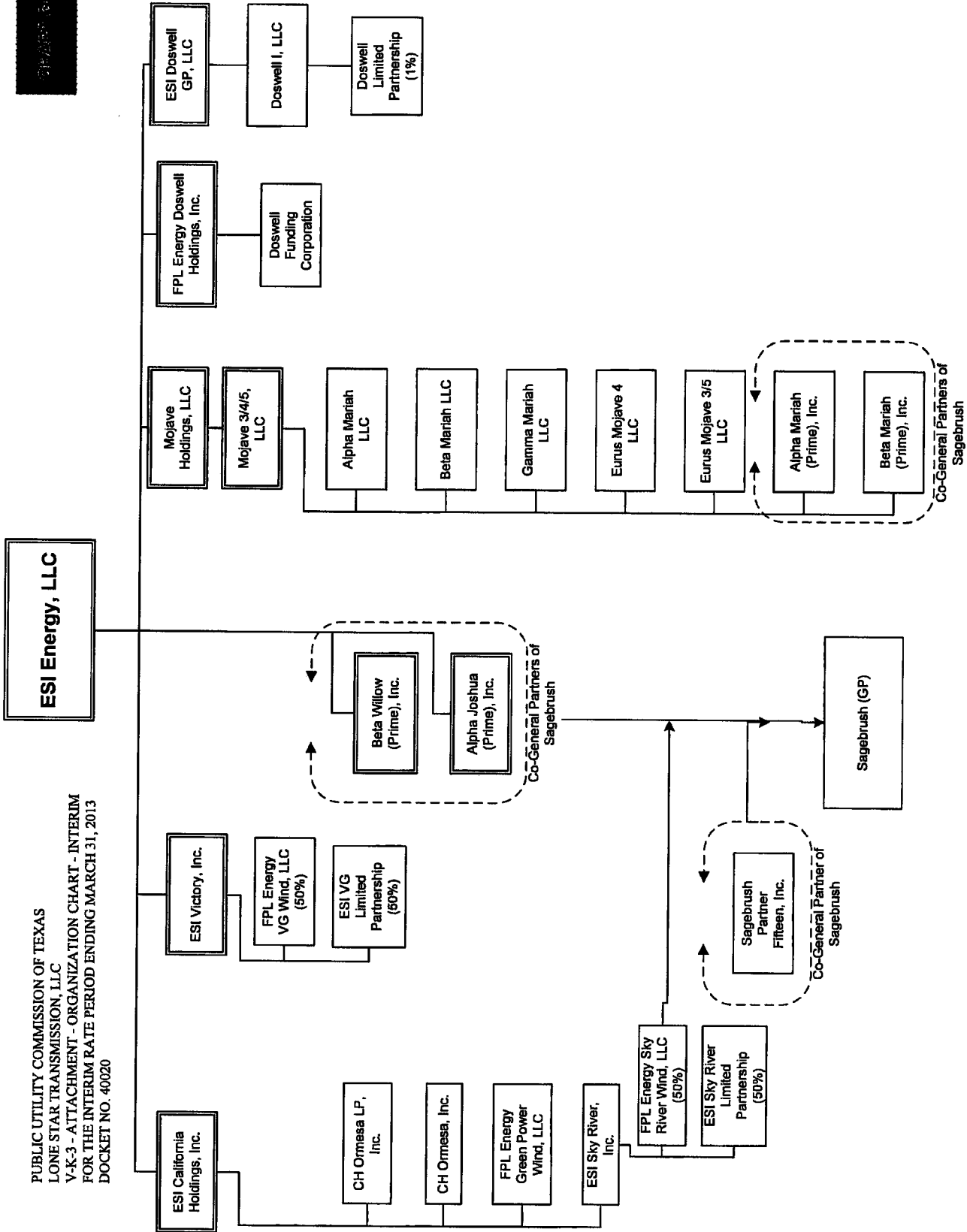


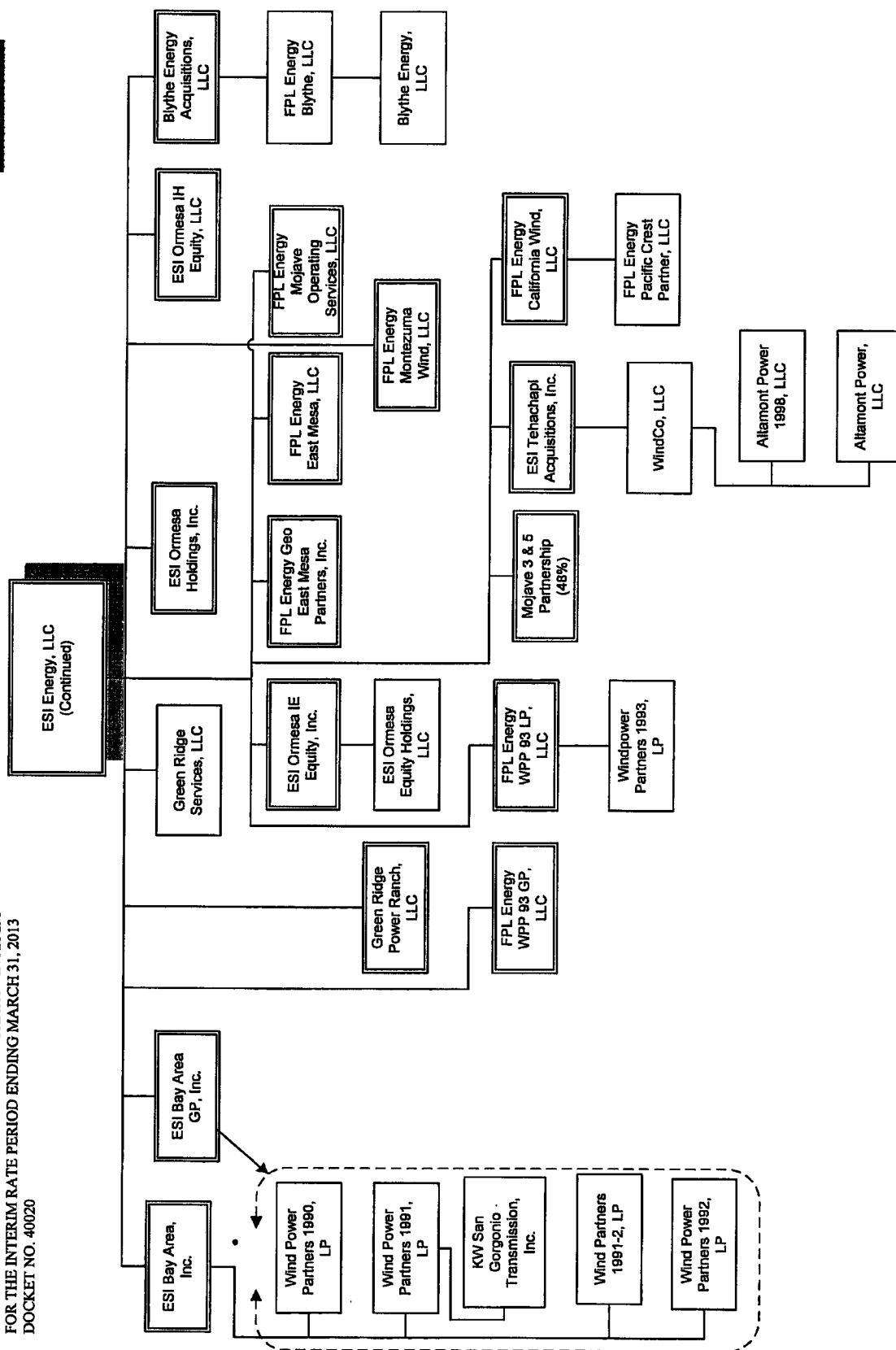
WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM



WITNESS: CHERYL L. DIETRICH

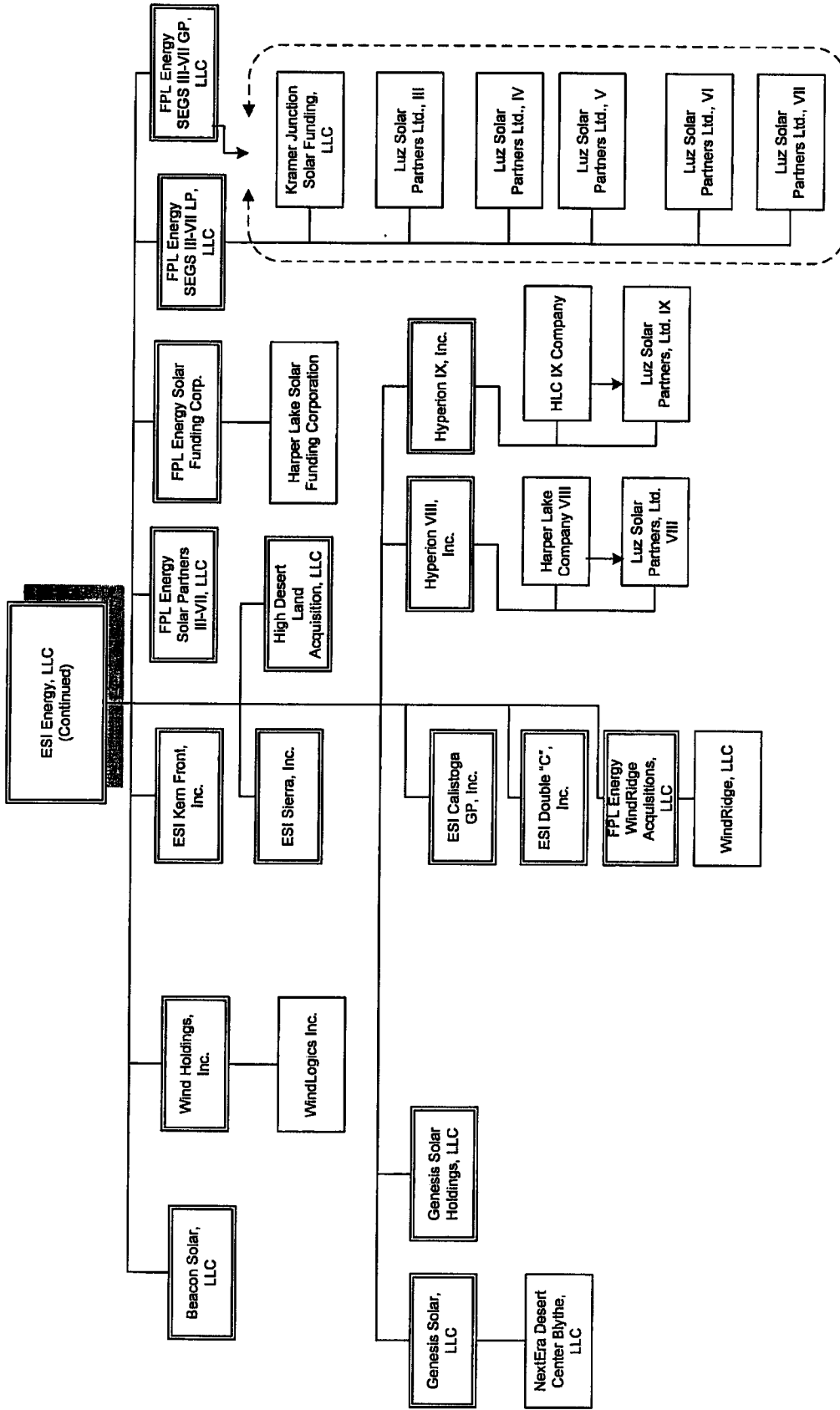
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WITNESS: CHERYL L. DIETRICH

