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CHRIS SPROWLS
Speaker of the House of Representatives

June 21, 2021

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 20210015-EI

Dear Mr. Teitzman,

Please find attached for filing a copy of the public, redacted version of the Prefiled Direct Testimony and Exhibits of Ralph C. Smith. This filing contains information in Exhibit RCS-2, Schedule C-3, Page 16 and Exhibit RCS-3, Schedule C-3, Page 16 that is subject to a claim of confidentiality by Florida Power & Light Company ("FPL"). The testimony itself and the balance of the exhibits have not been redacted.

Earlier today FPL submitted a Request for Confidential Classification ("RFCC") that contains the two unredacted pages of Exhibit RCS-2, Schedule C-3, Page 16 and Exhibit RCS-3, Schedule C-3, Page 16 that contain the information in yellow highlighting that is the subject of the RFCC. The confidential Exhibit RCS-2, Schedule C-3, Page 16 and Exhibit RCS-3, Schedule C-3, Page 16 submitted in the RFCC plus this public version of the testimony and exhibits together constitute the entire Prefiled Direct Testimony and Exhibits of Ralph C. Smith submitted on behalf of the Office of Public Counsel and Citizens.

Service of the filing is being made pursuant to the attached Certificate of Service. This same public version of the testimony is being provided as shown in the certificate. The OPC has arranged with FPL for them to make available today the unredacted Exhibit RCS-2, Schedule C-3, Page 16 and Exhibit RCS-3, Schedule C-3, Page 16 pursuant to the methods and arrangements previously established with parties entitled to view FPL information subject of a claim or determination of confidentiality. Parties who do not have such arrangements in place will be served only this public version of the testimony and exhibits.

If you have any questions, please do not hesitate to contact me at 850.717.0328. Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel
Deputy Public Counsel

cc: Parties shown on Certificate of Service

CERTIFICATE OF SERVICE
Docket No. 20210015-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery and/or electronic mail on this 21st day of June 2021, to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition Rate Increase by Florida Power & Light Company _______________________________/	Docket No. 20210015-EI June 21, 2021

REDACTED PUBLIC VERSION*

DIRECT TESTIMONY

OF

RALPH SMITH, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

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** Portions of Exhibits RCS-2, Schedule C-3 & RCS-3, Schedule C-3 are being filed separately pursuant to a Request for Confidential Classification.*

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RCS-5, Florida Power and Light Company Earned Return on Equity History

DIRECT TESTIMONY

OF

RALPH SMITH

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

Docket No. 20210015-EI

I. INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?

A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan, 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

A. Larkin & Associates, PLLC, ("Larkin") is a Certified Public Accounting and Regulatory Consulting Firm. The firm performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings, including numerous electric, water and wastewater, gas and telephone utility cases.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION?

A. Yes, I have testified before the Florida Public Service Commission ("FPSC" or "Commission") previously. I have also testified before several other state regulatory commissions.

Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. I have attached Exhibit RCS-1, which is a summary of my regulatory experience and qualifications.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel ("OPC") to review the rate request of Florida Power & Light Company ("FPL" or "Company"). Accordingly, I am appearing on behalf of the Citizens of the State of Florida ("Citizens").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am presenting OPC's overall recommended revenue requirement in this case. I also sponsor some of the OPC's recommended adjustments to the Company's proposed rate base and operating income.

Q. WHAT EXHIBITS HAVE YOU ATTACHED TO YOUR TESTIMONY?

A. I have attached the following exhibits:

- RCS-1, Qualifications Appendix
- RCS-2, Revenue Requirement and Adjustment Schedules for 2022 Test Year
- RCS-3, Revenue Requirement and Adjustment Schedules for 2022 Subsequent Year
- RCS-4, Demonstration of the Lack of Need for a Reserve Surplus Amortization Mechanism Excluding Storm Write-Off.
- RCS-5, Florida Power and Light Company Earned Return on Equity History

Q. ARE ANY ADDITIONAL WITNESSES APPEARING ON BEHALF OF THE FLORIDA OFFICE OF PUBLIC COUNSEL IN THIS CASE?

A. Yes. Roxie McCullar addresses FPL's request for new depreciation and amortization rates. William Dunkel addresses FPL's dismantlement cost. Kevin O'Donnell's testimony addresses the appropriate capital structure for purposes of determining the revenue requirement of FPL in this case and FPL's proposed asset optimization incentive mechanism. Dr. Randall Woolridge presents Citizens' recommended return on equity ("ROE") in this case based on OPC's recommended capital structure and in the event the Commission adopts FPL's proposed capital structure. Daniel Lawton addresses FPL's request for Commission adoption of prior settlement provisions such as the Reserve Surplus Amortization Mechanism ("RSAM") and ROE inflator.

