000		\$22,00		5	s	: 8		7	77,000
17		Balance at November 30, 2012		\$22,000	3	8	\$22,000		\$22.00		3	8 8	2 2	2 2	GI I	2,000
2		Balance at December 31, 2012		\$22,000	S	8	\$22,000		\$22,000	222 000		3 8	2 8		S :	\$22,000
7		Balance at January 31, 2013		\$22,000	24	8	\$22,000		\$22 PO			3 8	2 1	2	3	2,000
15		Balance at Petruary 28, 2013		\$22,000	2	8	\$22,000		50.7 DO		8 8	2 1	3 1	2 2	S	2,000
92		Balance of March 21 2013		\$22,000	95	8	\$22,000		00,100		3	2	2	8	닭	2,000
11		13-Month Average Plant Material		\$22,000	8	510.000	617 000		977,00		8	2	8	80	ĸ	2,000
22			11-18-8	\$20,30	8	\$2.462	872.764		\$32,00		8	8	8	80	S	2,000
6									322,76		8	2	Z	55	22	2,769
s I		Sabiotal		\$20,308	8	\$2,462	\$22,769		\$22.769	937 758	5	8	ŧ			
E z	TOTAL MATERIALS & SUPPLIES	s supplies										3	2	20	S	522,769
I			- E	902 020												

PUBLIC UTLITY CONDUSSION OF TEXAS
LONE STAR TRANSHISSION, ILC.
LONE STAR TRANSHISSION, ILC.
POR THE UTTERN RATE PERUD EVOING MARCH 31, 2913
DOCKET NO. 4029

IESS: JAY JOYCE, RICHARD B. CRIBBS

II-B-9 - INTERIM

(157:1842) (157:1842) (157:1842)	Description tee Ikan Cash Worken Coulet	Reference Schodule II-8-9	Total	Non-Regulated or Non-Electric	Known	Company Total Electric	∽ E-	Furnet Factor Name	Allocation to	TRAN	pist	A EE	11/12/11	12	EL TOCS	Total
\$0 \$10 (\$255.724) (\$255.724) \$0 \$0 \$0 \$0 50 50 50 (\$253.285) (\$252.285)			æ 2	88	(\$295,724) (\$285,724)	(\$275.724) (\$2395,724)			(\$295,724) (\$295,724)	(\$295,724) (\$285,724)	& 8	2 2	2 2	2 2	S 53	(\$295.724)
130 ECA		0.18-0	\$	\$	(\$295.724)	(\$295.724)	Ш		(\$295.724)	(\$295,724)	8	Ē	ş	s	į	
		11-18-8-9	\$	50	(132,2623)	(\$2,72,955)			(C) 10 (C)			Ш				(3293.724)

PUBLIC UTLITY COMMESSION OF TEXAS
LONG STAR TRANSMISSION, LLC.
U-9-8 RATE BASE ACCOUNTS -CASH WORKING CAPITAL - INTERIM
DOCKET HO, 40210

FUGUE STATE THE STATE OF TEXAS LOVE STATE TRANSMISSION, LLC B-89 - ATTACHMENT - LEAD-LAG STODY RESULTS - INTERIF FOR THE INTERIA RATE SELUD WINDING MARCH 31, 2913 DIFFICT NO. ABOVE
--