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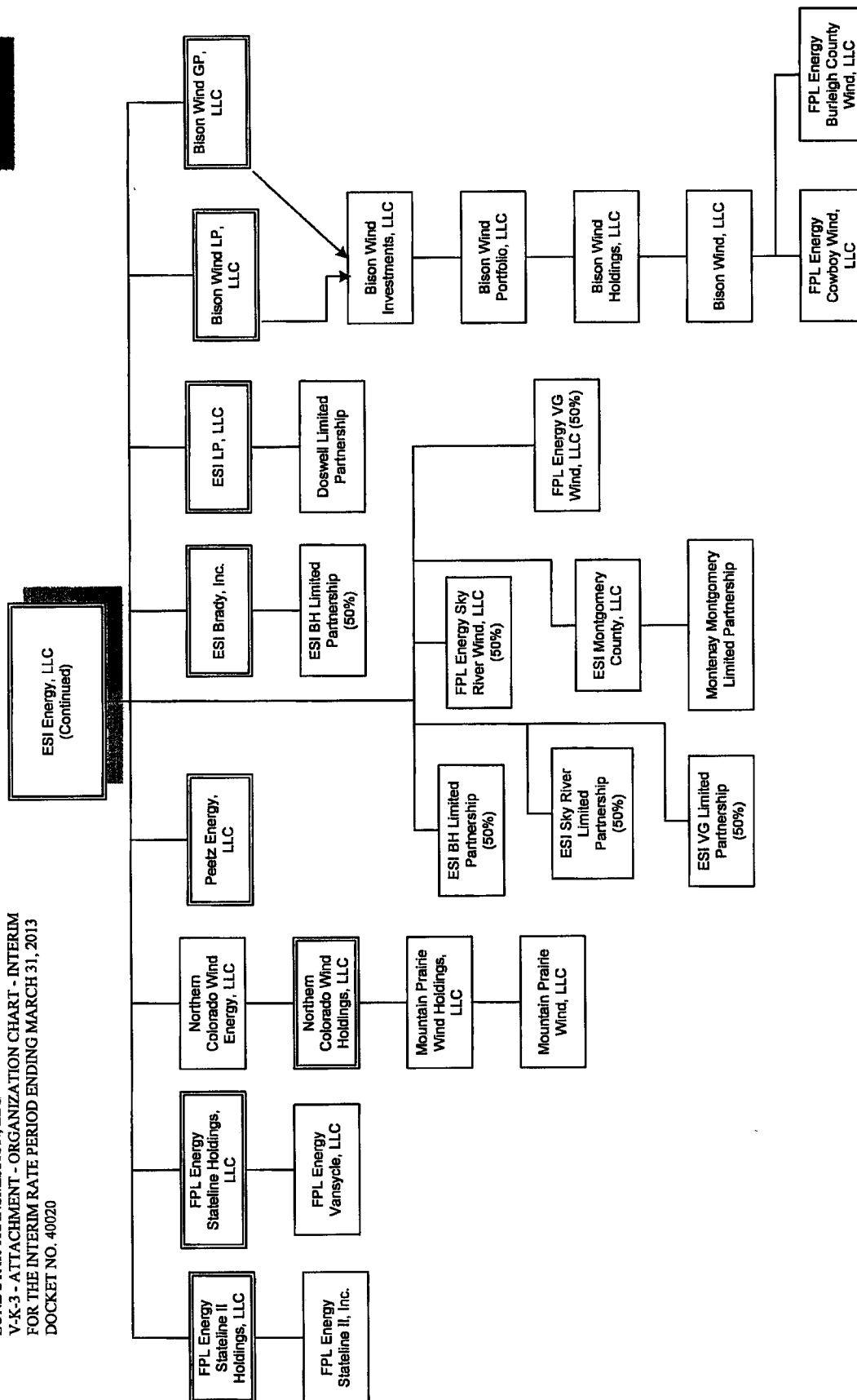
11 of 30



WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

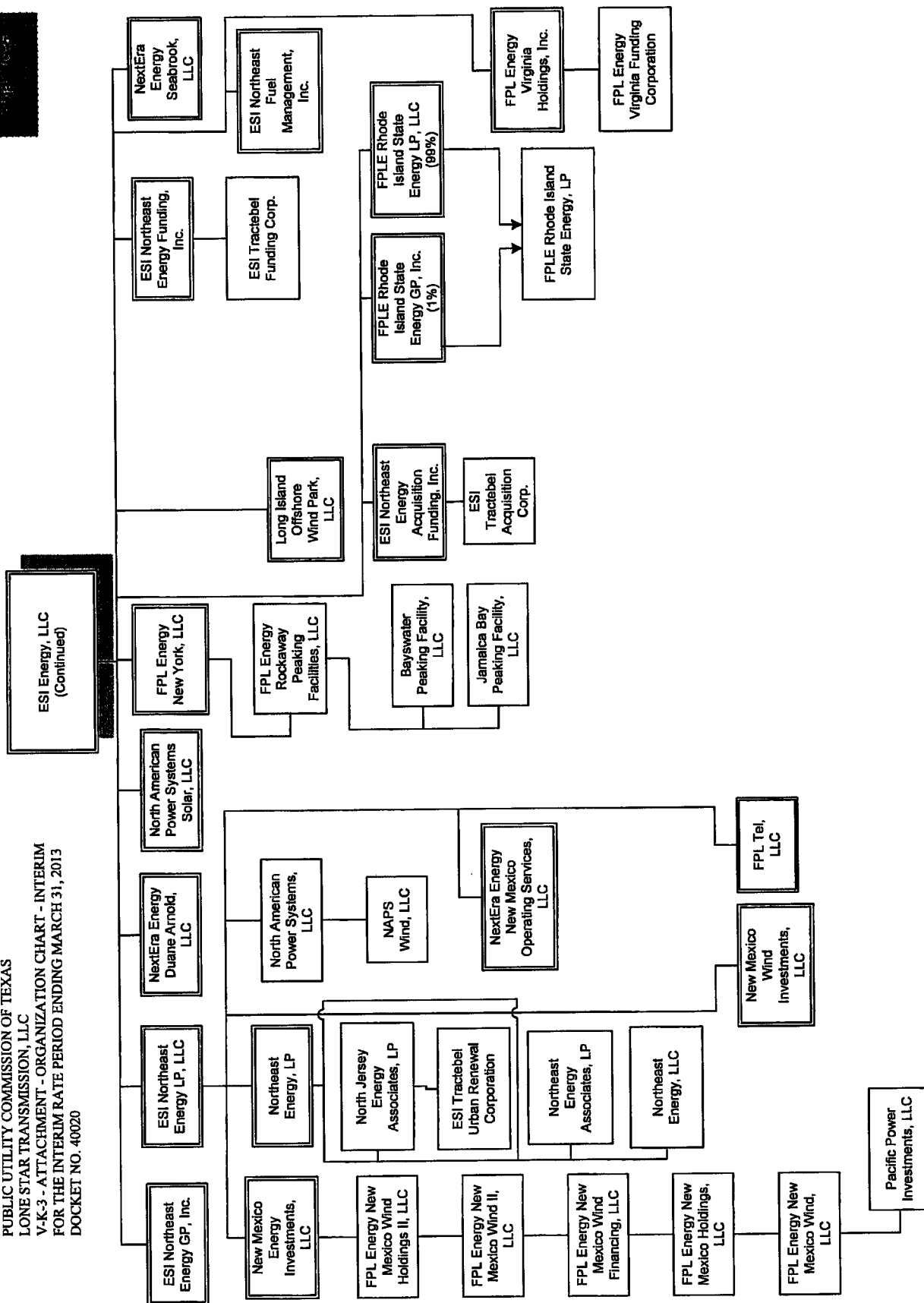
12 of 30

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WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

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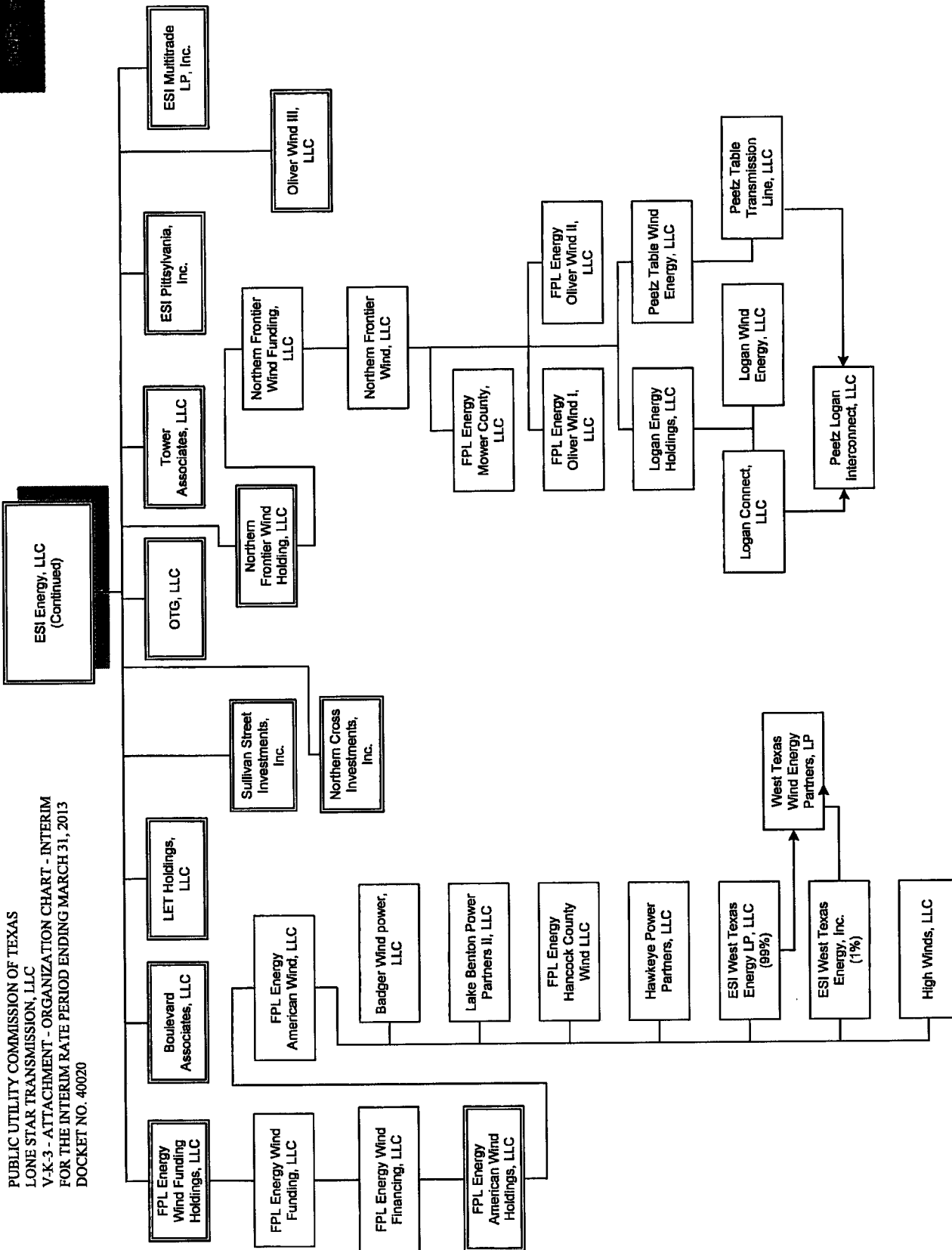


WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

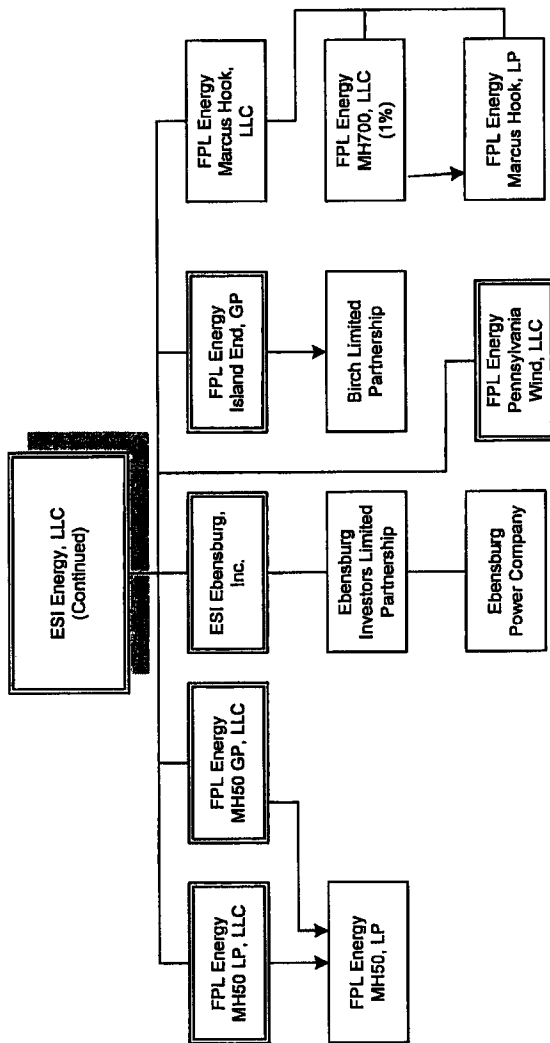
14 of 30

PUBLIC UTILITY COMMISSION OF TEXAS
 LONE STAR TRANSMISSION, LLC
 V-K-3 - ATTACHMENT - ORGANIZATION CHART - INTERIM
 FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
 DOCKET NO. 40020



WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM



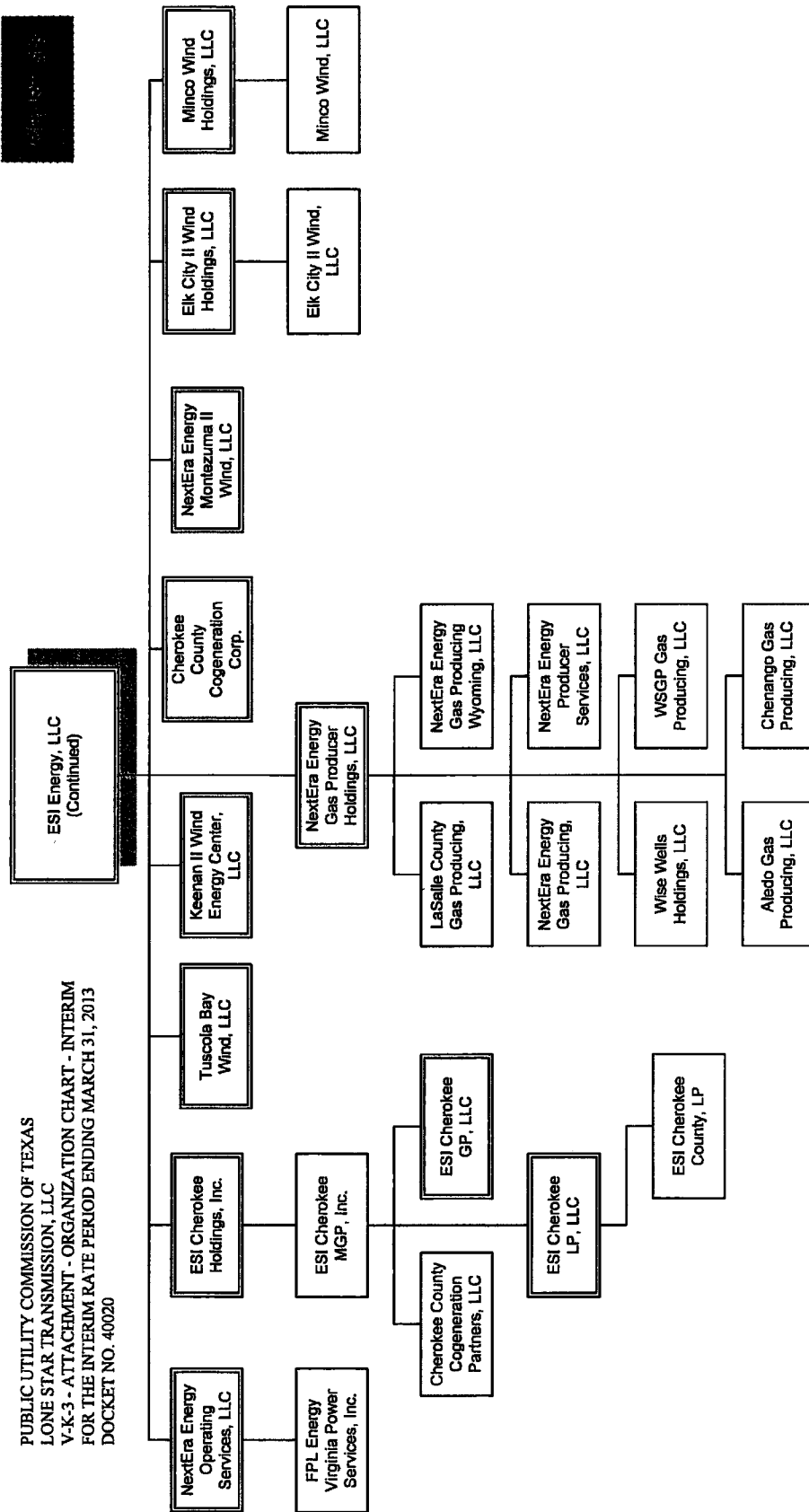
WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

16 of 30

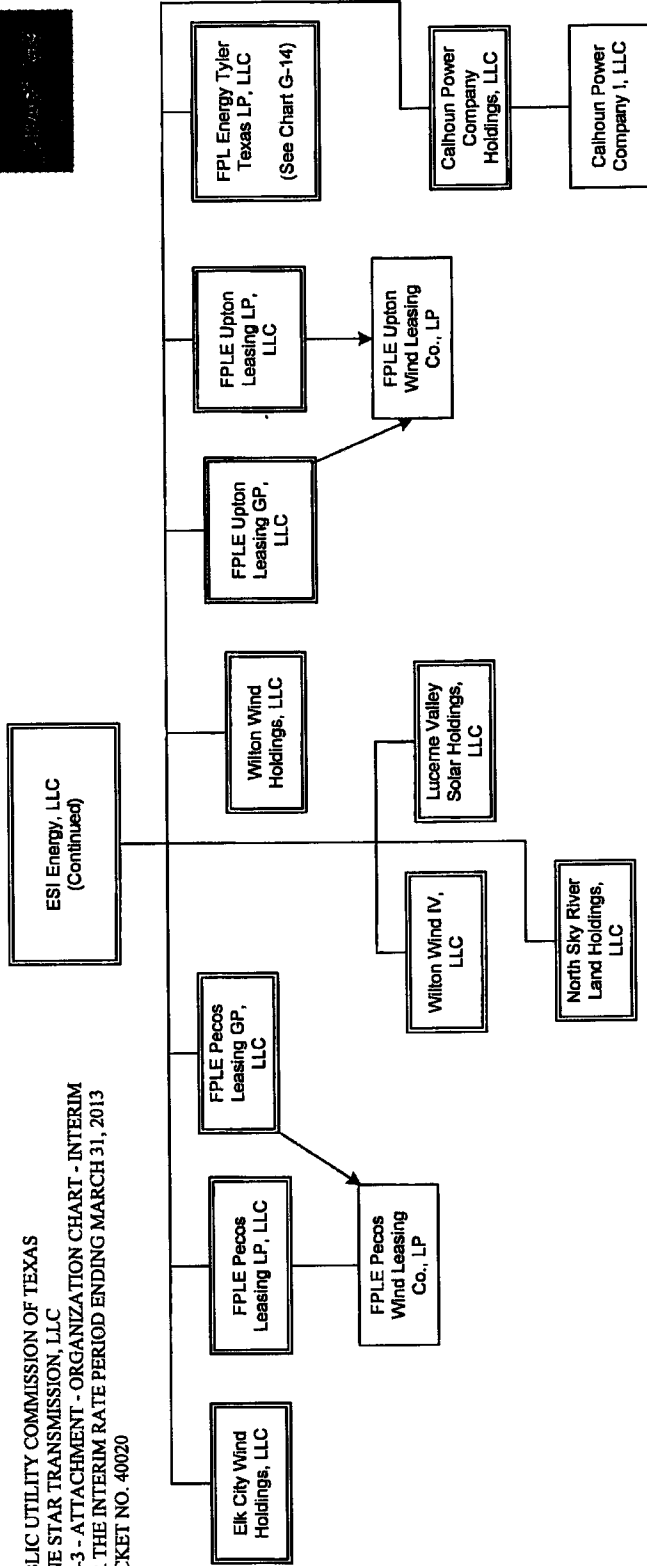
PUBLIC UTILITY COMMISSION OF TEXAS

LONE STAR TRANSMISSION, LLC
V-K-3 - ATTACHMENT - ORGANIZATION CHART - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

