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March 12, 2021

VIA ELECTRONIC FILING
Adam Teitzman, Commission Clerk
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No 20210015-EI
Petition by FPL for Base Rate Increase and Rate Unification

Dear Mr. Teitzman:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") in the above-referenced docket is FPL's Petition for Base Rate Increase and Rate Unification. This letter includes an index of the documents that we are e-filing today in support of FPL's requested relief.

The testimony and exhibits of FPL's supporting witnesses, which include FPL's 2021 Depreciation Study and 2021 Dismantlement Study, together with the Minimum Filing Requirements and Supplemental Information in MFR Format, and a Request for Confidential Classification, are being filed under separate cover.

Please contact me if you have any questions regarding this submission.

(Document 1 of 69)

Sincerely,

R. Wade Litchfield
Vice President & General Counsel
Florida Power & Light Company

RWL:ec

PETITION, DIRECT TESTIMONY AND EXHIBITS

Document Number	Title/Description
1	Petition by Florida Power & Light Company for Base Rate Increase and Rate Unification
2	Direct Testimony of Eric Silagy and Exhibits ES-1 through ES-5
3	Direct Testimony of Robert E. Barrett and Exhibits REB-1 through REB-12
4	Direct Testimony of Scott R. Bores and Exhibits SRB-1 through SRB-11
5	Direct Testimony of Liz Fuentes and Exhibits LF-1 through LF-9
6	Direct Testimony of James M. Coyne and Exhibits JMC-1 through JMC-11
7	Direct Testimony of Michael Spoor and Exhibits MS-1 through MS-6
8	Direct Testimony of Thomas Broad and Exhibits TB-1 through TB-9
9	Direct Testimony of Christopher Chapel and Exhibits CC-1 through CC-6
10	Direct Testimony of Robert Coffey and Exhibits RC-1 through RC-6
11	Direct Testimony of Sam Forrest and Exhibits SAF-1 and SAF-2
12	Direct Testimony of Matthew Valle and Exhibits MV-1 through MV-8
13	Direct Testimony of Steven R. Sim and Exhibits SRS-1 through SRS-13
14	Direct Testimony of John J. Reed and Exhibits JJR-1 through JJR-15
15	Direct Testimony of Jun K. Park and Exhibits JKP-1 through JKP-5
16	Direct Testimony of Kathleen Slattery and Exhibits KS-1 through KS-9
17	Direct Testimony of Tiffany C. Cohen and Exhibits TCC-1 through TCC-9
18	Direct Testimony of Tara B. DuBose and Exhibits TBD-1 through TBD-8
19	Direct Testimony of Keith Ferguson and Exhibits KF-1 through KF-8
20	Direct Testimony of Ned W. Allis and Exhibits NWA-1 (Depreciation Study) through NWA-9
21	Direct Testimony of Jeffrey T. Kopp and Exhibits JTK-1 (Dismantlement Study) and JTK-2

MINIMUM FILING REQUIREMENTS

Document Number	Title/Description
22	MFRs, 2022 Test Year, Vol. 1 of 8, Section A, Executive Summary
23	MFRs, 2022 Test Year, Vol. 2 of 8, Section B, Rate Base
24	MFRs, 2022 Test Year, Vol. 3 of 8, Section C, Net Operating Income
25	MFRs, 2022 Test Year, Vol. 4 of 8, Section D, Cost of Capital
26	MFRs, 2022 Test Year, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
27	MFRs, 2022 Test Year, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
28	MFRs, 2022 Test Year, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
29	MFRs, 2022 Test Year, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous
30	MFRs, 2023 Subsequent Year Adjustment, Vol. 1 of 8, Section A, Executive Summary
31	MFRs, 2023 Subsequent Year Adjustment, Vol. 2 of 8, Section B, Rate Base
32	MFRs, 2023 Subsequent Year Adjustment, Vol. 3 of 8, Section C, Net Operating Income
33	MFRs, 2023 Subsequent Year Adjustment, Vol. 4 of 8, Section D, Cost of Capital
34	MFRs, 2023 Subsequent Year Adjustment, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
35	MFRs, 2023 Subsequent Year Adjustment, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
36	MFRs, 2023 Subsequent Year Adjustment, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
37	MFRs, 2023 Subsequent Year Adjustment, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous

SUPPLEMENT 1 - FPL STANDALONE INFORMATION IN MFR FORMAT

Document Number	Title/Description
38	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 1 of 8, Section A, Executive Summary
39	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 2 of 8, Section B, Rate Base
40	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 3 of 8, Section C, Net Operating Income
41	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 4 of 8, Section D, Cost of Capital
42	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
43	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
44	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
45	Supplemental Standalone FPL Information in MFR Format, 2022 Test Year, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous
46	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 1 of 8, Section A, Executive Summary
47	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 2 of 8, Section B, Rate Base
48	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 3 of 8, Section C, Net Operating Income
49	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 4 of 8, Section D, Cost of Capital
50	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
51	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
52	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
53	Supplemental Standalone FPL Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous

SUPPLEMENT 2 - GULF STANDALONE INFORMATION IN MFR FORMAT

Document Number	Title/Description
54	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 1 of 8, Section A, Executive Summary
55	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 2 of 8, Section B, Rate Base
56	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 3 of 8, Section C, Net Operating Income
57	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 4 of 8, Section D, Cost of Capital
58	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
59	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
60	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
61	Supplemental Standalone Gulf Information in MFR Format, 2022 Test Year, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous
62	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 1 of 8, Section A, Executive Summary
63	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 2 of 8, Section B, Rate Base
64	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 3 of 8, Section C, Net Operating Income
65	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 4 of 8, Section D, Cost of Capital
66	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 5 of 8, Section E, Part 1 of 2, Cost of Service and Rate Design
67	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 6 of 8, Section E, Part 2 of 2, Cost of Service and Rate Design
68	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 7 of 8, Section F, Part 1 of 2, Miscellaneous
69	Supplemental Standalone Gulf Information in MFR Format, 2023 Subsequent Year Adjustment, Vol. 8 of 8, Section F, Part 2 of 2, Miscellaneous

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light Company for Base Rate Increase and Rate Unification	Docket No. 20210015-EI Filed: March 12, 2021

PETITION BY FLORIDA POWER & LIGHT COMPANY
FOR BASE RATE INCREASE AND RATE UNIFICATION

Florida Power & Light Company ("FPL or the "Company"), pursuant to the provisions of Chapter 366, Florida Statutes (2020), and Rules 25-6.0425 and 25-6.043, Florida Administrative Code (2021) ("F.A.C."), representing the merged and consolidated operations of FPL and the former Gulf Power Company ("Gulf"),[1] respectfully petitions the Florida Public Service Commission ("FPSC" or "Commission") for approval of: (a) base rate increases pursuant to a four-year rate plan modeled after the series of multi-year plans that have served customers exceptionally well over the last 22 years and (b) FPL unified rates for all customers, including those currently served pursuant to the rates and tariffs on file for Gulf, subject to a transition rider and credit intended to reflect initial but diminishing cost of service differences as the two utility systems are combined and operated as one.

FPL has achieved industry-leading performance under a series of six Commission-approved multi-year rate settlements spanning the last 22 years. Each multi-year plan has allowed the Company to focus on providing and improving upon FPL's outstanding customer value, while also maintaining the strong credit rating and balance sheet that are essential to ensuring customer needs can be met even during periods of capital market volatility. FPL's proposal in this case is designed to meet the same objectives and to enable the Company to continue to improve operations

[1] On January 11, 2021, pursuant to Rule 25-9.044, F.A.C., FPL submitted a notice of the change in ownership of Gulf effective January 1, 2021 and FPL's adoption and ratification of Gulf's existing rates and tariff on file with the Commission. The former Gulf service area is referred to herein as "Northwest Florida."

and service.

Specifically, FPL proposes a four-year rate plan to run from 2022 through 2025, consisting of: (i) an increase in rates and charges sufficient to generate additional total annual revenues of $1,108 million to be effective January 1, 2022; (ii) a subsequent year adjustment of $607 million to be effective January 1, 2023 ("2023 SYA"); (iii) a Solar Base Rate Adjustment ("SoBRA") mechanism that authorizes FPL to recover costs associated with the installation and operation of up to an aggregate of 1,788 megawatts[2] ("MW") of cost-effective solar generation in 2024 and 2025; (iv) a mechanism to address the possibility that changes to corporate tax laws might be enacted under the new presidential administration; (v) the continuation of the reserve surplus amortization mechanism ("RSAM") that has been an integral part of FPL's last three multi-year rate plans; (vi) the continuation of the storm cost recovery mechanism approved as part of FPL's 2016 rate settlement; and (vii) the authority to accelerate amortization of unprotected excess accumulated deferred income taxes resulting from the 2017 Tax Cuts and Jobs Act ("TCJA"). The elements of this multi-year plan are described below in more detail and in the direct testimony of FPL witnesses.

FPL also proposes to maintain its long-standing equity ratio and requests approval of a return on common equity ("ROE") range of 200 basis points based on an 11.50% midpoint to set rates and for all other purposes. The 11.50% midpoint consists of a base cost of equity of 11.0% and a one-half percent performance incentive that recognizes FPL's history of delivering superior customer value and encourages continued improvements in the delivery of safe, clean, reliable and affordable electric service.