Line No.	io. Description	Reference Schoolede	Adjusted Rate Period				bevenue Lag	Revenue Lag Expense Lend			:	
	(9)		Afrequit	i	Ave	٦.	Dayı	Days	Ref	Net (Lend)/ Lag Days	Working Capital Requirement	1
~ ,	Operation & Maintenance Expenses		i			(e) = ((p)-(c))/365	E	3	æ	(8)+(1)=()	()*(a)=()	ક
4 10	Payroll											
7	Incontive Bonus	I-D-3.4	\$ 2,750,001		•	7.534	02.05	550		:		
so v	Neo-Labor	977	650'276			2,595	51 79	(251.50)		3.65	189,505	
۰,	Other Third-Party O&M		4 066 718	į						(marx)	(518,184)	
- 04	Attitude Charges	VK-1-A-C	26,000,	11,413		10,929	51.79	(26.24)		25.55	The ore	
	Lottle Cotton	11-0-2	\$ 8,530,000			2,099	\$1.79	(45.13)		99'9	13.981	
2	Federal Income Taxes											
=	Current	!										
2	Defensed FIT & ITC	11-8-3.17	\$ (7,321,213)	(7,321,213)		•	5	i				
=	Tatel FIT	11-E-3 [7	9,057,295			34015	21.73	(57.75)		17.04	C	
2			1.736,082			10,01	0.00	90.0		00:0	•	
2	Textes Other Than Income Taxes											
9	Payroll Taxes											
11	State Franchise Taxes	19-E	\$ 323,825			887	51.70	0200		;		
*	Ad Valorem Taxes	7-2-1	128,569			352	51.79	46.43		32.18	28.550	
<u>6</u> ;	Total Taxes Other Than Income Taxes	7	716.715			1,964	51.79	(213.50)		9828	34,594	
8			1,169,119					ĺ		(181.71)	(317,534)	
7	Depreciation Expanse	, n										
13		-	5 2,410,524			6,604	000	8		į		
æ	Return	a =						8		0.00	٥	
73		84	\$ 4,521,285			12.387	80	95 6				
ង	Subtotal	· · · · · · · · · · · · · · · · · · ·					3	8		96	0	
8		total Kevente Kequrement	\$ 18,367,001									
73	Working Funds and Other (caynoll withhublines only:									•	(289.842)	
24	Chino carrier and the carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the chino carrier and the carrier and the chino carrier and the chino carrier and the ch											
23	Total Cash Working Capital Requirement									Į	(5.883)	
										U1	A17 500	

II-B-10 - INTERIM

	LONE STAR TRANS II-B-16 RATE BASE FOR THE INTERIM DOCKET NO. 40820	LONE STAR TRANSMISSION, LLC. INB-10 KATE BASE ACCOUNTS - FREFAYMENTS - INTERIM FOR THE INTERIM RATE FFRIOD ENDING MARCH 31, 2813 DOCKET NO. 48120	ERIM , 2013											
L				-	7	۳	•							
Lind No.	Account	Description	Raference	Total Company	Non-Regulated or Non-Electric	Known	Company Total Electric	FF Funct	ct Allocation to	TRAN	PIST	DE TEM	= 1	12 ABILL
-	Other Rate Base from:							Nam	┙					
7	Werking Capital													
e 0 =	VI65	Presayments - Insurance	II-B-10											
* *1		Belance at March 31, 2012		\$23,006	S	(\$1.163)	178 GL		i					
9		Relation of May 21 2012		19,843	3	(3.163)	16.680		\$19,843	\$19,843	8	8	8	8
7		Balance of time 30, 2012		16,680	0	(3,163)	13 517		16.680	16,680	•	3	0	0
90		Balance at July 31, 2012		13,517	c	45.708	59.225		116,61	13,517	0	0	•	0
6		Balance at August 31, 2012		59,225	٥	(7,087)	52,139		22.13	577'66	c •	٠.	3	0
2		Balance at September 30, 2012		32,139	0	(7.087)	45,052		45.052	44.057		-	-	0
=		Balance at October 31, 2012		50,032	•	14,581	59,633		59.633	19.612	•	9 (•	0
≃ :		Balance at November 30, 2012		25,003 57 GR	•	(7.127)	52,506		52,506	52.506	٠ -		-	ه د
2 :		Balance at December 31, 2012		45 170	> 0	(7.12)	45.379		45,379	45.379		• =	•	, د
± :		Bulance at January 31, 2013		38.25	9 6	(7.127)	38,251		38,251	38,251	-		> e	
2 :		Balance of February 28, 2013		42.986		6.73	42,986		42,986	42,986	•		•	ه د
2 !		Balance at March 31, 2013		35 846	•	(7,148)	35,846		35,846	35,846	-		•	ه د
2 !		13-Month Average - Prepayments		17.7 BES	٠,	(7.140)	28.706		38.706	28.706			•	ه د
£ 5				r dans	3	2438	539,213		\$12,852	\$39,213	2	· 5	- 5	٠,
ា គ			Subtetal	\$38,774	8	2438	\$39,213		\$39.213	£18 113	: 8	. 1	3 1	
77	TOTAL PREPAYMENTS	PAYMENTS	TL-R-In								3	t	8	5
2				4//*ace	8	\$438	539,213		\$39,213	\$39,213	5	5	٤	
23	WORKING C.	WORKING CAPITAL TOTAL										ļ		7
•				400 000										