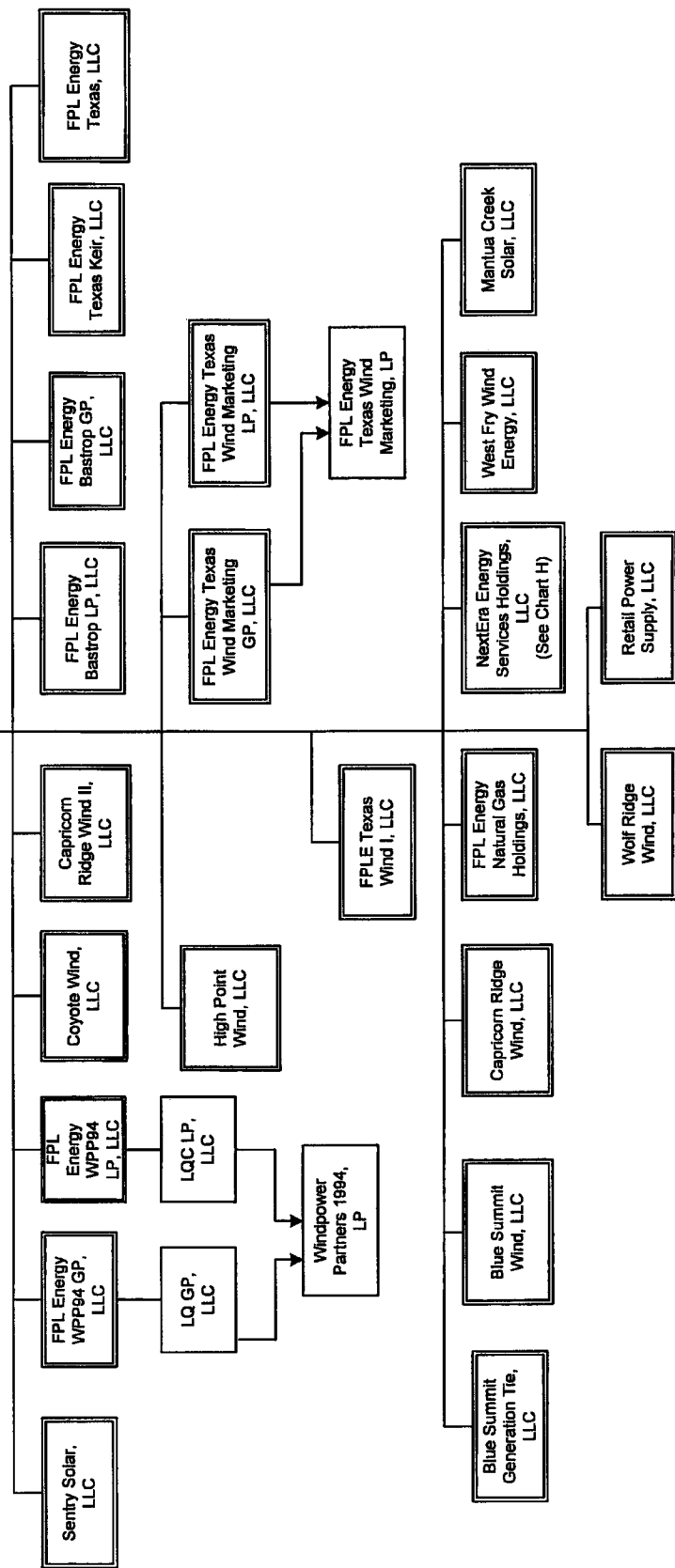


WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

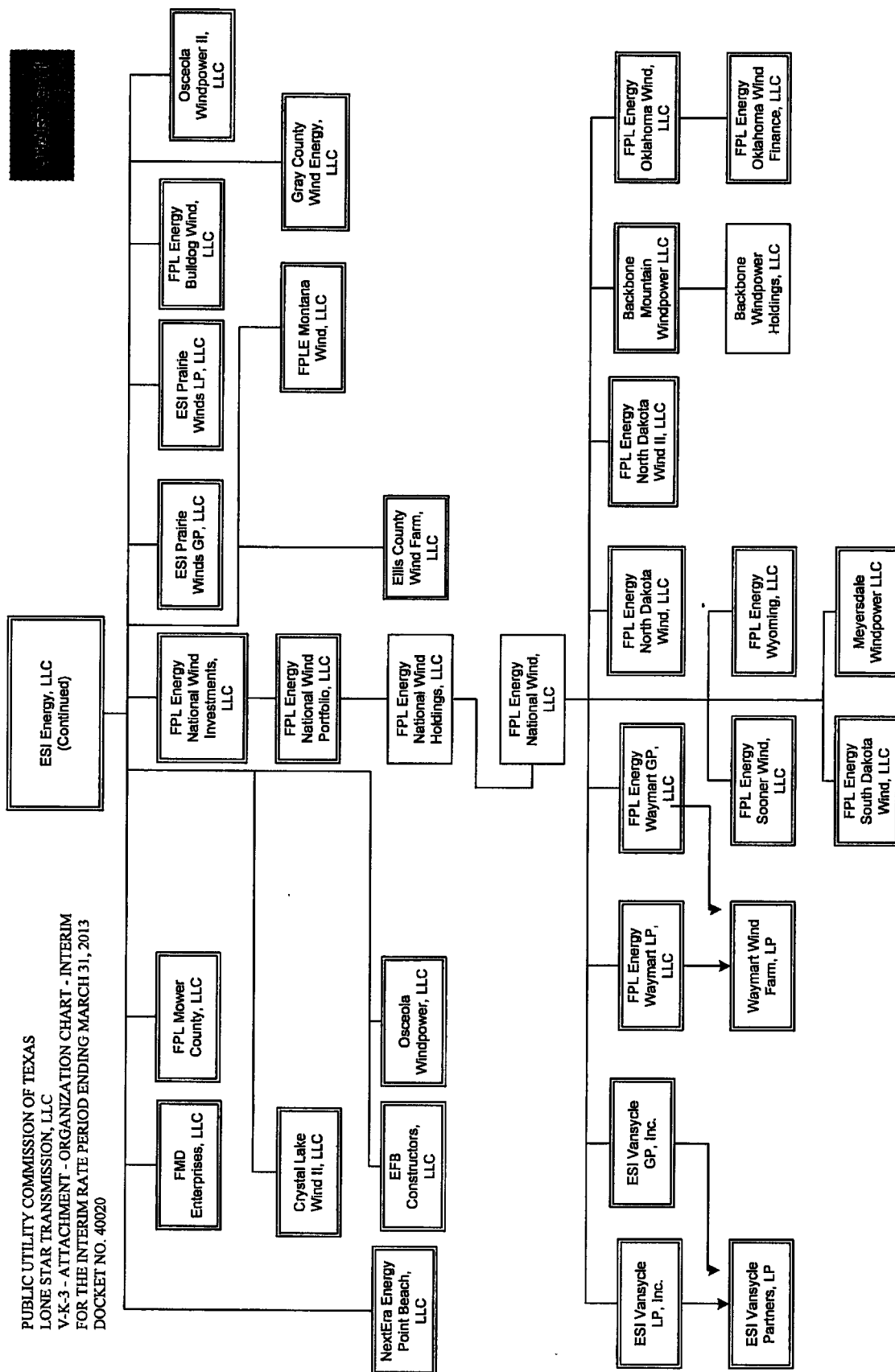


PUBLIC UTILITY COMMISSION OF TEXAS
 LONE STAR TRANSMISSION, LLC
 V-K-3 - ATTACHMENT - ORGANIZATION CHART - INTERIM
 FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
 DOCKET NO 40020



WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

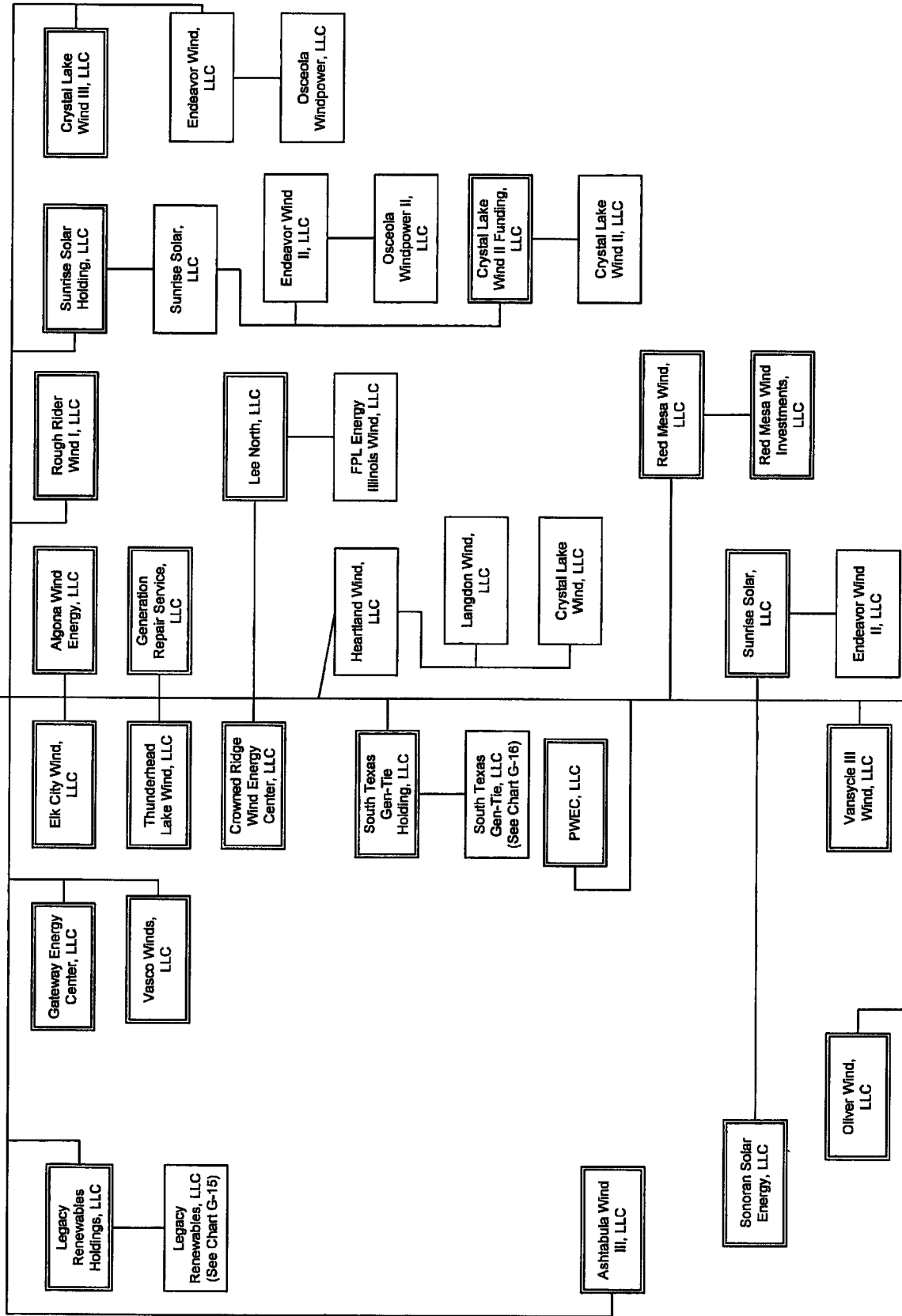
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WITNESS: CHERYL L. DIETRICH

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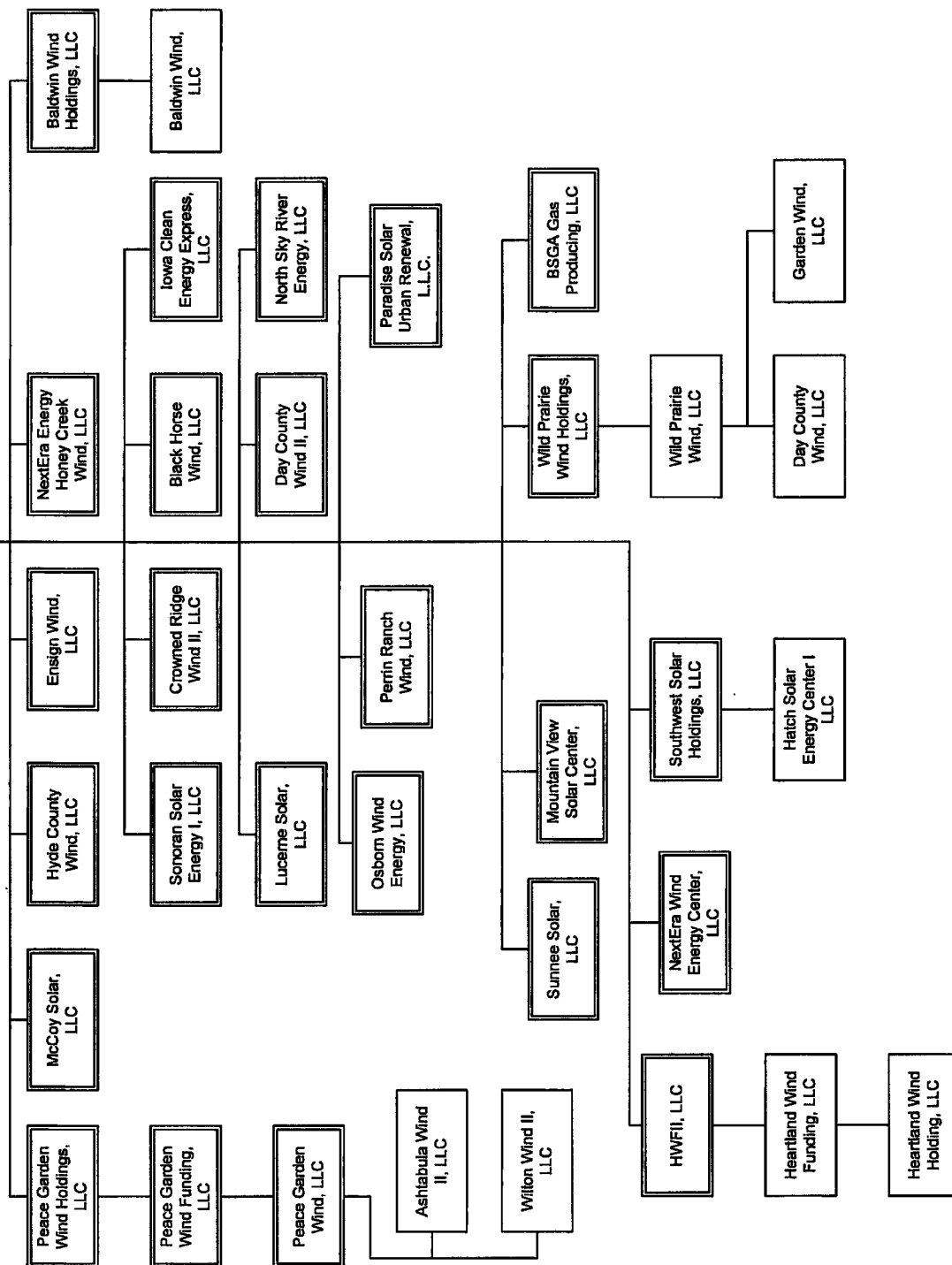
20 of 30

ESI Energy, LLC
 (Continued)



WITNESS: CHERYL L. DIETRICH

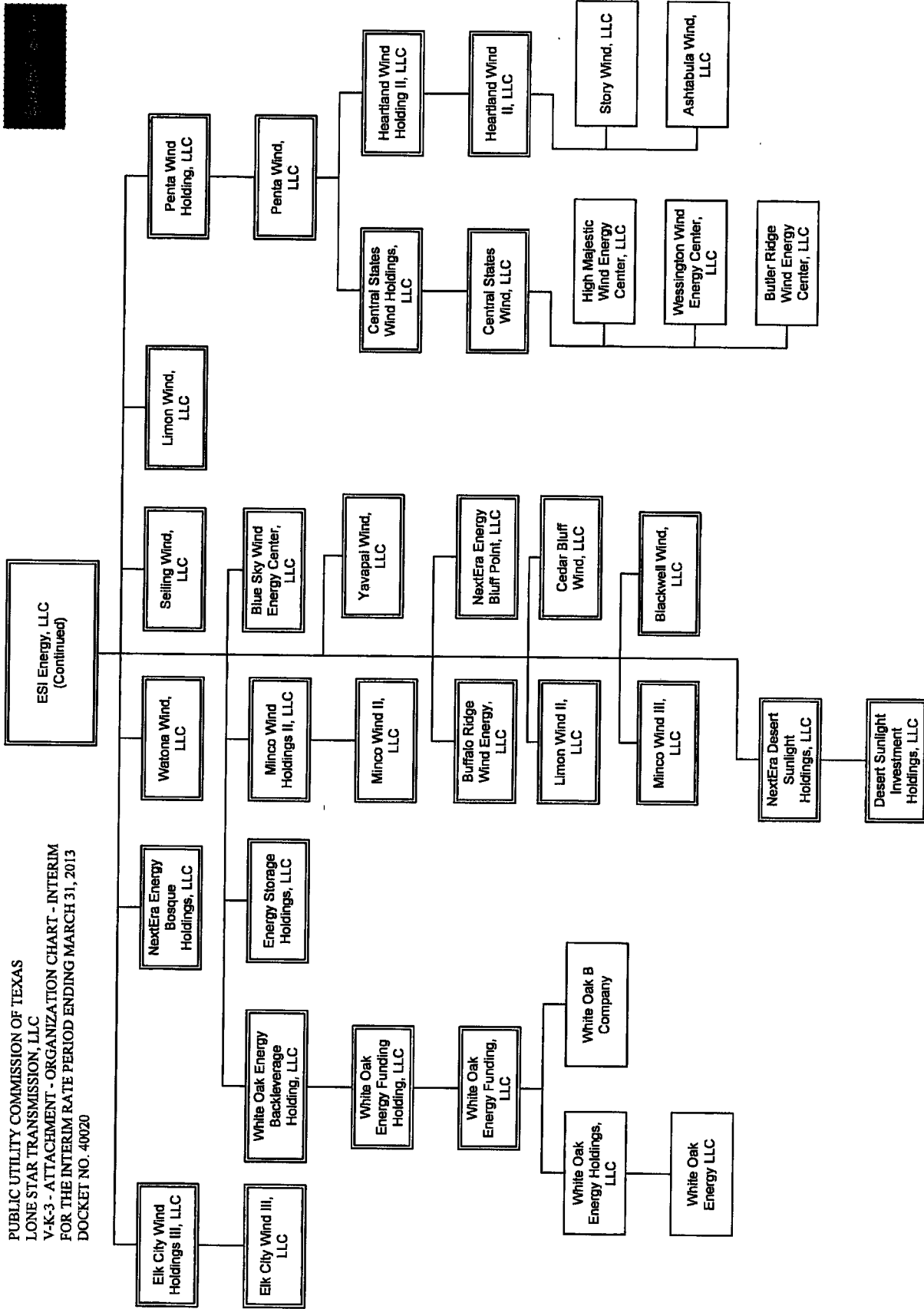
V-K-3 - ATTACH - INTERIM

ESI Energy, LLC
(Continued)