Q. AS A PRELIMINARY MATTER, FPL HAS PROPOSED WHAT IT EFFECTIVELY CALLS A FOUR-YEAR PLAN THAT HAS SEVERAL ELEMENTS THAT FPL HAS CHARACTERIZED AS ESSENTIAL TO ANY COMMITMENT THAT IT WILL MAKE TO NOT FILE FOR ADDITIONAL GENERAL BASE RATE RELIEF DURING THE 2022-2025 FOUR-YEAR

PERIOD. HOW ARE YOU TREATING THIS ASPECT OF THE COMPANY'S FILING IN THIS CASE?

A. I am effectively disregarding it. I am addressing this case as a conventional rate case that is based on my understanding that across the country and in Florida regulatory commissions are required to established cost-based rates. To the extent that the proposed FPL rate plan has as a fundamental core element -- the Reserve Surplus Amortization Mechanism ("RSAM") -- I believe that the rate plan would not constitute cost-based ratemaking if ordered by the Commission. I discuss the RSAM as a threshold issue and have concluded that it is bad regulatory policy and should be rejected.

Accordingly, throughout my testimony my adjustments and policy recommendations are based on FPL's case on a non-RSAM basis.

II. RESERVE SURPLUS AMORTIZATION MECHANISM

Q. WHAT HAS FPL PROPOSED FOR A DEPRECIATION RESERVE SURPLUS AMORTIZATION MECHANISM ("RSAM")?

A. FPL's RSAM proposal is summarized on Exhibit REB-11 and various aspects of the Company's RSAM proposal are sprinkled throughout in the Direct Testimony of a number of the Company's witnesses.

Q. **HOW HAS FPL UTILIZED THE RSAM SINCE THE FUNCTIONAL EQUIVALENT OF IT WAS FIRST ESTABLISHED IN 2010?**

A. Since an RSAM was first implemented in November of 2010 and continuing through today FPL used it with one minor exception to effectively earn as if its rates had been set at or very near the top of the maximum point in the range of reasonableness. Together, Exhibits

RCS-4 and RCS-5 attached to my testimony presents a summary of FPL's earned ROE history.

Q. HOW HAS THE RSAM FUNCTIONED IN THE FOUR-YEAR PLUS PERIOD (2017 THROUGH MARCH 2021)?

A. The RSAM has functioned in a manner to enable the Company to target and "manage" its earnings to achieve earnings above the mid-point in every month of the 2017 through 2021 (year-to-date) four-year plus period and at or near the high end of the allowed earnings range in several months, as reported on the Company's ESRs.

Q. WHAT IS THE NORMAL FUNCTION OF A UTILITY'S DEPRECIATION RESERVE SURPLUS?

A. As explained in the testimony of Witnesses Dunkel and McCullar, the normal function of a depreciation reserve surplus is to reduce prospective depreciation rates that are determined under the remaining life method. In the remaining life method, the numerator is: Plant – Accumulated Depreciation +/- Net Salvage. The denominator is the estimated remaining years of useful life. Thus, the higher the amount in Accumulated Depreciation, including any portion of the Accumulated Depreciation balance that is determined to be surplus, reduces future depreciation accruals. authorized depreciation rates and reflecting depreciation expense for a regulated public utility using the remaining life method effectively matches the recovery of the cost of the consumption of the assets (plus or minus net salvage) over time with those who benefit from the service provided by the assets. This is consistent with cost-based ratemaking.