[2] All references to solar capacity in this Petition are measured in alternating current.

Customers have benefitted from a sustained period of low bills during the period in which FPL has operated under multi-year settlements. FPL's four-year plan will allow the Company to continue focusing on ways to deliver low-cost electricity. FPL estimates that, through 2025, typical residential customer bills would remain approximately 20% below the projected national average. And, indicative of the value that FPL provides to customers, the typical residential bill in Northwest Florida is projected to decrease by the end of the four-year term.

The testimony and exhibits of FPL's witnesses and the minimum filing requirements ("MFR") and schedules accompanying this Petition, which are incorporated herein by reference, describe the need for rate relief and detail how the consolidation of FPL and Gulf has benefitted and will continue to benefit all customers. In further support of this Petition, FPL states as follows:

Introduction of Petitioners

1. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

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2. This Petition seeks to initiate proceedings that may involve disputed issues of material fact. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, paragraph (c) and portions of paragraphs (e), (f) and (g) of Rule 28-106.201(2), F.A.C., are not applicable to this Petition. It is not known which, if any, of the material facts set forth in the body of this Petition, or in the testimony, exhibits, MFRs or schedules filed herewith, may be disputed by others planning to participate in the proceeding initiated by this Petition. All other requirements for petitions filed under Rule 25-106.201, F.A.C., have been met in the body of this Petition.

3. FPL is a corporation with its headquarters located at 700 Universe Boulevard, Juno Beach, Florida, 33408-0420. A wholly owned subsidiary of NextEra Energy, Inc. ("NextEra"), FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes (2020). FPL serves customers throughout much of peninsular Florida and now also serves a significant portion of Northwest Florida. As the provider of electric service in much of the state, FPL represents a major component of Florida's economy. FPL provides electric service to more than 5.6 million customer accounts, or more than half of Florida's homes and businesses.

4. Gulf was acquired by NextEra on January 1, 2019. Gulf was subsequently merged into FPL on January 1, 2021. Following the acquisition, and prior to the legal combination of FPL and Gulf, the two companies began to consolidate their operations. In the 2022 Test Year, FPL and Gulf will be operationally and legally combined and will function as one company in all respects. They will have a common set of generation resources, common operational support for customer service and power delivery, common back office support for accounting, finance,

regulatory, legal and other functions and a common management structure. The cost of service and rates proposed in this filing reflect this consolidation.

5. The terms "FPL" and "Gulf" will be used throughout this Petition and in the accompanying testimony of FPL witnesses. Unless otherwise specifically stated or dictated by context, those references will mean the following:

- In discussing operations or time periods prior to NextEra Energy's January 1, 2019 acquisition of Gulf, "FPL" and "Gulf" will refer to their pre-acquisition status, when they were legally and operationally separate companies.
- In discussing operations or time periods between the January 1, 2019 acquisition and January 1, 2022 (when consolidation will be essentially complete), "FPL" and "Gulf" will refer to their status as separate ratemaking entities, recognizing that they were merged legally on January 1, 2021 and that consolidation proceeded throughout this period.
- In discussing operations and time periods after January 1, 2022, most references will be only to "FPL" because Gulf will be consolidated into FPL, and FPL is proposing unified rates for the consolidated company. References to "Gulf" thereafter will primarily be to address any rate differentiation between customers in the former FPL and Gulf service areas (also referred to as peninsular and Northwest Florida throughout this Petition).

FPL Consistently Delivers Superior Value to Customers

6. FPL has a long history and strong record of making strategic, forward-looking investments that provide its customers long-term savings and superior reliability. Creating this exceptional value is a function of innovative and responsible decision-making. The core strategy

that FPL has executed consistently is comprised of four key elements: (i) a relentless focus on efficiency and productivity; (ii) smart investments that contribute to lower operations and maintenance ("O&M") expenses, lower fuel costs, lower emissions, better reliability, or otherwise improve customer value; (iii) sound financial policies including a strong balance sheet; and (iv) a willingness to innovate and embrace new ideas, technologies and programs. Today, as a result of executing its core strategy effectively over many years, facilitated by the series of multi-year rate agreements approved by this Commission, FPL provides the best energy value in the nation. FPL continuously performs at an overall level far exceeding that of its peers, ranking as best-in-class or top decile nationally across numerous categories, despite facing a demonstrably greater than average set of challenges.

7. *Transmission and distribution*. FPL consistently has been the top performer among Florida investor-owned utilities in terms of reliability, with the best Transmission and Distribution System Average Interruption Duration Index ("SAIDI") for the last 15 years. If FPL had been simply an average performer rather than an exceptional one, over the last five years FPL's customers would have experienced an average interruption duration of 107 minutes – *double* FPL's actual average service interruption duration of 54 minutes. Notably, in the two years following the acquisition of Gulf by NextEra, Gulf's SAIDI improved by 50% compared to its pre-acquisition level.

8. *Fossil/Solar fleet*. FPL's strong fossil/solar fleet performance continues to produce significant customer savings. The average heat rate of FPL's non-nuclear generation fleet in 2019 was 7,070 Btu/kWh compared to an industry average of 9,476 Btu/kWh. This means that the industry's generation on average is 34% less efficient than FPL's fleet, a fact that has translated into substantial savings for FPL customers. Indeed, FPL's heat rate improvements since 2001

have saved customers approximately $11 billion cumulatively in fuel costs. Additionally, FPL's generation fleet performance has been best-in-class in terms of forced outages in nine of the last 10 years and has ranked in the top decile in availability in six of those years. This means that FPL customers receive power more often from highly efficient generation, thereby compounding the fuel savings while also reducing emissions. Already, with improvements to the generation resources in Northwest Florida, Gulf customers are benefitting from an improved heat rate that is 10% lower than when Gulf was acquired in 2019.

9. *Nuclear performance*. FPL's nuclear generation has produced over $20 billion in fuel savings over the past 20 years when compared to the natural gas/fuel oil cost equivalent. These cost savings are passed directly to FPL customers through lower Fuel and Purchased Power Cost Recovery Clause charges. FPL's nuclear fleet also has shown steady improvements in capacity factor and availability measures since 2013 and remains a key element in FPL achieving a favorable air emissions profile. Also, in late 2019, FPL became the first utility ever to receive a subsequent nuclear license renewal from the Nuclear Regulatory Commission.

10. *Clean energy*. With a generating fleet that produces over 95% of its electric power from natural gas combined-cycle, solar, and nuclear resources, FPL is a clean-energy company. In fact, FPL has one of the lowest emission profiles among major U.S. utilities, having reduced its air emission rates since 1990 by 45% for carbon dioxide, 98% for nitrogen oxides, and nearly 100% for sulfur dioxides. With the Commission's support of FPL's SoBRA mechanism and the recently approved SolarTogether Program, FPL now leads the industry as the utility owner and operator having the most large-scale solar in the United States. Gulf likewise has been improving its emissions profile since being acquired by NextEra. The coal-to-gas fuel conversion at the Gulf Clean Energy Center (formerly Plant Crist) reduces the plant's carbon dioxide emission rates by

over 40%. And, Gulf's first owned and operated large-scale solar energy center went into service April 1, 2020, with two additional sites in development for commercial operation in 2021.

11. *Customer Service.* FPL has been recognized for outstanding customer satisfaction in several independent national surveys. In 2020, FPL was ranked first in residential and second in business electric utility customer satisfaction among peer utilities in the U.S. south region by J.D. Power,[3] and it was ranked No. 1 in customer experience compared to the top 25 U.S. electric providers based on customer service, reliability and price. In 2019, FPL was designated a "Customer Champion" for the sixth consecutive year, a recognition of service satisfaction based on a survey of utility customers by Escalent, a leading nationwide research firm. In 2018, FPL was recognized as delivering the best customer experience in the utility industry, according to a cross-industry customer experience benchmark study. Gulf's customer service since acquisition has improved markedly, with a 70% improvement in the average time it takes for a customer to speak to a representative.

12. *Low, stable rates*. FPL's residential, commercial and industrial bills have been among the lowest bills in the state and the nation for over a decade. Compared to the 20 largest investor-owned utilities in the country, by number of customers, FPL's typical 1,000 kWh residential bill is the lowest and is more than 40% below the group's average. Even with the rate increases requested in this proceeding, FPL's typical residential bill will remain significantly below the projected national average. In fact, the typical residential bill in Northwest Florida will be lower by the end of the four-year rate plan.

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[3] https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study; https://www.jdpower.com/business/press-releases/2020-electric-utility-business-customer-satisfaction-study

13. The value and importance of FPL's core strategy and long-term planning has become especially apparent in recent months, when other areas of the country are facing daunting infrastructure problems and a shortage of reliable generation capacity. Even during market disruptions and economic downturns, FPL has maintained its long-term perspective, continuing to make smart investments in our infrastructure and building a system that will provide long-term benefits to customers in terms of both reliability and low bills. A couple of key examples include (i) FPL's investments in grid modernization that have resulted in a highly resilient grid that significantly enhanced storm restoration during a record-breaking 2020 storm season, and (ii) FPL's ongoing investment in solar energy, which improves fuel diversity and mitigates the impact of supply shortages and disruptions.