\$19,843 \$16,680 \$13,17 \$59,225 \$245,022 \$245,022 \$245,022 \$245,379 \$21,386 \$35,386 \$36

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	LONE ST. H-B-11 RA FOR THE DOCKET	LONE STAR TRANSMISSION, LLC. IL-B-11 RATE BASE ACCOUNTS - OTHER - INTERIM FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013 DOCKET NO. 4020	_														
L				1	7	m	4	•	ų	,		;					
Line No.	Account Number	Description	Reference Schedule	Total Company	Non-Regulated or Non-Electric	Клоwn Сћапge	Company Total Electric	E #		Alboration to TRAN DIST MET TBILL ABILL TDCS Total	× Par	9 10 11 DIST MET TBILL		LL ABIL	E III	I4 S Total	
									Name		ㅓ	\dashv	4				
- 2 6 4					This Schedule is Not Applicable.	is Not Applic	able.		•								_
\$ 9	TOTAL O	TOTAL OTHER RATE BASE ITEMS	II-B-11								İ						
								I				İ					

J																
ŀ			F		-	~	4	\$ 6	7	œ	•	9	=	5		
Line No.	Account	Description	Reference	Beginning Belence	Non-Regulated or Non-Electric	Ending Balance	Company Total Electric	PF Funct	t Allocation to	TRAN	DIST		LBELT V	TREEL ABELL TDCS	L	Total
							(Average)	Netm				_				
- 2 -	Other Rate Base Berns Regulatory Assets/(Babil A182.3 Regulatory	Other Role Base Jeens Regulatory Assect/(Inbilities) in Rate Base A1823 Regulatory Asset - ASC 740 (SFAS 169) - AFUDC Equity	11-18-12	6603 634	i								Ì]
4 ~ 4	A282	Deferred Tax Lisbility - ASC 740 (SFAS 109) - AFUDC Equity Subberal	TE S	(603,538)	2 - 2	5670,892 (670,892)	\$677.215 (\$677.215)		\$677.215	\$677, (677.	g °	a 0	g -	ş -	90	\$677.215
7	TOTAL REG	TOTAL REGULATORY ASSRTS	11.8.17	1					3	8	2	æ	8	28	.	a
				*	2	8	S		8	88	2	83	2	80	١	S
 	TOTALOT	TOTAL OTHER RATE BASE ITEMS	11-8-6-12	æ	8	(53,764,753)	CS1.969.707)		100 000	П		Ш	П	П		
=	TOTAL RATE BASE	TE BASE					(miles)		(31,703,/87)	(\$1,949,707)	2	æ	ß	S	50 (51	(\$1,969,787)
_			D-8-1-12	8	8	368,365,588	\$56,366,304		156,366,384	FOR 39E 958	5	s		1	1	
2 3	Rate of Return						400									100 and 400
	RETURNON	RETURN ON RATE BASE					2000 2000		8.02%	8.02%						8.029%
•				5	8	25	\$4,521,285		200 1 700 1.70	201 271 400	ŀ	ļ				

PUBLIC UTLLIY CORDISSION OF TEXAS
LEGAL STAR TAXASSISSION, LLC
LEGAL MATE RASE ACCOUNTS. REGULATORY ASSETS. INTERIM
TOR THE DITTRIA MATE FERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

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			Rate Period		ļ	4	^	9	7	∞
Line No	Description	Reference Schedule	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									
7	Common Equity				1					
m	Prefеrred Stock				5.720%					
4	Long Term Debt				0.000%					
5				j	2.301%					
9					8.021%					_
7	The final revenue requirement is based on the rate of	rothern methor	1.1.2							
00	determining the allowed return on rate have. Schedule II-15 reflects the components of the total requested rate base for determining	FILC-2 1 col	. Schedule	II-B reflects the	omponents of the total	requested rate b	ase for determin	Bur		
6		m-C-5.1 can	ulaics like w	reignied Cost of	concerns a continuous use weighted Cost of Capital used in determining the requested return on rate base.	ining the request	ed return on rate	base.		
01										-
_										

PUBLIC UTLITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
H-C-L1 RATE OF RETURN METHOD - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