Q. IS THAT HOW FPL HAS BEEN USING THE DEPRECIATION RESERVE SURPLUS?

A. No. Instead of using the portion of the Accumulated Depreciation balance that is determined to be surplus to reduce future depreciation accruals, FPL has been using that surplus to "manage" its earnings, enabling the Company to earn above the mid-point of its return range for every month during the four-year period 2017 through 2020 as well as in the months of January through March 2021, and to earn at or near the very high-end of its authorized earnings range in several months during that period. This is not a "normal" application of a utility depreciation reserve surplus, nor, as Witness McCullar explains, is it consistent with established utility industry definitions applicable to depreciation.

Q. WHAT HAVE YOU DETERMINED FROM YOUR REVIEW OF THE COMPANY'S REQUEST TO CONTINUE UTILIZATION OF THE RESERVE SURPLUS AMORTIZATION MECHANISM?

A. The RSAM is not required. The mechanism is simply a tool for the Company to be able to adjust its earnings to reflect a level of desired earnings. It has historically been used by the Company to achieve earnings results at or near the top end of the ROE range instead of the ROE mid-point. To evaluate the necessity of the RSAM, the application of amounts from the reserve surplus and the impact on the Company's earnings during the four calendar years 2017 through 2020, along with the first three months of 2021, were analyzed. The analysis is reflected on Exhibit RCS-4.

Q. WHAT IS THE BASIS FOR YOUR STATEMENT THAT THE COMPANY WAS ABLE TO ADJUST ITS EARNINGS TO REFLECT A DESIRED LEVEL OF EARNINGS?

A. This concept was allowed in paragraph 12 of the 2016 settlement agreement found in Order No. PSC-2016-0560 at p. 25 where:

> the amounts to be amortized in each year of the Term [were] left to FPL's discretion subject to the following conditions: (i) the amount that FPL may amortize during the Term shall not be less than the actual amount of depreciation reserve surplus remaining at the end of 2016; (ii) for any surveillance reports submitted by FPL during the Minimum Term on which its ROE (measured on an FPSC actual, adjusted basis) would otherwise fall below 9.6%, FPL must amortize at least the amount of the available Reserve Amount necessary to maintain in each such 12-month period an ROE of at least 9.6% (measured on an FPSC actual, adjusted basis); and (iii) FPL may not amortize the Reserve Amount in an amount that results in FPL achieving an ROE greater than 11.6% (measured on an FPSC actual, adjusted basis) in any such 12-month period as measured by surveillance reports submitted by FPL.

I do not dispute that FPL (apart from apparent excess earnings above the top of the range) was within its right to manage its achieved earnings to show these very high returns as provided by a negotiated agreement; however, as discussed below, this past practice of using a depreciation reserve surplus to manage earnings results should not continue.

Q. WOULD YOU EXPLAIN THE PURPOSE UNDERLYING YOUR ANALYSIS?

A. Yes. The overall purpose of the analysis is to demonstrate that there has been no ratemaking need for use of the depreciation reserve surplus under the current settlement agreement. The analysis looks at FPL’s use of the depreciation reserve surplus in relation to achieved earnings measured against the ratesetting mid-point of 10.55%. This approach is conservative since it does not look at what is needed to keep the company above the bottom of the range of reasonableness. Such an analysis would likely be more appropriate as it would ensure that the Company was not in jeopardy of earning below the range of reasonableness and in need of filing a rate case. FPL’s primary RSAM Witness Barrett has testified in this case that anywhere within the Commission-established range is reasonable.[1]

Q. PLEASE DESCRIBE YOUR ANALYSIS.

A. First, the starting point for the analysis is the Company's own reporting in the Earnings Surveillance Report ("ESR") and presents the credit balance of the reserve surplus as a positive amount. The Company's reported achieved ROE from its ESRs is shown in column A of Exhibit RCS-4.

The activity affecting the depreciation reserve surplus, as reported by the Company in its ESRs, is shown in column B. The negative amounts in column B represent debits (or charges) against the depreciation reserve, showing how the Company tapped the reserve and increased rate base to keep its earnings at or near the top end of the ROE range. The positive amounts in column B, as reported in the Company's ESRs, show increases to the reserve surplus associated with the Company having calculated earnings that would otherwise have been above the top end of the earnings band.

The information in columns A, B, G, H, I, J and K are from FPL's Earnings Surveillance Reports.