<u>Gulf's Integration into the FPL Family</u>

14. From the day it joined the FPL family, Gulf began integrating into its operations the management philosophies and investment practices that have resulted in FPL's industry-leading value. Execution of this business plan at Gulf in the two years since acquisition already has resulted in improved reliability and customer service, reduced emission rates and significant cost savings for customers in Northwest Florida.

15. Gulf also has achieved substantial reliability improvements in the two years following its acquisition by NextEra Energy. In 2020, Gulf achieved its best-ever FPSC Transmission and Distribution SAIDI and FPSC Distribution Momentary Average Interruption Frequency Event Index, with scores that are 50% and 30%, respectively, better than in 2018.

16. Also, since the acquisition, Gulf has realized a 90% improvement in its generation Equivalent Forced Outage Rate and an 18% reduction in carbon emissions.

17. The North Florida Resiliency Connection ("NFRC"), a 176-mile transmission line that will connect peninsular and Northwest Florida electrically, will strengthen Florida's transmission system and will allow FPL to optimize for all its customers the dispatch of a broader array of resources available throughout the state. This optimization will allow for increased siting flexibility with an opportunity to improve firm capacity values of solar, increase fuel diversity, reduce emissions, and reduce the resources necessary to maintain a combined 20% reserve margin requirement. FPL projects system benefits of approximately $1.53 billion as a result of generation upgrades already underway, the NFRC, and the ability to plan for and dispatch from a common fleet of generation resources.

18. Prior to 2019, Gulf had performed at average or below-average cost efficiency levels compared to its peers. In the two years since being acquired by NextEra, Gulf already has made significant strides forward in its cost efficiency metrics for customer expense, distribution O&M expense, non-fuel production O&M expense and total non-fuel O&M expense. Continuation of this improved level of performance is expected to reduce Gulf's annual O&M expense in 2022 by $86 million, a 33% reduction compared to Gulf's pre-acquisition costs and savings that are reflected in the revenue requirement calculations submitted in this case.

19. The merger and consolidation of FPL and Gulf operations are producing substantial benefits. Altogether, the merger and consolidation are projected to produce more than $2.8 billion in savings (cumulative present value revenue requirements, "CPVRR") that will benefit all customers, in addition to the improvements in reliability, customer service and lower emissions that directly benefit customers in Northwest Florida.

Rate Unification

20. To reflect the common set of operations from a single utility system, FPL requests authority to cancel the existing Gulf tariffs that FPL has adopted and to unify the rates and tariffs applicable to all customers in peninsular and Northwest Florida. Through a combined financial forecast and a common cost of service, FPL's proposal will appropriately allocate costs and benefits for all customers of the combined system. Unified rates will reflect the reality that customers are receiving service from one functionally integrated company and from a common set of assets and employees, without geographical distinction between former FPL and Gulf service areas.[4]

21. Customers also will benefit from the efficiency and simplified rate administration that can be achieved only through a unified rate structure. Where FPL and Gulf otherwise would require separate regulatory proceedings, a single company with unified rates will require only one. For example, rate unification will eliminate the need for each company to have separate base rate and cost recovery clause proceedings, demand side management goals and plans, earnings surveillance reports, securities applications, annual reports, and other requirements. Rate unification also will eliminate the need to record intercompany charges, affiliate transactions, and the associated intercompany agreements and audits.

22. In connection with rate unification, FPL proposes a transition rider that will be charged to Northwest Florida customers and credited to peninsular Florida customers under a

[4] Combined clause structures also follow logically from consolidation and a common cost of service. In the 2021 clause proceedings, FPL will request approval of new unified clauses and factors so that, subject to the Commission's decision on unified rates, peninsular and Northwest Florida customers will have the same base rates and the same clause rates effective January 1, 2022.

consolidated rate structure. Calculated based on the system average rate differential in 2021, the temporary transition rider/credit is designed to avoid undue or unreasonable preference of one locality over another while also considering initial historical differences in the cost to serve peninsular and Northwest Florida.[5] The transition rider/credit would decline to zero ratably over a five-year period, reflecting the diminishing ability to reach objectively defined allocations of costs among customers located in one part of the state versus another, who are served by one functionally integrated company and from a common set of assets and employees, without geographical distinction.

FPL's Cost Control Activities Have Mitigated the Requested Base Rate Increase

23. FPL's productive efficiency is second to none, consistently ranking best-in-class for at least the past 10 years compared to all Florida utilities, large utilities nationally, and the Straight Electric Group.[6] FPL has been particularly strong in controlling its total non-fuel O&M expenses, a category that covers all four primary operating functions (generation, transmission, distribution, and customer service) and includes all administrative and general functions. In 2019, FPL's annual non-fuel O&M expense was *$2.6 billion less* than an "average" utility, which means an average FPL residential customer saved nearly $300 per year compared to customers of an average performing utility.

[5] The storm restoration costs associated with Hurricanes Michael and Sally will be excluded from the 5-year transition rider and retained by the customers in Northwest Florida until the costs are fully recovered. Additionally, any potential hurricane expenses incurred in 2021 during which time FPL and Gulf remain separate ratemaking entities will be retained by customers in the original service territory.

[6] As employed in the analysis performed by FPL witness Reed, "large utilities" consist of 10 large electric utility holding companies with at least two million electric customers and net generation comprising 45% or more of total energy sales. The "Straight Electric Group" is a peer group of companies with electric-only utility operations that have at least 450,000 customers and which own generating resources.

24. Based on FPL's long-standing superior O&M performance, FPL projects a *further reduction* in O&M-related revenue requirements in 2022 of $224 million compared to its 2018 actual base O&M benchmark, adjusted for inflation and customer growth. Project Accelerate – FPL's efficiency identification program – has been an important catalyst in driving lower operating costs.

FPL's Four-Year Plan

25. FPL proposes a four-year plan that will serve as a platform for continued superior performance that meets the increasing expectations of its customers for high reliability, low bills, clean energy leadership, and overall outstanding service. The plan is modeled after several Commission-approved multi-year rate settlements that have provided FPL customers with a long-standing framework for rate stability and certainty, while at the same time enabling FPL to maintain a strong credit rating and balance sheet necessary for the Company to consistently raise capital on attractive terms. This financial stability has allowed FPL to focus on executing its strategy of making smart, long-term investments and identifying cost control measures, all while successfully weathering multiple major storms, global financial crises and the COVID-19 pandemic.

26. By Order No. PSC-16-0560-AS-EI, the Commission approved FPL's most recent multi-year rate plan ("FPL's 2016 Rate Settlement"), acknowledging that FPL was providing excellent service and concluding that the settlement "will allow FPL to maintain the financial integrity necessary to make the capital investments over the next four years required to sustain this level of service while providing rate stability and predictability for FPL's customers." Order No.

PSC-16-0560-AS-EI, at 4. Following the Commission's approval of the 2016 Rate Settlement,[7] FPL continued its philosophy of continuous improvement and has been able to surpass its prior performance by, among other things: (i) further lowering O&M costs; (ii) making important infrastructure investments to support growth; (iii) reducing future costs by retiring interests in uneconomic contracts; (iv) lowering emissions below 2016 levels; (v) improving system fuel efficiency; and (vi) continuing to strengthen the system to improve reliability and to better withstand and restore service due to bad weather. Financial strength, stability, flexibility and the ability to focus on identifying customer-benefitting investments over the settlement period made these achievements possible.

27. FPL's four-year rate plan is largely a continuation of key elements featured in its last three multi-year settlements, with additional components that support long-term rate stability. The proposal consists of unified rates that provide an increase in total annual revenues of $1,108 million beginning January 1, 2022 and $607 million beginning January 1, 2023. FPL's four-year rate plan includes a SoBRA mechanism that would allow FPL to adjust rates in 2024 and 2025 for the limited purpose of recovering the reasonable costs associated with 894 MW of cost-effective solar in each of those years, and it includes a mechanism to address a potential change in tax law. To defer additional general base rate increases until 2026, FPL requests continuation of its RSAM and approval of the associated RSAM-adjusted depreciation rates and approval of accelerated amortization of unprotected excess accumulated deferred income taxes. The four-year plan also

[7] The minimum term of the 2016 Rate Settlement was four years. However, by aggressively controlling expenses and by utilizing the current agreement's Reserve Surplus Amortization Mechanism, FPL was able to continue operating under that multi-year Settlement for a fifth year (*i.e.*, through the end of December 2021).

requests continuation of the storm cost recovery mechanism adjusted to reflect the consolidation of FPL and Gulf.

28. Foundationally, FPL also requests the continuation of the well-established financial policies that have served as the foundation for FPL's successful strategy that delivers exceptional customer value. Specifically, FPL requests continued use of its historical capital structure and an ROE of 11.5% which is comprised of an 11.0% midpoint to reflect market conditions and a one-half percent performance incentive to recognize FPL's superior management performance and encourage FPL to maintain excellent customer value for years to come.