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

Schedule II-C-2.1

(d) Weighted Cost	5.7200% 0.0000% 0.0000% 2.3013% 0.0000%	8.0213%
(c) Cost	11 0000% 0.0000% 0.0000% 4.7943% 0.0000%	
(b) Percent of Total	52.000% 0.0000% 0.0000% 48.0000% 0.0000%	100.0000%
(a) Balance	Not Applicable Not Applicable Not Applicable Not Applicable Not Applicable	Not Applicable
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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

Schedule II-C-2.2a

Balance of Unamortized Gains (Losses) on Redeemed Stock (Sched.II-C-2.2) - Balance Related to Gains (Losses) Identified in Col.(h) of Schedule II-C-2.2 Net Balance of Unamortized Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.2 Amual Amortization of Gains (Losses) on Redeemed Stock - Amual Amortization Related to Gauns (Losses) Identified in Col.(h) of Schedule II-C-2.2 Net Annual Amortization of Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.2 Net Balance of Preferred Stock (Sched.II-C-2.2) Net Balance of Unamortized Gains (Losses) from Line 6 Preferred Stock Balance Excluding Net Gains (Losses) x Weighted Average Cost of Preferred Stock (Sched.II-C-2.2) Annual Preferred Stock Requirement - Net Amortization of Gains (Losses) from Line 15 Adjusted Cost of Preferred Stock Requirement	This Schedule is Not Applicable.							
	Balance of Unamortized Gains (Losses) on Redeemed Stock (Sched.II-C-2.2) - Balance Related to Gains (Losses) Identified in Col.(h) of Schedule II-C-2.2	Net Balance of Unamortized Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.2	Annual Amortization of Gains (Losses) on Redeemed Stock - Annual Amortization Related to Gams (Losses) Identified in Col.(h) of Schedule II-C-2.2	Net Annual Amortization of Gains (Losses) Not Accounted for in Col.(h) of Schedule IJ-C-2.2	Net Balance of Preferred Stock (Sched.II-C-2.2) - Net Balance of Unamortized Gains (Losses) from Line 6 Preferred Stock Balance Excluding Net Gains (Losses)	x Weighted Average Cost of Preferred Stock (Sched.II-C-2.2) Annual Preferred Stock Requirement	- Net Amortization of Gains (Losses) from L.me 15 Adjusted Annual Preferred Stock Requirement	Adjusted Cost of Preferred Stock (Line 30/Line 19)

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						Net Balar	Net Balance of Preferred Trust Securities	gjjes		£				

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

Schedule II-C-2.3a

This Schedule is Not Applicable.					
Balance of Unamortized Gains (Losses) on Redeemed Securities (Sched.II-C-2.3) - Balance Related to Gains (Losses) Identified in Col.(h) of Schedule II-C-2.3 Net Balance of Unamortized Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.3	Annual Amortization of Gains (Losses) on Redeemed Securities - Annual Amortization Related to Gains (Losses) Identified in Col.(h) of Schedule II-C-2.3 Net Annual Amortization of Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.3	Net Balance of Preferred Trust Securities (Sched.II-C-2.3) Net Balance of Unamortized Gains (Losses) from Line 6 Preferred Trust Securities Balance Excluding Net Gains (Losses)	x Weighted Average Cost of Preferred Trust Securities (Sched.II-C.2.3) Annual Preferred Trust Securities Requirement	- Net Amortization of Gains (Losses) from Line 15 Adjusted Annual Preferred Trust Securties Requirement	Adjusted Cost of Preferred Trust Securities (Line 30/Line 19)

PUBLIC UTLITY COMMISSION OF TEXAS
LONE STAR TEANSMISSION, LAC.
LONE STAR TEANSMISSION, LAC.
FOR THE INTERNAL MATE PERIOD PUBLIC MARCH 31, 2013
DOCKET NO. 4020