WITNESS: CHERYL L. DIETRICH

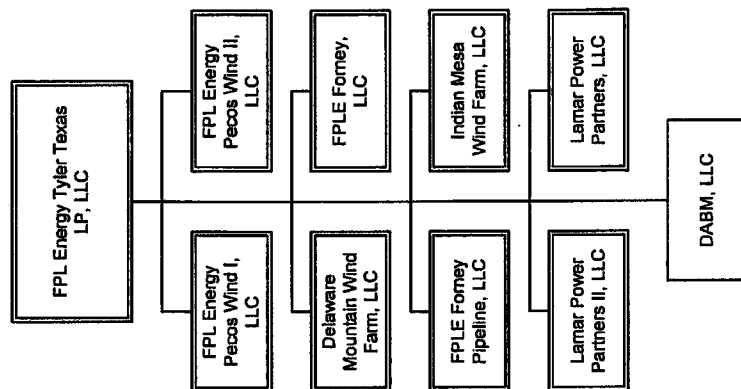
V-K-3 - ATTACH - INTERIM

22 of 30



WITNESS: CHERYL L. DIETRICH

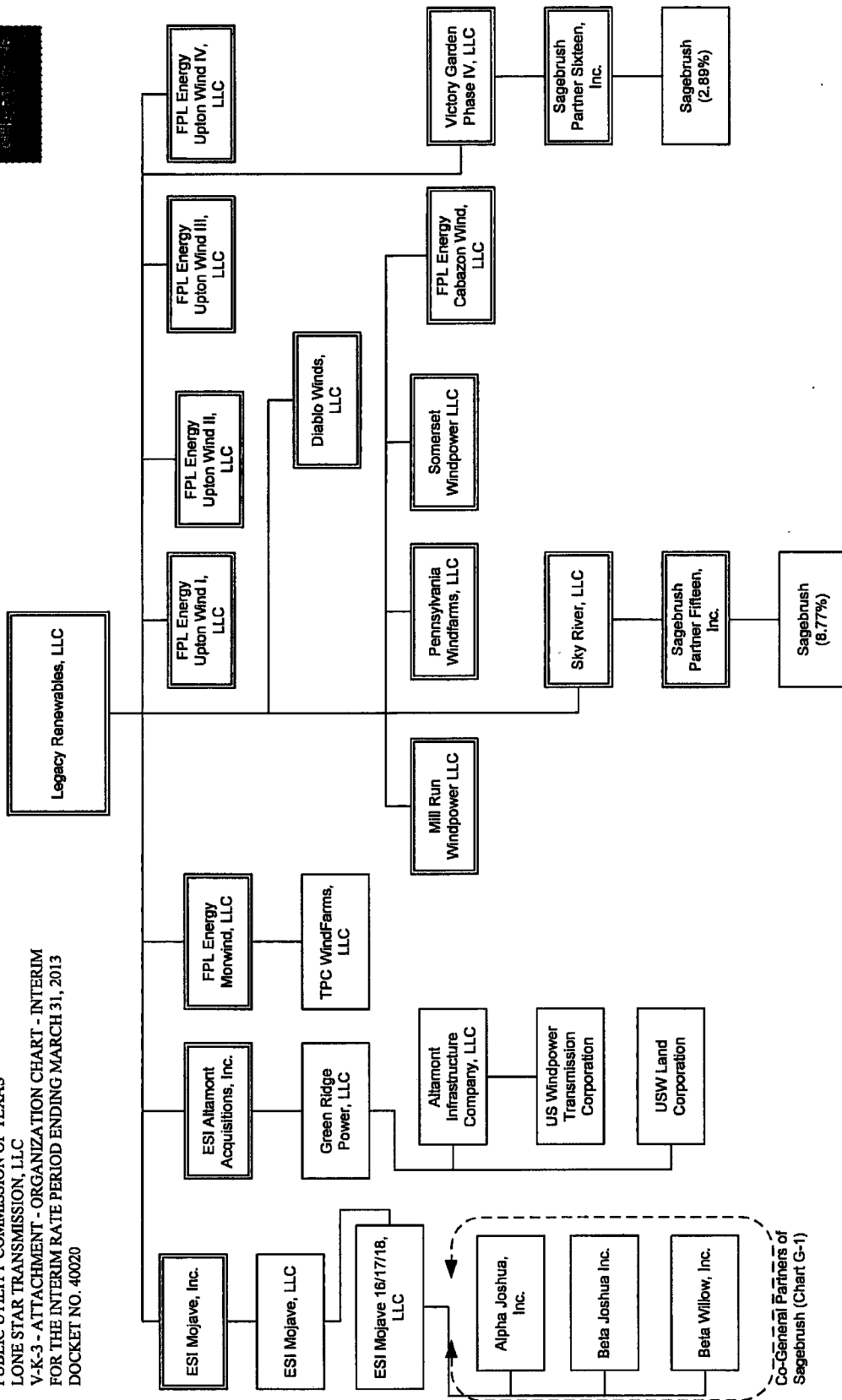
V-K-3 - ATTACH - INTERIM



WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

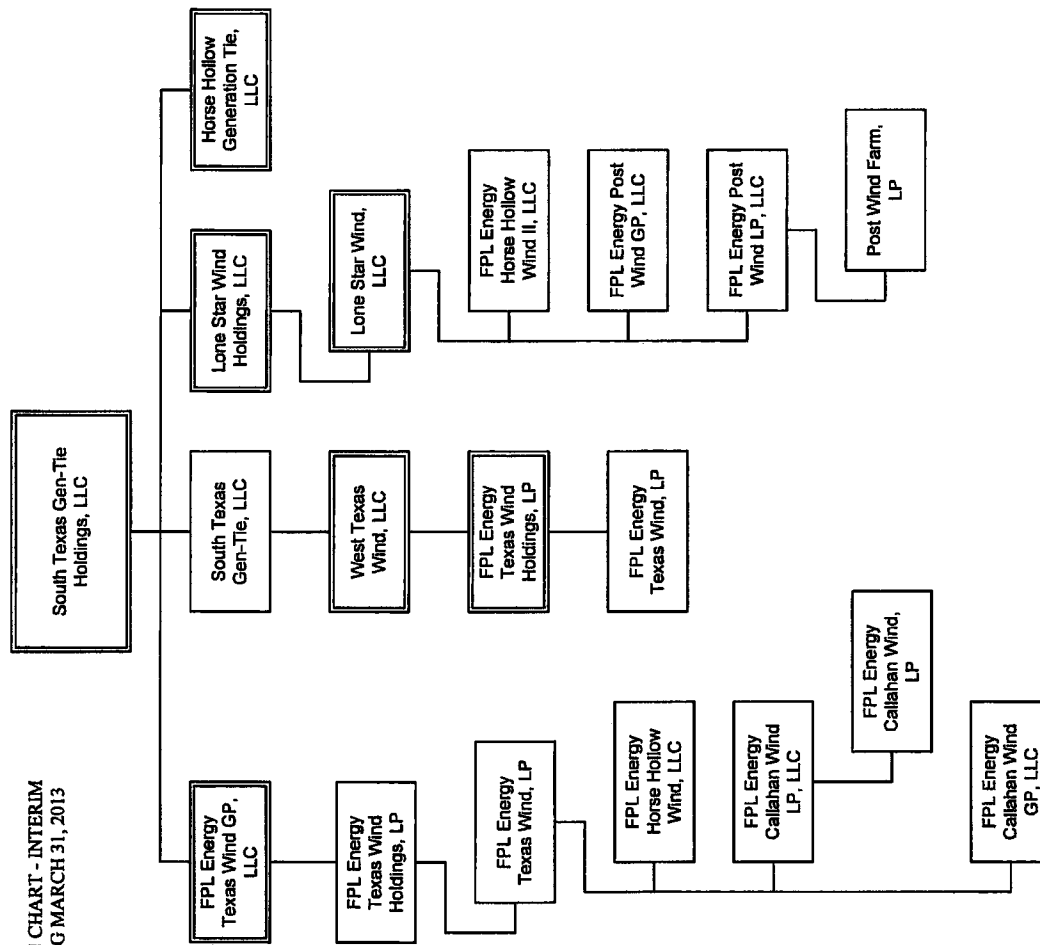
24 of 30

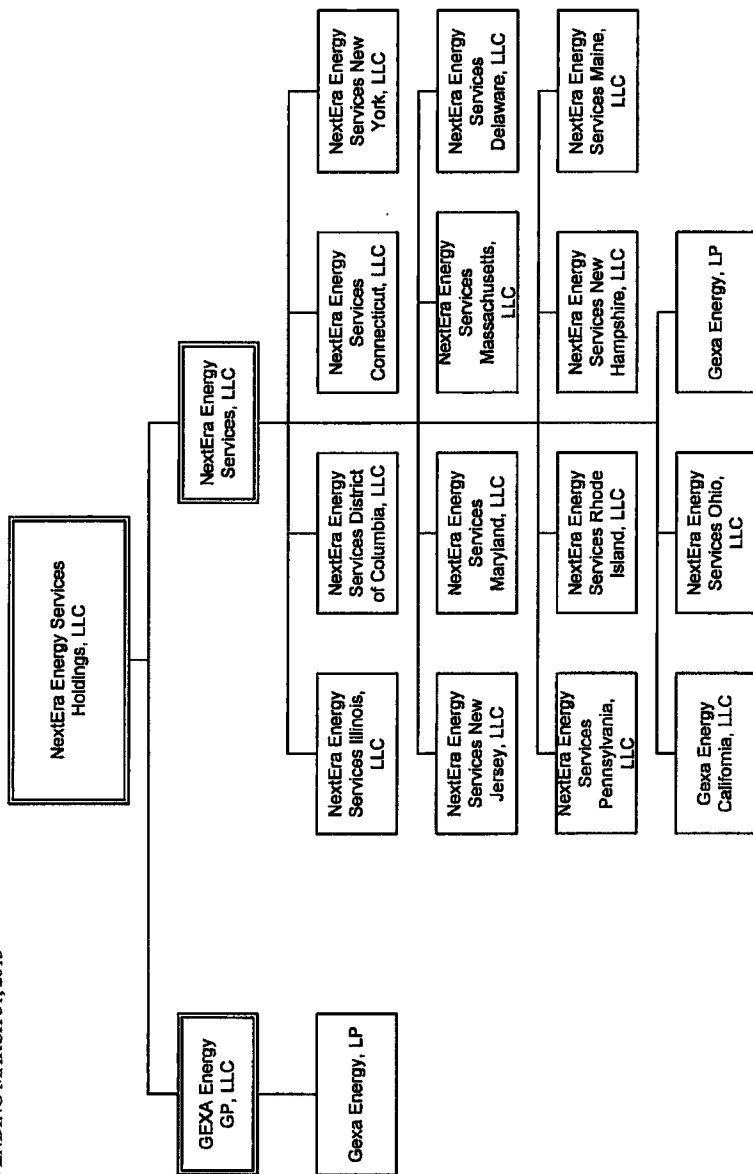


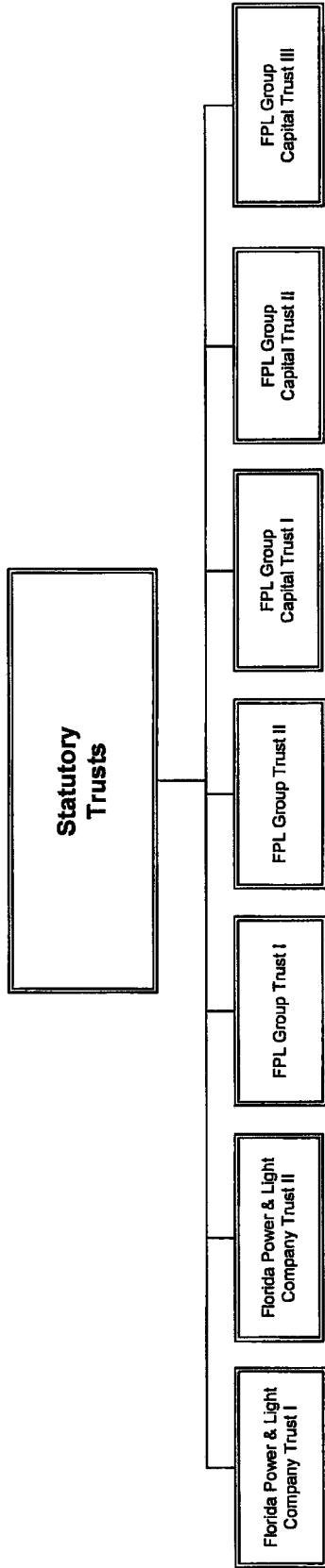
WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