FPL Consistently Has Delivered Low Customer Bills

29. FPL's residential, commercial and industrial bills have been among the lowest in the state and the nation for over a decade. FPL's typical residential bill is 10% lower today than it was fifteen years ago and is currently approximately 10% below the state average and approximately 30% below the national average. Additionally, based on the 20 largest investor-owned utilities in the country, ranked by number of customers, FPL has the lowest residential bill and is more than 40% below the average.

30. FPL's commercial and industrial ("CI") customers and small business customers also have benefitted from low bills. Over the past 15 years, typical CI bills have *decreased* by a range of 14% to 19%, currently ranking 7% to 24% below the state average and 18% to 45% below the national average.

31. FPL will be positioned to remain a superior value provider under the proposed four-year plan. The five-year compound annual growth rate of the typical residential bill from January 1, 2021, through the end of the four-year rate proposal on December 31, 2025, is projected to be approximately 3.4% for peninsular Florida customers. For customers in Northwest Florida, the

current typical residential bill will decrease by an annual average of about 0.9% over that same time frame, even with the transition rider. Assuming other utilities experience bill increases at only their historical rates of increase, typical residential bills for customers in peninsular and Northwest Florida would remain below the projected national average by 20% and 15%, respectively.

Test Years and Supporting MFRs

32. *Test years*. FPL has provided its forecasts of 2022 and 2023 for use in this proceeding. The Company proposes that new unified rates be effective January 1, 2022, at a level sufficient to cover the Company's projected revenue requirements in 2022. Accordingly, 2022 should be the test year for FPL's 2022 Base Rate Increase in order to best reflect the revenues, costs and investment during the year in which those new rates are proposed to go into effect.

33. Pursuant to Section 366.076(2), Florida Statutes and Rule 25-6.0425, F.A.C., the Commission "may in a full revenue requirements proceeding approve incremental adjustments in rates for periods subsequent to the initial period in which the new rates will be in effect." FPL proposes that the rates resulting from the 2023 SYA be effective January 1, 2023. Accordingly, 2023 should be the test year for the 2023 SYA.

34. Use of the 2022 and 2023 Test Years is fully consistent with Commission rule, Commission precedent, and Florida law. Rule 25-6.140(1)(a), F.A.C., requires that a company notify the Commission of its selected test year and expressly contemplates that a utility may use a projected test year. Moreover, the Commission has long held that the use of projected test years is appropriate, and the Supreme Court of Florida has recognized that the Commission has the authority to do so. *See, e.g.*, *Southern Bell Tel & Tel. Co. v. Public Serv. Comm'n*, 443 So. 2d 92, 97 (Fla. 1983). The Court "long ago recognized that rates are fixed for the future and that it is

appropriate for [the Commission] to recognize factors which affect future rates and to grant prospective rate increases based on these factors." *Citizens v. Fla. Pub. Serv. Comm'n*, 146 So. 3d 1143, 1157 n.7 (Fla. 2014) (quoting *Floridians United for Safe Energy, Inc. v. Pub. Serv. Comm'n*, 475 So. 2d 241, 242 (Fla. 1985)).

35. *Minimum filing requirements*. The MFRs that FPL submits herewith for both the 2022 and 2023 test years reflect full consolidation of operations of the two formerly separate utilities. In addition to the 2022 and 2023 Test Years, this filing includes the MFRs that provide forecasted information for 2021 as the Prior Year and 2020 as the Historical Year consistent with the Commission's filing requirements and as approved by Order No. 2020-0312-PAA-EI in Docket No. 20200182 (consummating Order No. PSC-2020-0351-CO-EI).

36. Preparation of the MFRs and the budgets that underlie them involved a forecasting and planning process that was subject to a level of scrutiny necessary to ensure reliability for use in setting rates. Internal and external subject matter experts provided inputs and processed data through financial models widely used in the industry.

2022 Base Rate Increase

37. FPL's proposed 2022 base rate increase is needed to address increased revenue requirements since 2018, the test year last used for establishing base rates, due to the factors detailed below.

A. Major Factors Necessitating a Rate Increase and Estimate of Revenue Requirements

38. The primary drivers of the change in revenue requirements are: (i) capital investment initiatives that support system growth, increased reliability, storm hardening not included as part of the Storm Protection Plan Cost Recovery Clause and generation investments

which provide long-term economic benefits to customers; (ii) the change in the weighted average cost of capital ("WACC"); (iii) the impact of inflation and customer growth; (iv) the impact of the amortization of the Reserve Amount authorized by the 2016 Rate Settlement that partially offsets the growth in base revenue requirements; (v) productivity gains that also partially offset the growth in base revenue requirements; (vi) adoption of RSAM-adjusted depreciation rates that also partially offset the growth in base revenue requirements; and (vii) revenue growth that also partially offsets the growth in base revenue requirements. Each of these drivers will be discussed individually, and they are summarized as follows:

39. *Capital initiatives*. The projected increase in FPL's 2022 retail rate base compared to FPL's and Gulf's 2018 rate base is primarily a result of capital investments that support reliability improvements, generation upgrades, system growth and regulatory compliance. The importance of these investments to the state of Florida has been underscored by the challenges from COVID-19, another historic hurricane season and the near catastrophic failures that occurred recently in Texas.

a. *Power Delivery reliability*. FPL plans to deploy innovative smart grid technology to prevent outages and reduce restoration time. Additionally, to ensure the continued reliable performance of the electric system in Florida, FPL is rebuilding its 500kV transmission structures, the majority of which were originally built in the 1970s and 1980s, with stronger, more durable galvanized steel poles.

b. *Generation upgrades*. FPL is undertaking several generation projects, each one providing long-term benefits in the form of lower costs and improved reliability for customers, including but not limited to:

i. *Solar*. Building upon the successes facilitated by this Commission's constructive approach to solar, FPL continues its industry leading solar development in both peninsular and Northwest Florida. In addition to the solar constructed through the SoBRA Mechanism approved as part of FPL's 2016 Rate Settlement and the Commission-approved SolarTogether program, FPL will have invested in the construction of three cost-effective 74.5 MW solar facilities in Northwest Florida, one that entered service in December 2020 and two that are estimated to enter service at the end of 2021. Six additional cost-effective 74.5 MW solar facilities located in peninsular Florida are projected to enter service by January 2022, all advancing FPL's clean energy initiatives and providing significant long-term system savings for customers including immediate fuel savings when the units enter service;

ii. *Dania Beach*. In mid-2022, FPL will place in service its Dania Beach Clean Energy Center, a 1,160 MW combined cycle unit that will provide necessary and efficient baseload generation in the critical South Florida load pocket, as recognized by the Commission in its order[8] approving the need for construction of the unit.

iii. *Manatee (solar+battery)*. FPL is retiring its two steam-based generating units at the Manatee facility and constructing the world's largest integrated solar-powered battery storage system, continuing its successful strategy

[8] Order No. PSC-2018-0150-FOF-EI, issued March 19, 2018.

of replacing older plants that are expensive to maintain with clean and efficient new generation that produces significant customer savings.

iv. *Northwest combustion turbines*. FPL also is installing four combustion turbine ("CT") units in Northwest Florida to meet reliability needs. The CTs will allow for unanticipated system peaks and for quick start generation in the Northwest load pocket.

c. *Capital requirements for growth*. From 2018 through 2022, FPL estimates that it will have added nearly 292,000 new customers and consequently will invest in distribution and transmission infrastructure to support system growth, changing load patterns and the addition of new service accounts.

d. *Storm hardening*. FPL has made significant base rate investments in storm hardening since its last test year. Capital expenditures for storm protection assets incurred after January 1, 2021 will be recovered through the Storm Protection Plan Cost Recovery Clause, but the storm hardening investments made in 2019 and 2020 will continue to be recovered through base rates.

e. *Regulatory compliance*. FPL will incur regulatory compliance costs associated with increased North American Electric Reliability Corporation ("NERC") and Federal Energy Regulatory Commission ("FERC") reliability requirements, NERC cybersecurity requirements, Nuclear Regulatory Commission requirements, and facility relocations required by state agencies and local municipalities.

40. *Change in weighted average cost of capital*. The 2022 requested rate of return is slightly higher than the rate of return earned in 2018, largely due to a reduction in the proportion of deferred income tax balances as a result of the 2017 TCJA.

41. *Inflation and customer growth (O&M).* Based on changes to the Consumer Price Index ("CPI"), inflation will have added 6.3% to the cost of goods and services in 2022 relative to 2018. Additionally, FPL's customer base is projected to grow 5.4% cumulatively during that period, calling for additional O&M expenditures to support this growth.

42. The following factors reduce FPL's costs, thereby reducing the 2022 Test Year revenue requirements:

a. *Reserve Amortization*. The 2016 Rate Settlement allowed FPL to amortize up to $1.25 billion of the Reserve Amount, allowing the Company to offset variability in operating costs and revenues while continuing to invest in capital projects that provide long-term customer benefits and maintaining an appropriate earned ROE. Flexible amortization of the Reserve Amount in 2018 resulted in higher depreciation expense compared to the 2022 Test Year, thereby reducing the 2022 Test Year revenue requirements in comparison.

b. *O&M Productivity*. FPL is projecting a reduction in base O&M in 2022 compared to its 2018 benchmark level. As described above, FPL's non-fuel O&M per kWh cost position already was best-in-class at the time of FPL's last rate case in 2016. The improvements made through FPL's Project Accelerate program resulted in further improvements, and, through its four-year rate plan, FPL expects to retain its best-in-class standing. Ongoing productivity improvements enable FPL to mitigate inflation-related increases and help keep FPL's costs among the lowest in the industry, a benefit that flows to customers.

c. *RSAM depreciation parameters*. FPL's four-year rate plan includes the adoption of the RSAM, which is facilitated by changes to depreciation parameters.