Schedule II-C-2.4

					-	
;	(0) Weighted Average	Cost	4.794%	4.794°		
į	Cond	of Debi ⁽³⁾	4,794%			
į	Issue As % of Total Net	Proceeds	100,000%	INUCOUT.		
€	Current	Proceeds	S772,999,793	\$372,999,793		
3	Principal Currently	Constanting	\$380,500,000	3,480,500,000	28 28	\$380,500,600
6	Net Proceeds As % of	1	100.000%		ı	
€	Original Net Proceeds		299,500,000			
£	Gain or (Loss) on Renequired Debi		24	Total	wound) once Exponen s) on Ready Deta	Net Balunce of Deht
9	Undervring Free and Issuance Expenses		57.560,267		Unamortizzed Premium (Discouni Unamortizzed Fees and Issuance E Unamortizzed Genes (Losses) on E	
€	Premium or (Discount)		B		Plus U. Hous: U. Plus: Us	
۱	Principal Amount at Issuance ⁽³⁾	Con Contract	000,000,000			
9	Jakerest Rate ⁽²⁾	Variable				
9	Maturity Date ⁽¹⁾	11/18/2026				
£	Issumuc Dafe	Various				
8	Description	Construction Bank Long				
	Jine	-	~ ~	**	. ~ ~ ~ ~	

(1) - May be repaid pract to final maturity without penalty; variable nie constitution kaus properted to be refranced following commercial operation with fixed-rate long-term pract 5) - Inface at the breast on Life Stage is a serial, as the semantificant for serial to the semantificant for serial to the semantificant for semantificant for the semantificant for the semantificant for the semantificant for the semantificant for semantificant for the semantificant for semantifi

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

This Schedule is Not Applicable.							
1 Balance of Unamortized Gains (Losses) on 2 Reacquired Debt (Sched.II-C-2.4) 3 - Balance Related to Gains (Losses) Identified in Col.(h) of Schedule II-C-2.4	Net Balance of Unamortized Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.4	Annual Amortization of Gains (Losses) on Reacquired Debt - Annual Amortization Related to Gams (Losses) Identified in Col.(h) of Schedule II-C-2.4	Net Annual Amortization of Gains (Losses) Not Accounted for in Col.(h) of Schedule II-C-2.4	Net Balance of Debt (Sched.II-C2.4) - Net Balance of Unamortized Gains (Losses) from Line 6 Debt Balance Excluding Net Gains (Losses)	x Weighted Average Cost of Debt (Sched.II-C-2.4) Annual Debt Requirement	- Net Amortization of Gains (Losses) from Line 15 Adjusted Annual Debt Requirement	Adjusted Cost of Debt (Line 30/Line 19)

PUBLIC UTILITY COMMISSION OF IEXAS
LONE STAR TRANSMISSION, LLC.
WEIGHTED AVERAGE COST OF
SHORT-TERM DEST - NTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 4020

Schedule II-C-2.5

	Ð	Weighted Average	Cost	%00.0	7000	%00 O	7,000
	9	Average	1002	0.00%	0.00%	0.00%	0.00%
eriod	(b)	As a %		0.00%	%00 0	%00 o	0.00%
End of Monitoring Period	(a)	Balance Outstanding		24	0	0	8
·		Balance at end of [Year]		80	This Schedule is Not Applicable.	0	20
		Balance at end of [Year]	4	L	.	Þ	0\$
	•	Balance at end of [Year]	ş	3			0\$
		Line	1 Commercial Paper	2 Bank Loans	3 Other	4	5 Total Notes Payable

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

Schedule II-C-2.6

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

II-C-2.6 - INTERIM

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

Schedule II-C-2.7

LINE	LINE CAPITAL REQUIREMENTS	Most Recent Fiscal Year (2011)	2012	2013	2014	2015
1 2	Transmission	\$277,782,719	\$473,605,684	\$33,152,424	0\$	08
ω 4	Distribution	0	0	Q	0	0
8 9	General,	0	0	0	0	0
/ 00	Other (Specify)	0	0	0	0	0
9 11 12	TOTAL CAPITAL REQUIREMENTS	\$277,782,719	\$473,605,684	\$33,152,424	0\$	0\$
13	SOURCES OF CAPITAL					
15	Internal	0	0	O	0	0
17 18 19 20 21	External: Long-Term Debt Preferred Stock Common Equity	133,335,705 0 144,447,014	227,330,728 0 246,274,956	15,913,163 0 17,239,260	000	0 0 0
ឧឧ	Other (Specify)	0	0	0	0	0
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 48030
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Schedule II-C-2.8