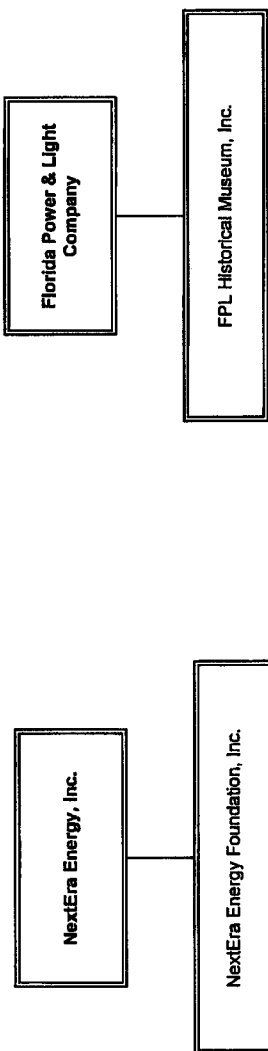
25 of 30







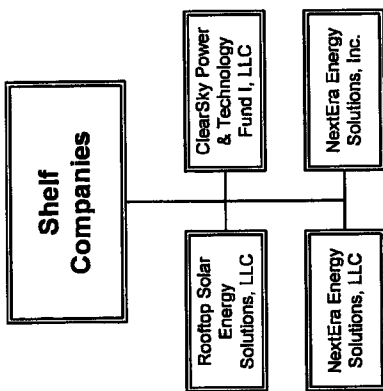
**NON-PROFIT
ORGANIZATIONS**



WITNESS: CHERYL L. DIETRICH

V-K-3 - ATTACH - INTERIM

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PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
V-K-4 DESCRIPTION OF SERVICES - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

SEE SCHEDULE V-K-4 - ATTACHMENT - DESCRIPTION OF SERVICES - INTERIM

WITNESS: CHERYL L. DIETRICH

V-K-4 - INTERIM

The following tables show each type of service provided to Lone Star from its affiliates.

NextEra Energy Transmission, LLC

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

NextEra Energy Resources, LLC

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES
Accounting and Finance	General accounting, accounts payable, property tax and tax research, project valuation and modeling. Provides financial reporting, month-end closing functions, financial planning and forecasting, income and sales and use tax, senior management oversight, SAP production support: role approvals, role changes, user access, and custom SAP table maintenance, Sarbanes-Oxley Section 404 compliance/administration.
Corporate Governance	Provides senior management oversight, strategic direction and governance for NEER, NEET and their subsidiaries' day-to-day operations.
Development	Performs detailed evaluations of alternatives for transmission business, development of business plan for specific projects to ensure optimal planning, operational and financial structure; works with Project Valuation to develop a financial model.
Engineering Construction and Corporate Services (ECCS)	<i>Engineering and Construction</i> - Performs project cost and schedule controls, invoice processing, estimating, preliminary engineering and surveying, material specifications, procurement strategy, pole design, transmission line routing, vendor and project management, and manages discovery document collection and review for Engineering and Construction.. <i>Integrated Supply Chain</i> - Services include bidding, vendor negotiating, and material purchasing for substation equipment.
Environmental Services	Services include coordination of environmental surveys, preparation of environmental policies and procedures, providing environmental expertise as it relates to route adjustments, and oversight of environmental monitors.
Human Resources	Provides recruiting and hiring for non-operations personnel, terminations, compensation, and day-to-day personnel support.
Information Management	Provides general support for telecommunications infrastructure including determining overall technical direction, developing network connectivity, and deploying the network and servers. SAP support, data management systems, and desktop support for systems owned, operated, and maintained by NEER.
Law Department	Provides legal services including support for financing contracts, construction contracts, lease negotiations and contracts, employment law support, title commitments, land purchase agreements, and right of way easement agreements. Chief legal counsel and corporate secretaries.
Treasurer	Provides analysis of financing activities, evaluation of new financing vehicles and instruments, and supporting investment activities and banking.

Florida Power & Light Company

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES
Accounting and Finance	<p>Specific support unique to Lone Star such as regulatory accounting treatment and analysis, and rate case consultation</p> <p>Provides oversight of all finance functions of NextEra Energy Inc. and subsidiary and affiliated companies including, investor relations, Controller's staff, Sarbanes Oxley internal controls and compliance, financial reporting and forecasting, accounting policy and analysis, investments, risk management, corporate tax, and cost allocations.</p>
Corporate Communications	<p>Provides department management and administration, email, employee communication, centralized services, interactive and social media.</p>
Corporate Governance	<p>Executive officers of NextEra Energy who are engaged in strategic, tactical and compliance related activities. Activities associated with the NextEra Energy Board of Directors and Investor Relations.</p>
Engineering, Construction, and Corporate Services (ECCS)	<p><i>Integrated Supply Chain</i> - Provides procurement of materials, right of way and construction services, and data management software; management oversight for bidding services and vendor negotiation.</p> <p>Business analytics, supplier diversity, master contracts such as travel and other services that benefit the entire organization.</p> <p><i>Corporate Real Estate</i> - Services include identifying the location for, and leasing of, office space.</p> <p>Furniture use and office space use allocation.</p> <p>Mail and intersite courier services.</p> <p><i>Engineering and Construction</i> - Provides management oversight for the project cost and schedule controls and invoice processing personnel, and consulting for switchyard and substation electrical systems and major equipment.</p>
Human Resources	<p>Transmission and substation operations personnel recruiting for Lone Star</p> <p>Performs safety campaigns, compensation and benefits administration, talent acquisition administration, background checks and drug testing, Workforce analytics, Equal Employment Opportunity Commission ("EEOC") compliance, workers compensation and safety oversight, administration of employee development, payroll processing, employee call center, health and well being administration, and recruiting administration.</p>
Information Management	<p>Provides support for remote access, developing network connectivity and deploying servers for field offices and control centers,</p> <p>Management and administration of enterprise hardware and software systems.</p>
Internal Audit	<p>Performs internal audits of company and affiliates, NERC compliance, FERC compliance, and Ethics office.</p>
Law Department	<p>Provides legal support for business units (e.g., litigation, labor, and employment, commercial contracting, corporate governance, regulatory proceedings as well as all other operational legal matters), monitoring compliance with federal, state and local laws, regulations and ordinances; and negotiating and reviewing agreements. Services include outside legal reviews of annual report and SEC filings; Board of Directors; labor, employment and benefits support; and corporate records and document files handling.</p>

Florida Power & Light Company (Continued)

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES
Regulatory Affairs	Services include coordinating dockets for regulatory rulemaking policy, rate proceedings and other technical filings.
Strategy, Policy and Process Improvement	<p>Provides building security; risk identification and management; quality, planning and analysis for operational excellence; and environmental strategy and support services which cover compliance, water and wildlife, air, and hazardous substances.</p> <p>More specifically, this includes Business administration of the department;</p> <p>Building Security to include security officers and guard service, video monitoring and security badge /access administration;</p> <p>Emergency planning and Pandemic Events;</p> <p>Environmental Services strategy, compliance and support on Water and Wildlife, Air Media, and Oil & Hazardous substances; and</p> <p>Operational Excellence programs and training.</p>
Transmission and Substation Services	<p>Provides budgeting and affiliate billing and reporting support, internal communications and Six Sigma quality program management.</p> <p><i>Central Maintenance</i> - Provides project management and construction oversight for substation, transmission line and switchyard capital improvements at Lone Star; maintenance administration; transmission line, substation and vegetation management and maintenance support services; provides support on substation environmental services for oil filled equipment and safety and switching training programs.</p> <p><i>Engineering and Technical Services</i> - Provides transmission line, substation and protection & control subject matter expertise (SME) in life cycle condition assessment and maintenance plans and processes; developing list of vendors for bidding materials; design review; facility & master station evaluation; reviewing design for protective relaying design, instrument transformers, and metering; developing substation scope of work and switchyard equipment specifications. Develops transmission breaker and equipment specifications. Serves as owner's representative/engineer services on Brownfield construction projects; SME technical engineering support; environmental support related to equipment and animal programs.</p> <p>Transmission equipment consultative services and expertise (remote technical support); event analysis technical support (remote); subject matter expert (SME) technical support on all asset types in substations and lines.</p> <p>Provides support and consulting services related to scoping, establishing and operating Supervisory Control and Data Acquisition (SCADA) and overall Energy Management Systems infrastructure and applications for transmission system operations and setup of control room and asset diagnostic analysis and capabilities.</p> <p>Transmission and Substation Compliance provides support services related to developing and implementing a standardized compliance program/process management.</p> <p>Vegetation Management inspects and clears transmission right of way.</p>

PUBLIC UTILITY COMMISSION OF TEXAS
 LONE STAR TRANSMISSION, LLC.
 V-K-5 CAPITAL PROJECTS - INTERIM
 FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
 DOCKET NO. 40020

Line No.	CREZ Project No.	Project Description	1 FPL	2 NEER	3 NEET	4 Total
1	LSSN005	Navarro 345-kV substation	\$ 68,691	\$ 151,836	\$ 261,757	\$ 482,284
2	LSSN006	Sam Switch 345-kV substation	42,946	94,788	82,718	\$ 220,452
3	N/A	Organizational Costs	11,643	2,882	-	\$ 14,525
4	N/A	Primary & Backup Control Centers & EMS Facilities	882,535	4,502	31,862	\$ 918,899
5						
6	Total		\$ 1,005,815	\$ 254,008	\$ 376,337	\$ 1,636,160

LSSN005 / Navarro 345-kV substation: This substation project connects the CREZ system to existing systems in the eastern portion of the Electric Reliability Council of Texas (ERCOT) grid. It will tie into the Big Brown - Watermill and Limestone - Venus transmission lines.

LSSN006 / Sam Switch 345-kV substation: This substation project connects the CREZ system to existing systems in the eastern portion of the Electric Reliability Council of Texas (ERCOT) grid. It will tie into the Tradinghouse - Venus transmission line.

Primary & Backup Control Centers & EMS Facilities: This project consists of two Control Centers (Primary and Backup) in and near Austin in Travis County and two Energy Management Systems ("EMS"). The Primary EMS will be located in Miami in Miami-Dade County, Florida, and its Backup EMS will be located in Daytona Beach in Volusia County, Florida.

WITNESS: CHERYL L. DIETRICH

V-K-5 - INTERIM

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
V-K-6 ADJUSTMENTS TO TEST YEAR EXPENSES - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

This Schedule is Not Applicable.

WITNESS: CHERYL L. DIETRICH

V-K-6 - INTERIM

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, L.L.C.
V-K-7 STATUTORY REQUIREMENTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

SEE SCHEDULE V-K-7 - ATTACHMENT - STATUTORY REQUIREMENTS - INTERIM

SERVICES PROVIDED AND BILLING PROCESS

NextEra Energy Resources, LLC ("NEER"), Florida Power & Light Company ("FPL") and NextEra Energy Transmission, LLC ("NEET") provide affiliate services to Lone Star Transmission, LLC ("Lone Star"). Please see Schedules V-K-1, V-K-2, and V-K-12 of Lone Star's rate filing schedules, the chart below, and Ms. Dietrich's direct testimony for amounts billed from affiliates to Lone Star by item or class of item. Lone Star has defined and utilized 16 classes of items. The billing process for each class is presented in Schedule V-K-9 of this rate-filing package. The billing methodology for each of these sub-classes is presented in Schedule V-K-11 of this rate-filing package. The amount billed to each affiliate, including Lone Star, is presented in Schedule V-K-12 of this rate-filing package.

Section 36.058 of the Public Utility Regulatory Act ("PURA") sets out the basic affiliate transaction standard to be applied by the Public Utility Commission of Texas ("Commission"). In summary, Section 36.058 requires that each item or class of items charged by an affiliate be found to be reasonable and necessary and not higher than charges to a third party or other affiliate for the same item or class of items. Additionally, PURA Section 36.058(f) provides that if the regulatory authority finds that an affiliate expense for the test period is unreasonable, the regulatory authority shall determine the reasonable level of the expense and include that expense in determining the electric utility's cost of service.