Application of the RSAM-adjusted depreciation rates reduce the 2022 revenue requirements compared to the revenue requirements derived from the application of depreciation rates that are not adjusted for RSAM.

d. *Revenue growth*. FPL is projected to have higher retail sales in 2022 than in 2018, resulting in an increase in retail base revenues. Other base revenues also are projected to increase. This revenue growth results in a corresponding decrease to revenue requirements.

B. Resulting Revenue Deficiency

43. FPL's requested 2022 Base Rate Increase is $1,108 million. Absent a rate increase in 2022, FPL's projected earned ROE falls to 8.4%, which is well below the bottom end of the existing authorized range for ROE and the ROE proposed by FPL.

<u>2023 Subsequent Year Adjustment</u>

44. A 2023 base rate adjustment is needed to address increased revenue requirements primarily due to additional investments in projects that will not have been completed by the end of 2022 and thus not fully reflected in the 2022 test year.

A. Major Factors Necessitating a Rate Increase and Estimate of Revenue Requirements

45. FPL's proposed 2023 SYA reflects the increase in revenue requirements from 2022 to 2023. The primary drivers of the increase in revenue requirements in 2023 are: (i) capital investment initiatives for solar generating facilities, system growth, increased reliability and enhancements to our combined cycle fleet; (ii) the impact of inflation and customer growth; (iii) an increase in the weighted average cost of capital; and (iv) revenue growth that partially offsets the increase in revenue requirements.

46. *Capital initiatives*. FPL continues to invest in projects that support system growth and provide long-term customer benefits such as O&M cost savings, increased system efficiency, fuel and emissions savings, and improved system reliability. Included within these initiatives are:

a. *Solar*. In 2023, FPL will install 10 cost-effective 74.5 MW solar facilities.

b. *Capital power delivery infrastructure for growth*. FPL will invest in transmission and distribution infrastructure needed to support the addition of 68,000 new customers during 2023.

c. *Reliability improvements*. FPL will continue to make capital investments necessary to provide superior reliable service to customers through the continued rebuild of the 500kV transmission system, further deployment of smart grid technology and system reliability initiatives that reduce outages and restoration time.

d. *Combined cycle fleet enhancements*. The 2023 SYA revenue requirements include the remaining five months of the first-year revenue requirement for the Dania Beach Clean Energy Center, as well as the costs for upgrades to the combined cycle fleet designed to further improve the system heat rate, which provides long-term economic benefits to customers.

47. *Inflation and customer growth*. The CPI projection indicates that goods and services will cost 0.8% more in 2023 compared to 2022. In addition, as noted above, the Company projects to add an additional 68,000 customers in 2023, again requiring additional O&M expenditures to support the 2023 growth.

48. *Change in weighted average cost of capital*. The 2023 WACC is slightly higher than the 2022 weighted average cost of capital. The difference is attributable primarily to the

continued amortization of excess deferred income taxes and an increase in the long-term cost of debt.

49. *Revenue growth*. FPL projects a modest growth in sales in 2023, which will partially offset the increase in revenue requirements.

B. Resulting Revenue Deficiency

50. FPL's requested base revenue increase for 2023 is $607 million after fully accounting for the requested $1,108 million in 2022. This amount reflects RSAM-adjusted depreciation rates, consistent with FPL's four-year rate plan. Absent both the 2022 Test Year and 2023 Subsequent Year requested base rate relief, the 2023 jurisdictional adjusted ROE is projected to be 7.03%. With FPL's requested base relief for 2022 but absent rate relief for 2023, the 2023 ROE is projected to be 157 basis points below the requested ROE.

Transition Rider and Credit

51. As explained above, consolidating FPL and Gulf produces approximately $2.8 billion (CPVRR) in incremental savings that will be reflected in the combined cost of service beginning in 2022. However, to address initial cost of service differences between FPL and Gulf, FPL proposes a five-year declining transition rider that would be applied to customers in Northwest Florida with an offsetting declining transition credit that would be applied to peninsular Florida customers.

52. The transition rider, which would decline to zero ratably over a five-year period, represents the difference in the overall system average costs between FPL and Gulf for base rates and all clauses including fuel, capacity, environmental, conservation, and storm protection in 2021, the year before proposed rate unification. For 2021, the retail system average rate ("Average Rate"), defined as total operating revenue per MWh, is projected to be $91.36 for FPL, $111.32

for Gulf, and $93.12 for the consolidated system. All else equal, this means FPL's Average Rate would increase $1.76 per MWh, which when multiplied by the forecasted 2021 sales yields a transition rider of $197.3 million that will be charged to Northwest Florida customers and credited to peninsular FPL customers under unified rates. Both the transition rider and credit will step down ratably as set forth in MFR E-14 Attachment 1. The relative bill impacts of the transition rider and credit are referenced in Exhibits TCC-3 and TCC-4 filed with the testimony of FPL witness Tiffany C. Cohen, which include projected bill impacts for the typical residential 1000 kWh bill in peninsular and Northwest Florida over the term of the multi-year rate plan.

53. The proposed five-year step-down period for the transition rider and credit is reasonable taking into consideration the overall system benefits of consolidation that will bring value to all customers as well as the increasing difficulty in identifying cost of service differences and objectively allocating costs among customers served by the same combined utility system. Accordingly, any rationale or methodology for allocating "historic" costs would be inherently subjective, particularly as time passes, and thus tenuous at best. The diminishing transition rider and credit will reflect the reality that customers are receiving service from one functionally integrated company and from a common set of assets and employees, without geographical distinction (in the same way FPL customers in communities with varying degrees of cost to serve across disparate parts of the state are treated today) through payment of consolidated, equally applicable rates.

Solar Base Rate Adjustments

54. The SoBRA mechanism proposed as an essential part of FPL's four-year plan is largely an extension of the provision approved in its 2016 Rate Settlement, which allowed the installation of approximately 1,200 MW of cost-effective solar in Florida that generate $172

million in projected customer savings and will avoid millions of tons of emissions for years to come. Recovery of the incremental base revenue requirements for new cost-effective solar generation in 2024 and 2025 is essential to defer the need for a general base rate increase in those years. The application of the SoBRA mechanism is set forth in detail in FPL witness Barrett's Exhibit REB-12.

55. FPL requests authority to seek cost recovery for up to 894 MW of solar placed in service in 2024 and an additional 894 MW placed in service in 2025.[9] The cost of the components, engineering and construction to be recovered for any solar project constructed pursuant to the SoBRA mechanism during these years must be reasonable, and the total cost eligible for SoBRA recovery will be capped at $1,250 per kW. This cost cap is 30% lower than the maximum cost allowed under FPL's 2016 Rate Settlement.

56. Implementation of SoBRAs requested under FPL's current proposal would be the same as the process approved as part of its 2016 Rate Settlement. FPL will file its request in the Fuel and Purchased Power Costs Recovery Clause Docket, where it must demonstrate cost-effectiveness, that the project is below the cost cap, and appropriately calculate the revenue requirement and associated increase in base rates. FPL might also have the ability to deploy some of the 2024 and 2025 SoBRA projects with battery storage, subject to demonstrating that the total project cost cap was not exceeded and that solar plus storage was cost effective compared to solar without storage. Like the SoBRA mechanism and generation base rate mechanisms of the past, FPL will provide customers a true-up refund and prospective base rate reduction if the actual

[9] To the extent that FPL receives approval for SoBRA recovery of less than 894 MW in 2024, the surplus capacity can be carried over to the following year. For example, if FPL seeks approval for 850 MW in 2024, then it may seek approval for up to 938 MW (894 + 44) in 2025.

capital expenditures are less than the projected costs used to develop the initial SoBRA factor. The SoBRA mechanism is described in greater detail in the accompanying testimony and in Exhibit REB-12 filed with the testimony of FPL witness Robert E. Barrett.

Tax Reform

57. The Biden administration has proposed tax reform. If new tax laws are passed, FPL requests that the impact of tax reform be handled through subsequent base rate adjustments. Specifically, within 90 days of the enactment of the new tax law, FPL would submit the calculation of the required change in base rates to the Commission for review.[10] In no instance will FPL defer incremental income tax expense for 2021 or request the tax-related base rate adjustment be implemented before January 1, 2022.

58. For both 2022 and 2023, the impact of the tax law change would be measured as the difference in revenue requirements calculated using current tax laws and revenue requirements calculated under the new tax law. If the new tax law were not enacted until after 2023, FPL would use the 2023 calculation to determine the amount of the one-time base rate adjustment.