Column C reflects OPC's analytical adjustments to reverse the debits to the depreciation reserve that were made by FPL to increase the Company's achieved net operating income to reflect a higher rate of return in those various respective ESR reports

[1] June 11, 2021 deposition of Robert A. Barrett at 49-50.

where the return was below the Company's predetermined target level but above the mid-point.

Column D reflects the OPC's adjusted reserve balance (for analytical purposes) based on the beginning balance and adjusted to illustrate the effect of excess earnings in months where the actual earnings exceeded the Company's predetermined target ROE or the high point of the earnings range. When FPL's earnings for the 12-month period reported on the Company's ESRs were above the Company's predetermined target ROE or high end of the earnings range, column D shows how the depreciation reserve surplus would be adjusted by FPL to limit earnings by debiting depreciation expense and crediting the depreciation reserve such that the earnings were limited to no more than the Company's predetermined target ROE or the top of the earnings range. No analytical adjustment was made for these amounts that were reported on the Company's ESRs as being restored to the reserve in order to account for and effectively limit earnings that were above the predetermined target ROE or top-end of the earnings range to the top end of the range.

For analytical purposes, Column E adjusts the illustrative excess earnings (above the Company's predetermined target or 11.6%) amount out of the reserve.

Column F is the result that shows that the reserve excess was not required to meet the rate-setting point of 10.55% ROE for the calendar years 2017 through 2020 and for the first three months of 2021. As mentioned above, columns G, H, I, J and K, each present information as reported by FPL in its ESRs.

L shows the net-of-tax adjusted earnings results, based on the analytical adjustments described above.

Columns M, N and O indicate by "yes" or "no" whether the adjusted earnings results shown in column L were (1) above the midpoint return (listed in column J), (2) below the midpoint return, or (3) above the high-point return (i.e., the return maximum listed in column K), respectively.

Q. WHAT DOES YOUR ANALYSIS SHOW WITH RESPECT TO THE ADJUSTED ACHIEVED RETURNS AS IT RELATED TO THE MID-POINT (OR RATE-SETTING POINT)?

A. Simply put, FPL did not need to tap into the depreciation reserve excess to reach the rate-setting mid-point of its allowed return. This phenomenon is shown on Exhibit RCS-4 in Columns L-O which illustrate the lack of need for the reserve. Column L shows the calculated rate of return related to each ESR period, had the reserve excess not been utilized for the indicated periods. Using the net-of-tax OPC-adjusted achieved earnings in column L and comparing that adjusted return with the mid-point and high-end allowed returns from the Company's ESRs that are shown in columns J and K, columns M, N and O summarize, respectively, for each period whether the adjusted achieved return is over the mid-point, under the mid-point, or over the high-end return level. These columns show that during the years 2017 through 2020 (and January through March 2021) FPL's earnings without using the reserve always exceeded the mid-point rate of return, and in several months, FPL exceeded its high point of rate of return.

Because during the four-year period 2017 through 2020 the Company's rate of return was never less than the midpoint return without using the reserve, there is no defensible need for the depreciation reserve surplus to be utilized to adjust earnings. The reserve was almost exclusively used to maximize shareholder returns in the form of earnings above the rate-setting mid-point, boosting the earnings up to or near the high point.

Q. WOULD YOU PROVIDE AN EXPLANATION OF HOW THE ADJUSTMENTS YOU MADE IMPACTED THE RATE OF RETURN IN VARIOUS MONTHS?

A. Yes. As shown on Exhibit RCS-4, line 4, the Company charged the reserve $125,223,511 and in turn credited pre-tax income by that amount in order to increase its earned rate of return for the twelve-month period reported on its ESR for January 2017. This accounting treatment, as it is called, is explained on page 60, lines 1-8 of the Direct Testimony of Witness. Barrett.