"REASONABLE AND NECESSARY" CLAUSE OF THE AFFILIATE STANDARD

Schedule V-K-10 of this rate filing package details the cost controls that are in place to assure the reasonableness of those services provided by Lone Star's affiliates. In addition, the direct testimony of Ms. Cheryl Dietrich details the numerous means used to ensure that costs billed by these affiliates are reasonable. These cost controls include corporate support agreements, the annual budget process, monthly invoicing and review, budget oversight, as well as internal and external auditing. In preparation for this case, Lone Star engaged Booz & Company to conduct an independent review of Lone Star's affiliate service providers' cost reasonableness, budgeting and control processes, necessity and benefits, and cost allocations. Please refer to Mr. Flaherty's direct testimony for the results of this study. The direct testimonies of the witnesses listed below provide additional support as to the reasonableness and necessity of Lone Star's affiliate expense request.

NextEra Energy Transmission, LLC

Functional Area	Amount ¹	Supporting Witness ²
Business Management	\$2,274,359	Cheryl L. Dietrich
Business Services	\$175,698	Cheryl L. Dietrich
Transmission Operations	\$385,365	David K. Turner

NextEra Energy Resources, LLC

Functional Area	Amount ¹	Supporting Witness ²
Accounting and Finance	\$379,577	Richard B. Cribbs and Brian R. Murphy
Affiliate Management Fee	\$51,283	Cheryl L. Dietrich
Development	\$141,248	David K. Turner
Engineering & Construction	\$4,296,409	Daniel Mayers
Environmental	\$123,636	David K. Turner
Human Resources	\$217,749	Julie S. Rice
Information Management	\$25,620	Cheryl L. Dietrich
Integrated Supply Chain	\$273,214	David K. Turner
Law Department	\$435,475	Cheryl L. Dietrich
Treasurer	\$155,489	Aldo E. Portales

¹ Amount represents affiliate costs projected to be incurred during the period from inception (March 30, 2009) through March 31, 2013.

² Refer to testimony of sponsoring witness for a discussion of the necessity and reasonableness of affiliate cost.

Florida Power & Light

Functional Area	Amount ³	Supporting Witness ⁴
Affiliate Management Fee	\$525,278	Cheryl L. Dietrich
Corporate Real Estate	\$164,844	Cheryl L. Dietrich
Engineering & Construction	\$1,283,800	Daniel Mayers
Human Resources	\$75,226	Julie S. Rice
Information Management	\$176,194	Cheryl L. Dietrich
Integrated Supply Chain	\$367,808	David K. Turner
Internal Audit	\$84,558	Cheryl L. Dietrich
Law Department	\$150,292	Cheryl L. Dietrich
Regulatory Affairs	\$78,050	David K. Turner
Transmission & Substation	\$1,449,986	David K. Turner

“NO HIGHER THAN” STANDARD ANALYSIS

Each of the above services is described in Schedule V-K-4 of this rate filing package and discussed in the direct testimony of several witnesses. The services provided are billed to Lone Star using three methodologies - direct bill, direct assigned and allocated. The direct bill method is used for labor charges, the direct assigned method is applied to resources used jointly in the provision of both Lone Star and an affiliate’s activities that can be apportioned using direct measures of cost causation and the allocated method is used for services required by, and common to all affiliates, that are billed either through the FPL AMF or NEER AMF, as appropriate. As provided in the testimony of Ms. Dietrich, refer to Exhibit CLD-5 for a detailed description of the FPL allocations and methodologies and Exhibit CLD-6 for the NEER allocations and their methodologies. This approach assures that all services, each item or class of items, is billed to each entity utilizing a particular service based on the same cost per unit of service provided. For all expenses requested by Lone Star in its cost of service, each service is billed using the same methodology for all affiliates as is used for Lone Star, and thus Lone Star

³ Amount represents affiliate costs projected to be incurred during the period from inception (March 30, 2009) through March 31, 2013.

⁴ Refer to testimony of sponsoring witness for a discussion of the necessity and reasonableness of affiliate cost.

PUBLIC UTILITY COMMISSION OF TEXAS
LONE STAR TRANSMISSION, LLC.
V-K-7 - ATTACHMENT - STATUTORY REQUIREMENTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

has not requested an amount higher than that attributable to the other subsidiaries of NextEra Energy, Inc. or non-affiliated third parties for the same item or class of item.

PUBLIC UTILITY COMMISSION OF TEXAS
 LONE STAR TRANSMISSION, LLC.
 V-K-8 SERVICES PROVIDED TO AFFILIATES - INTERIM
 FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
 DOCKET NO. 40020

Line No.	FERC Acct	FERC Acct Description	FPL	NEER	NEET	Total
1	107 ⁽²⁾	Construction Work in Progress	(2,977.39)	(4,784.60)	(14,927.93)	(22,689.92)
2	408.1 ⁽¹⁾	Taxes Other Than Income Taxes, Utility Operating Income	(6.60)	(10.61)	(33.09)	(50.30)
3	560 ⁽¹⁾	Operation Supervision and Engineering	(79.90)	-	-	(79.90)
4	920 ⁽¹⁾	Administrative and General Salaries	-	(128.39)	(400.58)	(528.98)
5	922 ⁽¹⁾	Administrative Expenses Transferred-Credit	(49.79)	(80.02)	(249.65)	(379.46)
6	926 ⁽¹⁾	Employee Pensions and Benefits	(4.35)	(6.99)	(21.82)	(33.16)
7						
8		TOTAL	(3,118.03)	(5,010.61)	(15,633.08)	(23,761.72)

NOTES:

- (1) Amount represents affiliate costs projected to be incurred during the period April 1, 2012 through March 31, 2013
 (2) Amount represents affiliate costs projected to be incurred during the period from inception (March 30, 2009) through March 31, 2013

PUBLIC UTILITY COMMISSION OF TEXAS

LONE STAR TRANSMISSION, LLC.

V-K-9 ALLOCATION OF AFFILIATE COSTS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

SEE SCHEDULE V-K-9 - ATTACHMENT - ALLOCATION OF AFFILIATE COSTS - INTERIM

AFFILIATE BILLING PROCESS

Lone Star establishes a Work Breakdown Structure (WBS) Element for charges to be received from its affiliates. The process for setting up a WBS Element includes identifying the purpose, FERC account, and the appropriate affiliate company that will use the WBS Element. Affiliate WBS Elements are used to track charges such as direct billed labor, direct billed non-labor costs and allocated costs. Direct billed labor charges represent the hours worked multiplied by the employee's hourly pay rate plus a labor loader. The labor loader includes, but is not limited to vacation, sick leave, benefits, taxes and administrative and general costs, such as office space allocations and supplies. Direct billed non labor charges and allocated costs are billed at the affiliates' cost.

When an affiliate employee is requested to provide services or has the need to direct charge an expense to Lone Star, they contact the designated affiliate transaction analyst at NextEra Energy Transmission, LLC (NEET) Business Management to obtain the appropriate charge account.

NextEra Energy Resources, LLC (NEER) and NEET affiliates are provided with the appropriate WBS element. Charges from NEER and NEET are posted directly to the Lone Star WBS elements.

Florida Power & Light (FPL) employees are provided with an Internal Order (IO), which is the charge account structure used by FPL to capture costs. Where there are different functional areas supporting the same activity, separate IOs are used to capture costs associated with the specific activity and specific functional area. The creation of an IO is requested by the NEET Business Management designated affiliate transaction analyst using the Request for Personnel Services (RFPS) database system. IOs created through this process are mapped on FPL's books to a Lone Star WBS element. Charges from FPL are accumulated in the IOs on FPL's books. At month end, a labor loader is applied to labor charges posted to IOs. Both loaded payroll and non-payroll charges from FPL are then settled to the respective WBS elements on Lone Star.

In addition, there are common costs - either allocated or direct assigned which are billed

monthly to Lone Star from NEER and FPL.

NEER's allocated costs, less any direct charges, are segregated and captured first on a budgeted basis. This is accomplished through use of separate NEER budget line items and WBS projects. These budgeted costs are combined to obtain estimated shared cost pools for the year which are then allocated to affiliated companies using specific allocators. Each month, Lone Star's estimated allocation of charges from the cost pool is posted to a Lone Star WBS element set up to capture these costs. The shared cost pools are periodically trued up to actuals -- usually in the fourth quarter of the current year and again in the first quarter of the following year, as needed. The cost pools will also be trued up to actuals, as needed, for organizational changes. The true ups are then posted to a Lone Star WBS element set up to capture these costs.

Any direct assigned costs from NEER are invoiced in the same way as direct charges.

FPL's allocated costs represent the cost of corporate shared services, less any direct charges, that are accumulated in a cost pool. The cost pool represents the actual current month's cost of specific functions that provide resources in support of multiple companies. The pool is then distributed on a monthly basis to the affiliated companies using specific allocators. These costs are discussed in more detail in Section VI of Cheryl Dietrich's testimony. Each month, Lone Star's allocation of charges from the cost pool is posted to an IO set up to capture these costs.

Any direct assigned costs from FPL are manually invoiced to Lone Star on a monthly basis. Accounting prepares a journal entry to record the invoiced costs on Lone Star's books.

In the case of NEER and NEET, Lone Star receives a monthly invoice summarizing each affiliate's charges (direct, direct assigned and allocated) for that month. The monthly invoice includes supporting documentation for payroll hours charged. The NEET Business Management designated affiliate transaction analyst obtains supporting documentation for any non-labor charges. The invoice and supporting documentation is then provided to Lone Star management for review and approval.

In the case of FPL, the NEET Business Management designated affiliate transaction analyst runs SAP accounting system reports detailing each affiliate's charges (direct, direct assigned and allocated) for that month; obtains supporting documentation for the charges; and prepares a summary of the monthly charges. The monthly charges summary and supporting documentation is then provided to Lone Star management for review and approval.

CHARGE METHOD	FORMULA
Direct	Actual hours charged x salary hourly rate x applicable loader
Direct Assigned	Costs of resources used jointly in the provision of both Lone Star and an affiliate's activities that are apportioned using direct measures of cost causation
Allocated	Services required by, and common to all, affiliates that are billed either through the FPL AMF or NEER AMF, as appropriate. Refer to CLD-5 for a detailed description of the FPL allocations and CLD-6 for the NEER allocations and their methodologies.

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LONE STAR TRANSMISSION, LLC.
V-K-10 CONTROLS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
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SEE SCHEDULE V-K-10 - ATTACHMENT - CONTROLS - INTERIM

Control Process	Description
Corporate Support Service Agreements	Agreements that define the services to be provided to Lone Star by its affiliates. The agreements describe the process for negotiating the services and payment. The objective of the agreements is to have written contracts that define services and responsibilities for each party.
Annual Budget	On an annual basis, Lone Star meets with the affiliate service providers to identify the services needed and estimate a budget for those services. Based on discussions between the two organizations, affiliate charges are then formalized in the annual budget document. For allocated costs, NextEra Energy Resources, LLC (NEER) and Florida Power & Light (FPL) meet with Lone Star and NEET Business Management staff to review the cost pools and drivers to determine whether the allocated costs are relevant to Lone Star and to update the drivers.
Monthly Invoicing and Review Process	<p>In the case of NEER and NextEra Energy Transmission, LLC (NEET), Lone Star receives a monthly invoice summarizing each affiliate's charges (direct, direct assigned, and allocated) for that month. The monthly invoice includes supporting documentation for payroll hours charged. NEET Business Management has an employee dedicated to reviewing detailed affiliate transactions for adequate support and explanation of non-labor charges. The invoice and supporting documentation is then provided to Lone Star management for review and approval.</p> <p>In the case of FPL, the NEET Business Management employee dedicated to reviewing detailed affiliate transactions runs SAP accounting system reports detailing each affiliate's charges (both direct and allocated) for that month; obtains supporting documentation for the charges; and prepares a summary of the monthly charges. The monthly charges summary and supporting documentation are then provided to Lone Star management for review and approval.</p>

	<p>In addition to obtaining billing documentation, the Affiliate Transactions Analyst at NEET Business Management runs SAP time reports detailing the hours being billed to Lone Star. Time charges are tracked and reviewed to determine who is charging and whether the charges are appropriate and not duplicative. Anyone charging Lone Star is requested to provide information regarding the nature, level, and duration of their support. A crosscheck of employee responses is performed to ensure there is not a duplication of effort in services being provided. Any noted erroneous time charges are communicated to the employee to make the correction in the timekeeping system.</p> <p>Any noted erroneous non-labor charges are communicated to the originator and a request for correction is made on the following month's bill. Corrections are tracked for follow-up the next month to ensure the credit is accurately reflected.</p>
Budget Oversight	Lone Star and NEET Business Management staff regularly compare budgeted amounts to actual costs incurred. Any material deviations are investigated and discussed with Lone Star's management team so that appropriate response measures can be taken in a timely manner.
Internal Audits	The Internal Audit Department performs periodic reviews of processes to insure adequate controls and identify any potential efficiencies. The internal audits are performed at the request of individual companies or executives. There is no predefined schedule; audits are identified based on risk and need.
External Reviews	An independent audit of Lone Star's financial statements is performed on an annual basis. A Code of Conduct Compliance Audit is performed every three years.
Frequency of Allocation Formula Updates	The allocation formula is updated annually, but may also be revised during the year to reflect any significant changes such as merger and acquisition activities.