59. For the time period between the effective date of the new tax law (but no earlier than January 1, 2022) and the implementation of new base rates, FPL would defer the impact of new tax law to the balance sheet for collection through the Capacity Cost Recovery Clause in the subsequent year. Any difference between actual income tax expense and the amount on which the tax-related base rate adjustment was based would be recorded in net operating income and reflected in FPL's earnings surveillance reports for all periods.

[10] If timing permits, FPL will submit a revised revenue requirement calculation for Commission consideration as part of FPL's base rate request.

60. FPL also proposes to address deficient or excess deferred income taxes that may arise from a change in tax law by deferring them to a regulatory asset or liability on the balance sheet and included within FPL's capital structure. If the new tax law continued to prescribe the use of the Average Rate Assumption Method, FPL would flow back or collect the protected deferred income taxes over the underlying assets' remaining life to ensure compliance with Internal Revenue Service normalization rules. If the tax law did not specify any required treatment, however, FPL proposes to flow back or collect the unprotected deferred income taxes over a 10-year period, consistent with the Commission's Order No. PSC-2019-0225-FOF-EI.

Capital Structure and ROE

61. For more than 15 years, FPL has employed a set of core financial policies that have emphasized financial strength and discipline for the benefit of customers. FPL's financial strength, made possible by support from this Commission, has enabled its ability to make strategic investments to improve customer value, while delivering competitive returns that encourage investors to continue to provide the capital needed to further improve the customer value proposition.

62. Maintaining a strong financial position under all market conditions, good and bad, is especially important for an essential service provider with an obligation to serve. The pandemic-driven recession following the outbreak of COVID-19 as well as recent events in Texas have underscored the critical role that utilities play in all aspects of daily life, commerce and government. FPL's liquidity and appropriate capital structure supported FPL's ability not only to keep the lights on, but also to offer assistance to customers when they needed it the most, to access capital under terms that benefit customers and to continue making investments that modernize its fleet and provide customers with sufficient, highly reliable, clean, low-cost power. FPL seeks to

continue those financial policies, updated to reflect today's market conditions, so that FPL's ability to continue delivering exceptional value remains in place over the next four years.

63. The Supreme Court of the United States has determined that a reasonable and adequate ROE is one that is commensurate with returns that would be earned on investments with corresponding risks and "should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain and attract capital." *Federal Power Comm'n v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944). Absent rate relief, the Company projects that it would earn a substandard ROE that falls well below the level needed to "assure confidence in [FPL's] financial integrity . . . so as to maintain and attract capital" and thus fail the test prescribed in *Hope.*

64. *Capital structure*. FPL requests the continuation of FPL's regulatory capital structure that includes a 59.6% equity ratio based on investor sources (48.03% based on all sources). FPL has maintained its equity ratio generally around the 59-60% level for more than two decades, and this has been vital to sustaining the overall financial strength that has served customers well.

65. FPL's proposed capital structure also is consistent with Commission precedent, which provides that the capital structure used for ratemaking purposes should bear an appropriate relationship to the utility's actual sources of capital. *See e.g.*, Order No. PSC-10-0153-FOF-EI, *Petition for Increase in Rates by Florida Power & Light Company* (Mar. 17, 2010) (approving FPL's requested equity ratio, noting that it was "consistent with the relative level of equity FPL has maintained, on an adjusted basis, over the past decade"); Order No. 850246-EI, *Petition of Tampa Electric Company for Authority to Increase its Rates and Charges*.

66. *Return on equity*. FPL proposes to set the Company's approved return on equity midpoint at 11.5%, which reflects an estimated cost of equity of 11.0% and an ROE performance

incentive of one-half percent. The authorized range would include the typical 100 basis points on either side of the 11.5% midpoint. The 11.0% estimated cost of equity reflects capital market expectations looking forward during the term of the proposed four-year rate plan and will enable FPL to continue to access capital on competitive terms through 2025, ensuring the Company can continue to meet customer needs and expectations essentially at all times in all financial climates and is able to bring additional value to customers through smart, innovative investments.

67. *ROE incentive*. FPL's request for a one-half percent incentive reflects FPL's achievements as a top overall performer in the industry, which has produced and continues to produce exceptional savings and value for customers and is designed to incentivize further efforts to improve service efficiency, reliability and overall value. FPL's proposal for an ROE incentive is within the Commission's authority and consistent with past policy and practice. In setting rates, the Commission may "give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service *and the value of such service to the public*." Section 366.041(1), Florida Statutes (emphasis added). In Docket No. 010949-EI, for example, the Commission rewarded Gulf with a 25 basis point adder to the midpoint ROE in recognition of Gulf's past performance and as an incentive for Gulf's future performance. Similarly, consideration of the statutory factors and FPL's performance supports adding one-half percent to FPL's ROE midpoint and range.

68. FPL customers enjoy superior value as a result of our strong overall performance: FPL's generating fossil/solar fleet performance has exhibited best-in-class performance across key metrics such as heat rate, availability and avoided non-fuel O&M, which has resulted in approximately $11 billion in customer fuel savings since 2001. In terms of reliable electric service, FPL's SAIDI for more than a decade has been, and remains, best among the Florida investor-

owned utilities. And, FPL has achieved further improvements on top of its already exceptional non-fuel O&M performance. Consistently the best performer in this category, FPL's annual non-fuel O&M expense is $2.6 billion less than an "average" utility, which means an average FPL residential customer saves nearly $300 per year compared to customers of an average performing utility. In consideration of this extraordinary value being created for customers, to incentivize top-tier performance and to encourage continuation of, and even improvement on, this performance, the Commission should authorize a performance incentive of one-half percent, added to the authorized ROE midpoint and range.

69. *Weighted average cost of capital*. For the 2022 test year, FPL projects a long-term debt cost of 3.61% and a short-term debt cost of 0.94%. When combined with the requested 11.5% ROE and other, smaller components of the capital structure (customer deposits, etc.), FPL's total WACC would be 6.84%. This overall WACC represents the actual cost of financing FPL's rate base and is the cost of capital reflected in the calculation of revenue requirements. It is reasonable and slightly lower than the average WACC of 6.90% for U.S. electric utilities for ratemaking purposes over the last three years, reflecting a benefit to FPL's customers.

Reserve Surplus Amortization Mechanism

70. FPL proposes an RSAM that follows the same framework as the mechanism approved in its 2016 Rate Settlement, updated for the assumptions and projections reflected in the current filing. As with the three prior multi-year settlements, FPL will use the RSAM to respond to changes in its underlying revenues and expenses in order to maintain an FPSC Adjusted ROE within the authorized range. The application of the RSAM is set forth in detail in FPL witness Barrett's Exhibit REB-11.

71. *Amortization of the reserve*. In each earnings surveillance reporting period, consistent with how the RSAM has been structured and used over the last 10 years, FPL would be allowed to record increases to expense (debits) to its depreciation reserve or decreases to expense (credits) to its depreciation reserve such that the overall resulting ROE stays within the authorized range. In connection with its four-year rate plan, FPL proposes a depreciation reserve amount of $1.48 billion be available for use in the RSAM until base rates are reset following FPL's next general base rate proceeding which, under the four-year rate plan, would be expected to occur in 2025 with new base rates in January 2026. Like the existing RSAM, decisions regarding whether to amortize and in what amounts would fall within FPL's discretion, provided that FPL would be required to amortize at least the amount necessary to keep it from falling below the bottom of the authorized ROE range and to use amortization in a way that avoids exceeding the top of authorized ROE range.

72. *Amortization of capital recovery schedules*. In addition, under its proposal, FPL would be required to debit depreciation expense and credit the cost of removal component of depreciation reserve in an amount to cause FPL not to exceed the top of the authorized ROE range unless such credit to the cost of removal component of depreciation reserve would result in FPL exceeding the Reserve Amount of $1.48 billion. If, however, a debit to depreciation expense is required to keep FPL from exceeding the top of the authorized ROE range, and such debit would result in the Reserve Amount exceeding $1.48 billion, FPL would (i) first record a debit to depreciation expense and a credit to the cost of removal component of depreciation reserve such that the Reserve Amount is $1.48 billion; and (ii) the remaining debit amount would be recorded to amortize the regulatory assets that are the subject of FPL's request for capital recovery schedules described in this Petition and in the accompanying testimony and exhibits. In subsequent annual

periods, FPL would adjust the prospective amortization of the capital recovery schedules noted above, such that the total amortization over the four-year period ended December 31, 2025 would equal the sum of the amortization expense requested for those years (reflected in FPL witness Ferguson's Exhibit KF-4).

73. *RSAM-adjusted depreciation*. Pursuant to Rule 25-6.0436, F.A.C., FPL prepared and is filing contemporaneous with this Petition a 2021 Depreciation Study and calculated accruals resulting from the parameters identified in that Study. FPL also calculated alternative depreciation parameters that, while different from those presented in the Company's 2021 Depreciation Study, are reasonable to support continued use of the RSAM and therefore support the Company's four-year rate plan. The RSAM-adjusted depreciation rates developed from these alternative parameters result in the $1.48 billion Reserve Amount and reduce the annual revenue requirements by approximately $200 million, amounting to nearly $800 million in customer savings over the four-year term of FPL's proposed plan. FPL requests approval of the RSAM-adjusted depreciation rates as part of its four-year rate plan.