This use by the Company of the $125,223,511 amount from the reserve surplus resulted in a rate of return on rate base of 6.60% being reported on the Company's ESR (as shown on line 4, in column I) and an ROE of 11.5% (as shown in column A).[2]

The OPC analysis shown on Exhibit RCS-4, on line 4, reverses the Company's $125,223,511 reserve excess amount in column C. The resulting rate of return on rate base is reflected in column L. The achieved rate of return on rate base absent the Company adjustment is 6.35% as shown on line 4, in column L. The actual achieved return on rate base of 6.35% exceeds the 6.17% midpoint return on rate base as reported by FPL in its

[2] In deposition testimony, FPL witnesses Ferguson and Barrett confirmed that this was the pre-established target ROE for 2017. June 7, 2021 Deposition of Keith Ferguson at pp. 40-41; June 11, 2021 Deposition of Robert A. Barrett at pp. 81-82.

ESR. This shows that no adjustment to net operating income was needed to maintain a healthy achieved return at the rate-setting point of 10.55%.

Q. IF THE ACTUAL RETURN EXCEEDED THE MIDPOINT RETURN ON RATE BASE, THEN WHY WOULD AN ADJUSTMENT HAVE BEEN MADE BY FPL?

A. The Company's predetermined target rate of return was either at or as close as possible to the high point of the allowed range of the rate of return on rate base. In other words, the Company's predetermined target earnings were not at the midpoint, but were instead at the high point. FPL has admitted that they use the RSAM to achieve the ROE target.[3] Column A of Exhibit RCS-4, which reproduces the achieved ROEs shown on FPL's ESRs, shows that the Company achieved this goal almost all of the time in terms of the ROE component of the achieved return. As shown on line 4, in the specific example from the Company's January 2017 ESR, the adjusted achieved of 6.60% (shown in column I) is close to the maximum return of 6.65% (shown in column J).

Q. WHY IS USING THE DEPRECIATION RESERVE SURPLUS TO MAKE ADJUSTMENTS TO THE COMPANY'S EARNINGS AN ISSUE?

A. A utility is allowed the opportunity to earn a level of earnings when rates are established, not a guaranteed return. By allowing the Company to adjust earnings upward when actual earnings already exceed both the low point and the midpoint of the earnings range is essentially allowing the Company to reflect a guaranteed level of return. This maneuver, were it not part of the give-and-take of a settlement agreement, would otherwise appear to

[3] June 11, 2021 Deposition testimony of Robert Barrett at p. 43 and June 7, 2021 Deposition testimony of Keith Ferguson at p.84

clearly violate the basic principle of rate making established in *Hope* and *Bluefield*.[4] The earnings range set by the Commission around the rate-setting mid-point is the established fair, just and reasonable return; therefore, no adjustment should be needed when actual earnings fall within this range. My point is that, while I recognize that reflecting achieved earnings consistently at or near the top of the range was allowed under the language of the current settlement, the application of an RSAM is not needed under circumstances where the Commission itself establishes cost-based rates for a utility in a rate case.

Q. PLEASE EXPLAIN THE ADJUSTMENTS IN COLUMN C FOR CREDITS TO THE RESERVE?

A. Credits to the depreciation reserve surplus, which increase the available surplus amount, are made by FPL because the Company's earnings for the period reported in its ESRs have exceeded the high point of the allowed return range that was established by the Commission. By crediting (i.e., increasing) the depreciation reserve surplus, the Company is keeping the reported and adjusted achieved return at or near the high point of the return range, which reduces the possible requirement to return the excess earnings to ratepayers. As an illustrative example, as shown on Exhibit RCS-4, line 7, column L, the April 2017 ESR adjusted actual earnings were 6.65% which exceeds the allowed high point of 6.64% (listed in column M). As shown by the "yes" in column O, for several of the 12-month periods covered in the Company's ESRs, the achieved return exceeded the top end of the allowed return range.