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LONE STAR TRANSMISSION, LLC.
V-K-11 AFFILIATE BILLING METHODS - INTERIM
FOR THE INTERIM RATE PERIOD ENDING MARCH 31, 2013
DOCKET NO. 40020

SEE SCHEDULE V-K-11 - ATTACHMENT - AFFILIATE BILLING METHODS - INTERIM

NextEra Energy Transmission, LLC (NEET)

Employees of NEET direct bill travel expenses and any time spent on Lone Star activities to a Lone Star work order called a WBS Element. WBS Elements are set up on Lone Star's books, to separately track charges to Lone Star from NEET employees. Direct billed labor charges represent the hours worked times the employee's hourly pay rate plus a labor loader. The labor loader includes vacation, sick leave, benefits, taxes, and administrative costs. See Exhibit CLD-3A of the direct testimony of Cheryl L. Dietrich for the calculation of the NEET labor loader rate. NEET only bills for direct charges and does not directly assign or allocate any costs to Lone Star. Refer to Exhibit CLD-2 of Ms. Dietrich's testimony for the NEET Transactions with Subsidiaries and Affiliates Policy and Procedure, which documents NEET's corporate support billing processes.

NextEra Energy Resources, LLC (NEER)

NEER, in the same way NEET bills Lone Star, uses a direct bill method for billing services provided to Lone Star. Direct bill travel expenses and any time spent on Lone Star activities are coded to a Lone Star WBS Element. WBS Elements are set up on Lone Star's books, to separately track charges to Lone Star from NEER employees. Direct billed labor charges represent the hours worked times the employee's hourly pay rate plus a labor loader. The labor loader includes vacation, sick leave, benefits, taxes, and administrative costs. See Exhibit CLD-3B for the calculation of the NEER labor loader rate. Refer to Exhibit CLD-2 of the direct testimony of Cheryl L. Dietrich for the NEER Transactions with Subsidiaries and Affiliates Policy and Procedure, which documents NEER's corporate support billing processes.

When direct billing is not practical, NEER uses two types of allocations, direct assigned and allocated, to distribute a portion of its shared corporate support services costs. As discussed in Schedule V-K-9, NEER allocates shared costs to Lone Star on a monthly basis through the NEER Affiliate Management Fee (AMF). See Exhibit CLD-6 of the direct testimony of Cheryl L. Dietrich for the NEER AMF Policy and Procedure, which documents NEER's AMF allocation process.

Florida Power & Light Company (FPL)

FPL, in the same way NEET and NEER bill Lone Star, uses a direct charge method for billing services to Lone Star. Direct charge travel expenses and any time spent on Lone Star activities are coded to an Internal Order that settles to a Lone Star WBS Element. WBS Elements are set up on Lone Star's books, to separately track charges to Lone Star from FPL employees. Direct billed labor charges represent the hours worked times the employee's hourly pay rate plus a labor loader. The labor loader includes vacation, sick leave, benefits, taxes, and administrative costs. See Exhibit CLD-3C for the calculation of the NEER labor loader rate.

When direct billing is not practical, FPL uses two types of allocations, direct assigned and allocated, to distribute a portion of its corporate support services costs. As discussed in Schedule V-K-9, FPL allocates shared costs to Lone Star on a monthly basis through the FPL AMF. See Exhibit CLD-5 of the direct testimony of Cheryl L. Dietrich for the FPL Cost Allocation Manual, which documents FPL's affiliate billing processes.

Refer to the direct testimony of Cheryl L. Dietrich for a detailed description of affiliate billing methods.

The following tables show each type of service provided to Lone Star from its affiliates and whether the services are direct billed, direct assigned or allocated.

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NextEra Energy Transmission, LLC

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Business Management	Provides executive and management direction for implementation of strategies, processes, and policies for financial planning and forecasting, affiliate transactions, corporate compliance, and business activities; corporate financial, due diligence, and business reporting; financial transaction monitoring; preparation of debt funding estimates; assistance with the preparation of cost projections, estimates and annual five-year plans; and assistance with the preparation and execution of regulatory filings.	Direct Billed
Business Services	Provides management oversight, which includes strategic and business planning; support of development; project management for rate case development and filing; process management system that ensures replication of each operational process; review of regulatory compliance filings; formulation and administration of quality program; establishment of "Operating Model" framework; and research and analysis of legislative impacts.	Direct Billed
Transmission Operations	Provides oversight and support in implementation of standardized transmission operations processes and procedures for the system control center, energy management system, field asset assessment and maintenance, event response, and reporting through interfaces with FPL Transmission & Substation organization and other corporate support organizations.	Direct Billed

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NextEra Energy Resources, LLC

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Accounting and Finance	<p>General accounting, accounts payable, property tax and tax research, project valuation and modeling</p> <p>Provides financial reporting, month-end closing functions, financial planning and forecasting, income and sales and use tax, senior management oversight, SAP production support: role approvals, role changes, user access, and custom SAP table maintenance, Sarbanes-Oxley Section 404 compliance/administration.</p>	<p>Direct Billed</p> <p>AMF</p>
Corporate Governance	<p>Provides senior management oversight, strategic direction and governance for NEER, NEET and their subsidiaries' day-to-day operations.</p>	<p>AMF</p>
Development	<p>Performs detailed evaluations of alternatives for transmission business, development of business plan for specific projects to ensure optimal planning, operational and financial structure; works with Project Valuation to develop a financial model</p>	<p>Direct Billed</p>
Engineering Construction and Corporate Services (ECCS)	<p><i>Engineering and Construction</i> - Performs project cost and schedule controls, invoice processing, estimating, preliminary engineering and surveying, material specifications, procurement strategy, pole design, transmission line routing, vendor and project management, and manages discovery document collection and review for Engineering and Construction.</p> <p><i>Integrated Supply Chain</i> - Provides procurement of materials, right of way and construction services, and data management software; management oversight for bidding services and vendor negotiation</p>	<p>Direct Billed</p> <p>Direct Billed</p>
Environmental Services	<p>Services include coordination of environmental surveys, preparation of environmental policies and procedures, providing environmental expertise as it relates to route adjustments, and oversight of environmental monitors.</p>	<p>Direct Billed</p>
Human Resources	<p>Provides recruiting and hiring for non-operations personnel, terminations, compensation, and day-to-day personnel support.</p>	<p>Direct Billed</p>
Information Management	<p>Provides general support for telecommunications infrastructure including determining overall technical direction, developing network connectivity, and deploying the network and servers. SAP support, data management systems,</p>	<p>Direct Billed</p>

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 LONE STAR TRANSMISSION, LLC.
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NextEra Energy Resources, LLC (Continued)

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Information Management (continued)	and desktop support for systems owned, operated, and maintained by NEER	Direct Billed
Law Department	Provides legal services including support for financing contracts, construction contracts, debt and equity structuring, real estate office lease negotiations and contracts, employment law support, title commitments, land purchase agreements, and right of way easement agreements. Chief legal counsel and corporate secretaries.	Direct Billed AMF
Treasurer	Provides analysis of financing activities, evaluation of new financing vehicles and instruments, and supporting investment activities and banking.	Direct Billed

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 LONE STAR TRANSMISSION, LLC.
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Florida Power & Light Company

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Accounting and Finance	Specific support unique to Lone Star such as regulatory accounting treatment and analysis, and rate case consultation.	Direct Billed
	Provides oversight of all finance functions of NextEra Energy Inc. and subsidiary and affiliated companies including, investor relations, Controller's staff, Sarbanes-Oxley internal controls and compliance, financial reporting and forecasting, accounting policy and analysis, investments, risk management, corporate tax, and cost allocations.	AMF
Corporate Communications	Provides department management and administration, email, employee communication, centralized services, interactive and social media.	AMF
Corporate Governance	Executive officers of NextEra Energy who are engaged in strategic, tactical and compliance related activities. Activities associated with the NextEra Energy Board of Directors and Investor Relations.	AMF
Engineering, Construction, and Corporate Services (ECCS)	<i>Integrated Supply Chain</i> - Services include bidding, vendor negotiating, and material purchasing for substation equipment.	Direct Billed
	Business analytics, supplier diversity, master contracts such as travel and other services that benefit the entire organization.	AMF
	<i>Corporate Real Estate</i> - Services include identifying the location for, and leasing of, office space.	Direct Billed
	Furniture use and office space use allocation.	Direct Assigned
	Mail and intersite courier services.	AMF
	<i>Engineering and Construction</i> - Provides management oversight for the project cost and schedule controls and invoice processing personnel, and consulting for switchyard and substation electrical systems and major equipment.	Direct Billed
Human Resources	Transmission and substation operations personnel recruiting for Lone Star	Direct Billed
	Performs safety campaigns, compensation and benefits administration, talent acquisition administration, background checks and drug testing, Workforce analytics, Equal Employment Opportunity	AMF

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Florida Power & Light (continued)

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Human Resources (Continued)	Commission ("EEOC") compliance, workers compensation and safety oversight, administration of employee development, payroll processing, employee call center, health and well being administration, and recruiting administration	AMF
Information Management	Performs support for remote access, developing network connectivity and deploying servers for field offices and control centers Management and administration of enterprise hardware and software systems	Direct Billed AMF
Internal Audit	Audits or consultations specific to Lone Star Performs internal audits of company and affiliates, NERC compliance, FERC compliance, and Ethics office	Direct Billed AMF
Law Department	Provides legal support for business units (e.g., litigation, labor, and employment, commercial contracting, corporate governance, regulatory proceedings as well as all other operational legal matters), monitoring compliance with federal, state and local laws, regulations and ordinances; and negotiating and reviewing agreements. Services include outside legal reviews of annual report and SEC filings; Board of Directors; labor, employment and benefits support; and corporate records and document files handling.	Direct Billed AMF
Regulatory Affairs	Services include coordinating dockets for regulatory rulemaking policy, rate proceedings and other technical filings.	Direct Billed
Strategy, Policy and Process Improvement	Provides building security; risk identification and management; quality, planning and analysis for operational excellence; and environmental strategy and support services which cover compliance, water and wildlife, air, and hazardous substances. More specifically, this includes Business administration of the department; building Security to include security officers and guard service, video monitoring and security badge /access administration; Emergency planning and Pandemic Events; Environmental Services strategy, compliance and support on Water and Wildlife, Air Media, and Oil & Hazardous substances; and Operational Excellence programs and training.	AMF

WITNESS: CHERYL L. DIETRICH

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Florida Power & Light (Continued)

FUNCTIONAL AREAS	DESCRIPTION OF SERVICES	CHARGE METHOD
Transmission and Substation Services	<p>Provides budgeting and affiliate billing and reporting support, internal communications and Six Sigma quality program management.</p> <p><i>Central Maintenance</i> - Provides project management and construction oversight for substation, transmission line and switchyard capital improvements at Lone Star; maintenance administration; transmission line, substation and vegetation management and maintenance support services; provides support on substation environmental services for oil filled equipment and safety and switching training programs.</p> <p><i>Engineering and Technical</i> - Services include transmission line, substation and protection & control subject matter expertise (SME) in life cycle condition assessment and maintenance plans and processes; developing list of vendors for bidding materials; design review; facility & master station evaluation; reviewing design for protective relaying design, instrument transformers, and metering; developing substation scope of work and switchyard equipment specifications. Develops transmission breaker and equipment specifications. Serves as owner's representative/engineer services on Brownfield construction projects;</p> <p>SME technical engineering support; environmental support related to equipment and animal programs.</p> <p>Transmission equipment consultative services and expertise (remote technical support); event analysis technical support (remote); subject matter expert (SME) technical support on all asset types in substations and lines</p> <p>Technology provides support and consulting services related to scoping, establishing and operating Supervisory Control and Data Acquisition (SCADA) and overall Energy Management Systems infrastructure and applications for transmission system operations and setup of control room and asset diagnostic analysis and capabilities.</p> <p>Provides support services related to developing and implementing a standardized compliance program/process management</p>	Direct Billed