74. Company adjustments have been made reflecting these effects. Exhibit KF-3(B) sets forth the depreciation adjustments that result from RSAM-adjusted rates. FPL requests that the RSAM-adjusted rates be approved.

Dismantlement

75. FPL's current dismantlement accrual reflects what was approved by the Commission in Order No. PSC-16-0560-AS-EI for FPL assets and Order No. PSC-17-0178-S-EI for Gulf assets. FPL has filed an updated dismantlement study contemporaneous with this filing, and it has made a company adjustment reflecting the updated results. If the Commission makes

any adjustments to FPL's updated dismantlement study, it should recognize the effects of any adjustments on the rate relief granted.

Capital Recovery Schedules

76. FPL has retired certain assets that are not yet fully depreciated. Pursuant to Rule 25-6.0436, F.A.C. and consistent with Commission practice, FPL requests approval of capital recovery schedules that would recover the remaining investment for those specific assets over a 10-year period.[11]

77. Exhibit KF-4 to the testimony of FPL witness Ferguson provides a detailed list of the assets for which FPL seeks capital recovery, along with the associated amortization. A few examples include Lauderdale Units 4 & 5, which were retired in 2018 as part of the construction associated with Dania Beach, and the coal-related components of former Plant Crist Units 4-7, which were retired in 2020 as a result of its conversion to natural gas.

Storm Cost Recovery Mechanism

78. FPL requests approval to continue to recover prudently incurred storm costs under the framework prescribed by the 2010 Rate Settlement and continued in both the 2012 and 2016 Rate Settlement, adjusted to reflect the consolidation of Gulf and FPL into one company and one utility system. The application of the proposed Storm Cost Recovery Mechanism is set forth in detail in FPL witness Barrett's Exhibit REB-10.

79. Under the proposed storm cost recovery mechanism, if FPL incurs storm costs related to a named storm, it may begin collecting a charge based on an amount up to $4 per 1,000

[11] The Commission in Order No. PSC-2019-0045-PAA-EI and at the March 2, 2021 agenda vote in Docket Nos. 20200242-EI and 20200007-EI approved the deferral and establishment of regulatory assets for recovery to be addressed in this base rate case.

kWh on monthly residential bills (roughly $430 million annually) beginning 60 days after filing a petition for recovery with the FPSC. This interim recovery period will last up to 12 months. If costs related to named storms exceed $800 million in any one year, the Company also may request that the Commission increase the $4 per 1,000 kWh accordingly.

80. Like its predecessors, the storm cost recovery mechanism proposed here also would be used to replenish the Company's storm reserve in the event it was fully depleted by storm costs. The Company's storm reserve replenishment amount under this proposal is $150 million, representing approximately the amount of reserves reflected in the existing FPL settlement agreement ($112.3 million) and the Gulf settlement agreement ($40.8 million). Any cost not recovered under this mechanism would be deferred on the balance sheet and recovered beyond the initial 12 months in a manner determined by the Commission. If the Commission approves the Company's petition to combine rates, the current Gulf surcharge for Hurricane Sally, applicable to customers in Northwest Florida, will cease when all approved deferred storm costs have been recovered exclusive of any replenishment of Gulf's storm reserve.

Amortization of Excess Accumulated Deferred Income Taxes

81. FPL also requests authority to accelerate the amortization of excess unprotected accumulated deferred income taxes. FPL is currently amortizing unprotected excess accumulated deferred income taxes generated by the 2017 TCJA over a 10-year period pursuant to the settlement approved in Order No. PSC-2019-0225-FOF-EI. FPL began amortizing unprotected excess accumulated deferred income taxes in 2018, meaning there will be two years of amortization remaining at the end of the 2022-2025 period contained in FPL's four-year rate plan.

82. Under the four-year rate plan, FPL requests authority to accelerate the amortization of the remaining amount of unprotected excess deferred income taxes that would be amortized in

2026 and 2027 such that those amounts would instead be amortized in 2024 and 2025. This would result in the acceleration of up to $163 million of unprotected excess accumulated deferred income tax amortization, or approximately $81 million both in 2024 and 2025. The authority for this acceleration is necessary under the four-year plan to support FPL's ability to manage the uncertainty over that length of time given the deferral of a cash rate increase in 2024 and 2025.

Asset Optimization Program

83. The Asset Optimization Program that was originally approved by Order No. PSC-13-0023-S-EI and approved for continuation in Order No. PSC-16-0560-AS-EI has provided significant benefits to FPL's customers. FPL requests authority to implement the Asset Optimization Program as ongoing and, following the four-year term of FPL's base rate request, to move review of certain parameters of the Program to the annual Fuel and Purchased Power Cost Recovery Clause docket.

84. The testimony of FPL witness Forrest describes in detail proposed updates to simplify the structure of the Asset Optimization Program and to reflect the modernization and transformation of FPL's fleet. FPL also proposes to change the per-MWh rate for variable power plant O&M based from $0.65/MWh to $0.48/MWh. FPL's proposal will help ensure that the Program remains successful as FPL continues identifying and acting upon opportunities for gains that create substantial value for customers.

Customer Bills Under FPL's Four-Year Plan Will Remain Low

85. As explained above, the RSAM-adjusted depreciation rates under FPL's four-year proposal reduce the annual revenue requirements by approximately $200 million, amounting to nearly $800 million in customer savings over the four-year term of FPL's proposed plan and result

in typical bills for residential, small business, commercial and industrial customers in peninsular and Northwest Florida that fall below the projected national average.

86. Under FPL's proposed four-year rate plan, the projected 2025 typical residential bill – which includes the 2022 base rate increase, 2023 SYA, SoBRA approval for 894 MW in 2024 and 894 MW in 2025 and the declining transition rider/credit – is projected to remain approximately 20% and 15% below the projected national average for peninsular and Northwest Florida customers, respectively, assuming other utilities experience bill increases at only their historical rates of increase. The typical residential bill for customers in peninsular Florida will increase from January 1, 2021 through the end of the four-year rate proposal on December 31, 2025 at an average of about 3.4%, while the 2025 typical residential bill in Northwest Florida is projected to decrease compared to 2021 bills.

87. The CI rate classes in peninsular Florida will experience varying increases in January 2022 depending on the current rate of return for each class as compared to the system average rate of return for each respective class. Under the four-year plan, CI typical bills are projected to increase about 4% to 5%. CI customers in Northwest Florida will see bills ranging from a slight decrease to a 2.5% increase over the same four-year rate proposal, providing excellent value for these customers as well.

Two-Year Unified Rate Relief

88. If the Commission declines to approve the RSAM or any other element of FPL's four-year plan, FPL requests that the Commission nevertheless unify the FPL and Gulf rates and grant the now combined company rate relief for the 2022 Test Year and 2023 Subsequent Year. FPL's alternative rate request consists of unified rates that provide an increase in total annual revenues of $1,311 million beginning January 1, 2022 and $601 million beginning January 1, 2023.

The total revenue requirements over the two-year period of alternative relief are $197 million higher compared to the 2022 Test Year and 2023 SYA revenue requirements under FPL's four-year rate plan.

89. FPL's alternative revenue requirements are premised on the same forecast data used to calculate the revenue increase for the 2022 Test Year and 2023 Subsequent Year under FPL's four-year rate plan, except that the RSAM-adjusted depreciation rates, and related investment tax credit and excess accumulated deferred income taxes amortization adjustments, were replaced with the depreciation rates resulting from the 2021 Depreciation Study. These modifications led to the higher revenue requirements compared to the four-year plan.

90. Under this alternative unified rate relief, FPL requests continued use of its historical capital structure and an authorized ROE range based on a midpoint of 11.5% comprised of 11.0% to reflect market conditions and a one-half percent performance incentive, along with the authority to continue its storm cost recovery mechanism adjusted to reflect the consolidation of FPL and Gulf, and approval of the above-described mechanism to recover the impacts of a potential change in tax law.

91. Because no RSAM would be authorized under this alternative rate relief, in connection therewith FPL requests approval of its 2021 Depreciation Study filed contemporaneous with this Petition, and the resulting depreciation rates. Company adjustments have been calculated reflecting the effects of this updated depreciation study. If the Commission grants only two years of relief, FPL requests approval of the rates without RSAM adjustment.

92. FPL would not need authority to accelerate amortization of unprotected excess accumulated deferred income taxes because this alternative rate relief request does not include the years 2024 and 2025.

93. If the Commission approves unified rates but does not approve the proposed four-year rate plan, FPL would expect to need to seek additional changes in rates effective January 2024, rather than January 2026 under the four-year rate plan.