	Monitoring Period Year											
	[Year-1]											
13	[Year-2]					cable.						
S - INTERIM) ; MARCH 31, 20	[Year-3]					This Schedule is Not Applicable.						
L FINANCIAL STATISTICS (TOTAL COMPANY BASIS) IM RATE PERIOD ENDING DOCKET NO. 40020	[Year4]					This Sch						
HISTORICAL FINANCIAL STATISTICS - INTERIM (TOTAL COMPANY BASIS) FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013 DOCKET NO. 40020	ie Fiscal Year:	1 Total Debt as a Percent 2 of Total Capital 3	4 CWIP as a Percent of Net Plant	6 Construction Expenditures as a 7 Percent of Total Capital 8	9 Pre-Tax Interest Coverage	11 Funds From Operations / Total Debt 12 13	14 Fixed Charge Coverage	Fixed Charge Coverage (Including 17 Distributions on Pref Trust Securities) 18	19 Funds From Operations Interest Coverage20	 Net Cash Flow / Capital Outlays 	Cash Coverage of Common Dividends	.6 .7 Return on Average Common Equity
	Line	***	, ,,	J 17 00	J, <u>A</u>		- -	. 2 . 2	51 22	222	3 24 25 25	2 22

PUBLIC UTILITY COMBINSTON OF TEXAS
LONG STAL TEXASHISSTON, LLC
GROWTH IN ZARVINGS, DYDERIORS, AND BOOKY VALUE - INTRIM
FOR THE INTERNA RAIT PREUOD PROBUG RARCH 31, 2013
DOCKET NO. 40020

Schedule II-C.2.9

BVPS FM

Q)	DPS DAL
ર્ટ	EPS C/K
()	YEAR END SHARES (FOR BVPS)
£	WTD. AVG. SHARES (FOR DPS)
(K	WTD. AVG. SHARES (FOR EPS)
ŝ	IMPLIED GROWTH Hx1
(I) PERCENT	EARNINGS RETAINED (C-D)/C
(H)	ROE
(G) AVERAGE	COMMON EQUITY (B+F)/2
(F) ENDING	COMMON
(E) ADDTL.	(NET) •
(g)	DIVIDENDS
(C) NET INCOME FOR	CDMBMON
(B) BECHNING COMMON	B EQUITY 1
Ŕ)	YEAR

This Schedule is Not Americanic

Schedule II-C-2.10

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.	(F/Daas
Outlook	Stable
Senior Unsecured	Baa1
Jr Subordinate	Baa2
BACKED Pref. Shelf	(P)Baa3
Commercial Paper	\. / P-2
Florida Power & Light Company	·
Outlook	Stable
lesuer Rating	A2
First Mortgage Bonds	Aa3
Senior Secured Shelf	(P)Aa3
Senior Unsecured Shelf	
Subordinate Shelf	(P)A2
Pref. Shelf	(P)A3
Commercial Paper	(P)Baa1
FPL Group Capital Trust I	P-1
Outlook	
BACKED Pref. Stock	Stable
DAUNED FIBI. SUCK	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.

(CFO Pre-W/C + Interest) / Interest (CFO Pre-W/C) / Debt RCF / Debt	LTM 9/30/2011 5.1x 20% 17%	2010 4.5x 18% 13%	2009 6.3x 26% 21%	2008 5.1x 21%
FCF / Debt	17%	13%	21%	17%
	(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 <u>User's Guide</u>.

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

WITNESS: ALDO E. PORTALES

II-C-2.10 - ATTACH - INTERIM

1 of 33

- 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 credit profile, and issues associated with some of these businesses have weakened its relative position at the Barat rating category. Because of the status as a but-rid power company with both turner lated and regulated trilling constituted. 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

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 Sentember 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 4.6x 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

- 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 wholesaie 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 2009, \$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 interngible 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 Fiorida 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 "Bea" 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 \$810 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 Evelon Generation, both of which would have additional collateral chiligations 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 compilance 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, Taxas retail, and Spanish sofar 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 outcorne.