[4] *Bluefield Water Works and Improvement Co. v. Public Service Comm'n*. 262 U.S. 679 (1923); and the *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

Q. ARE THERE ANY EXCEPTIONS IN YOUR ANALYSIS IN RECALCULATING THE ACTUAL ACHIEVED RETURN AS SHOWN IN COLUMN L?

A. Yes. In December 2017, the reserve was charged with costs associated with Hurricane Irma. The $1,148,303,252 charge was limited to the balance in the depreciation reserve surplus at the time. FPL reported an achieved (and exceptionally healthy) ROE of 11.08% and a rate base return for 2017 of 6.32% (as shown in on Exhibit RCS-4, column I, on line 15) that was well above the midpoint return of 6.09% (which is shown in column J). This achieved result was not adjusted even though the charge to the depreciation reserve surplus for that storm was reversed in this analysis since the achieved return was well above the rate-setting mid-point. The cost incurred for Hurricane Irma could have been recovered through a surcharge or by applying the income tax savings that the Company has been realizing from TCJA impacts that was largely credited to the depreciation reserve surplus. The analysis assumed that the storm costs that the Company incurred for Hurricane Irma and other storms would be recovered from customers from one of the above-noted methods, and not charged against the depreciation reserve surplus, so there should not have been any impact on the net operating income number in the calculation of the return for the year 2017 and there would have been no need to charge the reserve surplus the $1.148 billion amount.

Q. IN YOUR OPINION BASED ON YOUR EXPERIENCE, IS CHARGING A DEPRECIATION RESERVE AN APPROPRIATE METHOD TO "PAY" FOR HURRICANE RECOVERY COSTS?

A. No. I think FPL said it best in 2009 when it argued against such accounting gimmicks when they:

> [A]rgued that a short amortization of the reserve surplus would have "the direct and unavoidable effect of rapidly increasing rate base, the required return on rate base, and future depreciation expense - all of which will have to be borne by future customers."

Order No. PSC-2010-0153-EI at p. 81. This is an accurate description of the "mortgaging" of the future by using the depreciation reserve to pay for costs for which current customers have historically been responsible. Charging hurricane recovery costs to the depreciation reserve should not be allowed in the future. Discontinuing the use of earnings-enhancing depreciation reserve surplus mechanisms in the future will help ensure that this does not happen again.

Q. WHY DID YOUR ANALYSIS REVERSE THE CREDIT TO THE RESERVE IN COLUMN E?

A. The reversal is done because while overearning may have been reported in the monthly reports during the year, it is my understanding of the ESR process that the end of the calendar year (December) result is the ultimate determinate as to whether the company is overearning. Excess earnings must be recorded as credits to the reserve or otherwise disposed of at least on a calendar year basis. For example, for the calendar year 2017, the actual calculated achieved return was 6.32%, as shown in column L, on line 15.[5] That is below the high end of the earnings range of 6.56% for calendar year 2017 (shown on line 15, in column K), so the depreciation reserve surplus balance would not be increased for the 2017 calendar year results. Since the actual calendar 2017 earnings are within the allowed range, an upward adjustment to 2017 earnings, such as by applying amounts from the depreciation reserve surplus, was not necessary. Thus, after excluding the impact related to applying the depreciation reserve surplus amounts in 2017 to Hurricane Irma

[5] The 6.32% earned return for 2017 is also shown on line 15 in column I as the return reported by FPL on its ESR.

costs, the 2017 earnings would be within the allowed earnings range, and the reserve surplus would not be neither drawn down nor increased, based on the 2017 results.

As shown on Exhibit RCS-4, the circumstances are different for calendar 2018 when the Company's actual achieved return of 6.90% (shown in column L, on line 29) exceeded the high point the allowed earnings range of 6.70% (from FPL's ESR, as shown on Exhibit RCS-4, on line 29, in column K). Based on the calendar year 2018, the reserve would require a credit adjustment, increasing the reserve, to account for the 0.20% difference represented by the 2018 earnings above the top end of the authorized earnings range.[6]

Q. WHAT CONCLUSIONS DO YOU REACH FROM THIS ANALYSIS?

A. The analysis shown on Exhibit RCS-4 demonstrates that while allowed for the years 2010 through 2020, the access to the Depreciation Reserve Surplus amounts was not needed for any purpose other than to allow FPL to reflect earnings at or close to the top of the ROE range. Exhibit RCS-5 shows that as far back as 2010, FPL's track record has been to utilize the Reserve Surplus Amount and similar RSAMs to accomplish the same type of earnings result. In my opinion**,** the RSAM has been used to enrich FPL's shareholders at the expense of future customers. Over the past 11 years FPL has used calculated reserve surplus amounts to consistently achieve earnings at or very near the top of the authorized range.