Separate Ratemaking Entities (Two Years)

94. In 2022, all customers in Northwest and peninsular Florida will be receiving their electric service from the same utility system with a common set of assets that will be jointly dispatched, and with the same management team and back office support. FPL is requesting approval of unified rates that would reflect this reality. If, however, the Commission declines to unify rates and instead requires FPL and Gulf to remain separate ratemaking entities, each ratemaking entity still requires rate relief. Support for the separate entities' revenue requirements is found in supplemental schedules attached to the MFRs filed with this Petition. If the Commission does not approve unified rates, but instead approves rates for FPL and Gulf as separate ratemaking entities for 2022 and 2023, FPL and Gulf each would expect to need to seek additional changes in rates effective January 2024 rather than January 2026 under the four-year rate plan.[12]

95. In the absence of unified rates, FPL as a separate ratemaking entity requests an increase in total annual revenues of $1,115 million beginning January 1, 2022 and $529 million beginning January 1, 2023. Absent rate relief in the 2022 Test Year and 2023 Subsequent Year,

[12] In addition, FPL may again seek rate unification at the time new rates are requested.

the jurisdictional adjusted ROE for FPL as a separate ratemaking entity is projected to be 7.98% and 6.67%, respectively. With the requested rate relief in 2022, but with no rate relief in 2023, the adjusted ROE for FPL as a separate ratemaking entity in 2023 is projected to decline by more than 150 basis points.

96. In the absence of unified rates, Gulf as a separate ratemaking entity requests an increase in total annual revenues of $177 million beginning January 1, 2022 and $78 million beginning January 1, 2023. Absent rate relief, the 2022 Test Year and 2023 Subsequent Year jurisdictional adjusted ROE for Gulf as a separate ratemaking entity is projected to be 5.33% and 3.79%, respectively. With the requested rate relief in 2022, but with no rate relief in 2023, the adjusted ROE for Gulf as a separate ratemaking entity is projected to decline by more than 230 basis points.

97. For the same reasons described above in the context of unified rates, and because they are financed and viewed by investors as a single financial entity, FPL and Gulf as separate ratemaking entities each require a 59.6% equity ratio and an ROE range based on a midpoint of 11.5% which is comprised of 11.0% to reflect market conditions and a one-half percent performance incentive to reflect FPL's superior performance and Gulf's marked improvement since joining the FPL family.

98. A full description of the rate relief required by FPL and Gulf as separate entities is detailed in Exhibit TCC-9 to the testimony of FPL witness Tiffany Cohen, filed with this Petition and incorporated herein.

Supporting Documents

99. Simultaneous with the filing of this Petition, FPL files and hereby incorporates by reference: (i) the supporting direct testimony and exhibits of FPL's witnesses; and (ii) MFRs for the 2022 Test Year and the 2023 Subsequent Year containing the information required by Rule 25-6.043(1)(b), F.A.C. (with and without the effect of the RSAM) and in the format approved by Order No. PSC-2020-0312-PAA-EI. FPL compiled the MFRs by following the policies, procedures and guidelines prescribed by the Commission in relevant rules or in the Company's last rate case.

100. Attached to MFR E-14 are appropriate tariff sheets, including new rate schedules designed to produce the additional revenue sought by this Petition and needed to give the Company a fair opportunity to earn a reasonable rate of return beginning January 2022 and January 2023. FPL respectfully requests that the Commission consent to these rate schedules going into operation beginning on the first billing cycle of January 2022 and January 2023.

101. This filing also includes 2022 and 2023 standalone MFRs for FPL and Gulf as separate ratemaking entities, which are relevant only for purposes of demonstrating the financial position of those companies in the event the Commission declines or postpones rate unification. These standalone schedules for separate FPL and Gulf are attached to the unified MFRs (described in the preceding two paragraphs) as Supplement 1 and Supplement 2, respectively. Appropriate tariff sheets for separate FPL and Gulf are attached to standalone MFR E-14 for each entity.

WHEREFORE, for the above and foregoing reasons, FPL respectfully petitions the Florida Public Service Commission to:

(1) Accept this filing for final agency action;

(2) Set a hearing, in-person to the extent possible, as early as possible in order to reduce the risk of possible delays that may be occasioned by hurricane season;

(3) Enter a final decision approving rates on or before November 12, 2021, *i.e.*, within eight months of the filing of this Petition, so as to render the final decision in time to make rates effective by January 1, 2022 following 30 days' notice to customers;

(4) Determine that effective, January 1, 2022, Gulf's existing tariffs shall be canceled, and the customers located in peninsular and Northwest Florida shall have unified rates under the FPL tariffs as described herein and filed together with this Petition;

(5) Authorize FPL to apply a transition rider to the bills of customers located in Northwest Florida and a corresponding transition credit to the bills of customers located in peninsular Florida, which rider and credit will step down ratably and reach zero over five years as set forth in MFR E-14 Attachment 1;

(6) Approve an authorized ROE range based on a rate of return of 11.5% on common equity which includes a one-half percent ROE performance incentive to reflect FPL's current superior performance and to serve as an incentive for continued superior performance;

(7) Approve an equity ratio of 59.6% based on investor sources;

(8) Approve the continued use of FPL's storm cost recovery mechanism as set forth in Exhibit REB-10 and described herein, with a $150 million reserve replenishment amount, representing approximately the sum of the reserves reflected in FPL's

existing settlement agreement ($112.3 million) and Gulf's existing settlement agreement ($40.8 million);

(9) Approve FPL's 2021 dismantlement study and associated adjustments;

(10) Approve the capital recovery schedules identified on Exhibit KF-4, and commencement of the associated amortization;

(11) Approve FPL's mechanism to address potential tax reform such that FPL will change base rates based upon the impact of a change in tax law that occurs from 2022-2025;

(12) Approve FPL's proposed Asset Optimization Program as ongoing with the updates described herein and in the testimony of FPL witness Forrest;

(13) Approve FPL's four-year rate plan, encompassing 2022 through 2025, including FPL's commitment not to request any permanent general base rate increases for 2024 and 2025, such that in addition to Paragraphs (1) through (11) above the Commission:

(a) Finds and determines that the rates under the current tariffs are insufficient to yield a fair rate of return for FPL beginning January 1, 2022;

(b) Authorizes FPL to revise and increase its unified base rates and charges to generate additional revenues of $1,108 million on an annual basis beginning January 1, 2022;

(c) Determines that FPL's 2022 rates, as proposed, are insufficient to yield a fair rate of return beginning January 1, 2023;

(d) Authorizes FPL to revise and increase its base rates and charges to generate additional revenues of $607 million on an annual basis beginning January

1, 2023 incremental to the base rates and charges approved beginning January 1, 2022;

(e) Approves the SoBRA mechanism as set forth in Exhibit REB-12 and described herein such that FPL will be permitted to adjust base rates to recover the cost of 1,788 MW of new solar facilities that enter commercial operation in 2024 and 2025;

(f) Approves FPL's proposed RSAM as described herein and detailed in Exhibit REB-11 filed with this Petition;

(g) Approves FPL's 2021 depreciation study, with the associated RSAM adjustments;

(h) Authorizes FPL to accelerate unprotected excess accumulated deferred income tax amortization in the incremental amounts of $81 million in 2024 and $81 million in 2025;

(i) Approves the adjustments set forth in the FPL's MFRs B-02 (with RSAM) and C-03 (with RSAM) submitted with this Petition; and

(j) Approves the FPL tariff sheets and rate schedules submitted with this Petition, which are based on FPL's consolidated cost of service study and are applicable to the four-year rate plan (*i.e.*, "with RSAM") to apply throughout peninsular and Northwest Florida;

(14) Alternatively, if the Commission does not accept FPL's four-year rate plan described in this Petition, FPL respectfully requests that in addition to Paragraphs (1) through (11) the Commission:

(a) Find and determine that the rates under the current tariffs are insufficient to yield a fair rate of return for FPL beginning January 1, 2022;

(b) Authorize FPL to revise and increase its unified base rates and charges to generate additional revenues of $1,311 million on an annual basis beginning January 1, 2022;

(c) Determine that FPL's 2022 rates, as proposed, are insufficient to yield a fair rate of return beginning January 1, 2023;

(d) Authorize FPL to revise and increase its base rates and charges to generate additional revenues of $601 million on an annual basis beginning January 1, 2023 incremental to the base rates and charges approved beginning January 1, 2022;

(e) Approve FPL's 2021 depreciation study, the adjustments set forth in the FPL's MFRs B-02 (without RSAM) and C-03 (without RSAM) submitted with this Petition;

(f) Approve the FPL tariff sheets and rate schedules submitted with this Petition, which are based on FPL's consolidated cost of service study and reflect rate relief in 2022 and 2023 (*i.e.*, "without RSAM") to apply throughout peninsular and Northwest Florida; and

(g) Grant to FPL such other and further relief as the Commission may find to be reasonable and proper pursuant to the authority granted to the Commission under Chapter 366 of the Florida Statutes;

(15) If the Commission requires that FPL maintain separate ratemaking entities for purposes of service provided in peninsular and Northwest Florida, respectively, then FPL requests that the Commission approve the rate increase and resulting rate schedules to take effect beginning January 1, 2022 and subsequent year adjustment and resulting rate schedules to take effect beginning January 1, 2023, as well as the adjustments, accounting treatments and other components of rates relief, for those separate entities that are summarized and supported in Exhibit TCC-9 to the testimony of FPL witness Cohen; and grant such other and further relief as the Commission may find to be reasonable and proper for FPL and Gulf as separate ratemaking entities pursuant to the authority granted to the Commission under Chapter 366 of the Florida Statutes.

Respectfully submitted,

FLORIDA POWER & LIGHT COMPANY

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service and hand delivery this 12th day of March 2021 to the following:

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