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)
Factor 1: Market Assessment, Scale and Competitive Position (20%) a) Market and Competitive Position (15%) b) Geographic Diversity (5%)	Measure	Score Baa Aa
Factor 2: Cash Flow Predictability of Business Model (20%) a) Hedging strategy (10%)		Α

Moody's 12-18 month Forward View" As of December 2011	
Measure	Score Baa Aa
	A

1	I A
	A
	Baa
	Daa
5.3x	Baa
	Baa
	Baa
1	B
(14.0)76	├- ₽-
	Baa2
	Baat
	5.3x 21.1% 17.4% (14.3)%

	A
	Baa
4.5 - 5.5x 18 - 22% 14 - 18% (20) - (10)%	Baa Ba Baa B
	Baa2 Baa1

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010	0
Factor 1: Regulatory Framework (25%)	Measure	Score
a) Regulatory Framework	!	Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%) a) Ability To Recover Costs And Earn Returns		Baa
Factor 3: Diversification (10%)		
a) Market Position (5%)		A
b) Generation and Fuel Diversity (5%)	l l	A
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%) a) Liquidity (10%)		
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)		A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	5.3x	A
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	21.1%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	16.5%	Baa
Rating:	49.2%	Baa
a) Indicated Rating from Grid		ا. ا
b) Actual Rating Assigned		Baa1
		Baa1

Moody's 12-18 month Forward View' As of December 2011	!
Measure	Score
<u> </u>	Baa
	Baa
	A
4.5 - 5.5x 18 - 22% 14 - 18% 48 - 51%	A A Baa Baa Baa
	Baa1 Baa1

[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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Moody's INVESTORS SERVICE

Credit Opinion: NextEra Energy, Inc.

Global Credit Research - 11 Apr 2011

Juno Beach, Florida, United States

Category	Moorbie Patina	
Ratings		

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
First Mortgage Bonds A2 Senior Secured Shelf (P)Aa3 (P)A2 (P)A3 Senior Unsecured Shelf Subordinate Shelf Preferred Shelf (P)Baa1 Commercial Paper FPL Group Capital Trust I Outlook Stable Bkd Preferred Stock

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Baa2

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

Key Indicator

[1]NextEra Energy, Inc.

(CEO Per MIC + Internal III -	2010	2009	2008	2007
(CFO Pre-W/C + Interest) / Interest Expense (CFO Pre-W/C) / Debt	4.7x	6.3x	5.1x	6.2x
(CFO Pre-W/C - Dividends) / Debt	18%	26%	21%	29%
Debt / Book Capitalization	14%	21%	16%	23%
Out Ochicaton	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 all the 1s.

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

WITNESS: ALDO E. PORTALES

II-C-2.10 - ATTACH - INTERIM

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- High, growing debt levels at unregulated subsidiaries
- Stabilized Florida utility's political and regulatory environment with two year rate settlement

Corporate Profile

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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 and a tany regulated venuciary integrated rivings during. Over the last decade, reextend energy has transformed usen from being solery 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

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 and censor with most of its growth in recent years coming from which its portions 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 width the increased the underline that the 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 marking and natural gas infrestructure businesses while also diversifying internationally. Mooty's would expect each flow conserver matrixs to increase proportionally to mittents the growth of those wholesale power generator, and commuses to grow its energy trading and marketing and natural gas intrastructure businesses white 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 our analytical approach and in our published imancial ratios. However, indoory's also considers the potential improvement in financial ratios 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 stopp financial method of this project in the project of the p 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 basicised 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 set 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 acore on Factor 1 in our Regulated Electric and Gas Utility rating methodology grid, Regulatory Framework, to the "Baa" or 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 sform 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

Adowngrade 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%.

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NextEra Energy, Inc.

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

Moody's 12-18 month Forward View" As of Apri 2011	l I
Measure	Score
	Baa A
	A A A
	A
4.5 - 5.5x 17 - 20% 13 - 16% (12) - (15)%	Baa Baa Baa B
	Baa1 Baa1

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010	
Factor 1: Regulatory Framework (25%)	Measure	Score
a) Regulatory Framework	ľ	Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)		
a) Ability To Recover Costs And Earn Returns	1	A
Factor 3: Diversification (10%)		
a) Market Position (5%)	1	Baa
b) Generation and Fuel Diversity (5%)		Baa
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)		
a) Liquidity (10%)	5	Α
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.4x	Ä
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.6%	Baa

Moody's 12-18 month Forward View' As of April 2011	
Measure	Score
	Baa
	А
	Baa Baa
4.5 - 5.5x 17 - 20%	A A Ba

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

[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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