[6] While the amounts further demonstrate the lack of need to use the Reserve Amount, I have not proposed that anything can or should be done about the $98,506,091 and $86,995,377 shown on lines 31 and 45 of Schedule RCS-4, Page 1. These amounts in column F of Exhibit RCS-4 on lines 31 and 45 represent orphaned overearnings (above 11.6%) that could not be credited to the capped Reserve Amount of $1,252,100,355.

Q. IS THERE A CONCERN THAT, AS PROPOSED BY FPL IN THE CURRENT RATE CASE, THE RSAM COULD EFFECTIVELY ALLOW FPL TO EARN AT THE HIGH END OF THE COMPANY'S PROPOSED ROE RANGE?

A. Yes. Although the Company has proposed to calculate the revenue requirement for the 2022 future test year and the 2023 subsequent year using an 11.5% return on equity (and the Company's proposed capital structure, which has a common equity ratio of 59.6% as discussed in the testimony of OPC witness O'Donnell), I am advised that the 11.5% proposed by FPL would effectively be a mid-point, and the high end of the Company's proposed ROE range would be 100 basis points higher, at 12.5%. For 2022, the revenue requirement impact of 100 basis points on equity (at FPL's 59.6% equity ratio) is approximately $360 million. To the extent that that FPL is effectively asking the Commission to authorize the use of the RSAM so that the Company can achieve earnings at the top end of the Company's proposed ROE range of 12.5%, this is simply unreasonable. Given is decade-long ability to use the RSAM mechanisms to achieve earnings at or very near the top of the range, it would seem likely that the same would be true for at least the next four years if the Company's proposed RSAM in its proposed four-year plan were to be approved.

Q. WHAT IS THE OPC RECOMMENDING THE COMMISSION DO WITH AN RSAM GOING FORWARD?

A. For purposes of setting rates for 2022 and beyond, the Commission should not approve a mechanism whose sole purpose is to effectively set rates to allow the Company to earn at the top of the range.

Q. WHAT IS YOUR CONCLUSION ABOUT HOW THE RSAM PROPOSAL SHOULD BE TREATED IN A DETERMINATION OF FPL'S RATES BY THE COMMISSION IN THE CURRENT RATE CASE?

A. For purposes of setting rates for 2022 and beyond, as stated above, the Commission should reject FPL's RSAM. To the extent that there is a depreciation reserve surplus associated with the new depreciation rates that are being recommended by OPC witness McCullar, that reserve surplus should not be set aside as a means for the Company to use to target and manage its earnings to the top end of an earnings range. Rather, any depreciation reserve surplus under industry standard, cost-based remaining life depreciation practices will reduce future depreciation expense under the remaining life depreciation method, as recommended by Witness McCullar. In summary, the Company's RSAM proposal in the current case should be rejected.

III. <u>FPL REQUESTED REVENUE INCREASES</u>

Q. WHAT ARE THE REVENUE ADJUSTMENTS THAT THE COMPANY IS PROPOSING?

A. The Company is proposing four revenue adjustments over the 2022 through 2025 four-year period. The Company's major requests are the following: (1) a general base revenue adjustment of approximately $1.108 million effective in January 2022; (2) a subsequent year adjustment of approximately $607 million effective in January 2023 ("2023 SYA"); (3) a Solar Base Rate Adjustment ("SoBRA") mechanism that would authorize FPL to recover costs associated with the installation and operation of up to an aggregate of 1,788 megawatts ("MW") of solar generation in 2024 and 2025. As components of its four-year plan, FPL is also proposing: (4) a mechanism to address the possibility that changes to corporate tax laws might be enacted under the new presidential administration; (5) the continuation of a form of the RSAM that was allowed as part of FPL's 2016 rate case settlement; (6) the continuation of the storm cost recovery mechanism that was approved as part of FPL's 2016 rate case settlement; (7) extension and expansion of the asset optimization incentive mechanism that was approved in the 2016 rate case settlement (8) and the authority to accelerate amortization of unprotected excess accumulated deferred income taxes ("EADIT") resulting from the 2017 Tax Cuts and Jobs Act ("TCJA").[7]

Q. FPL IS REQUESTING A BASE RATE INCREASE TO BE EFFECTIVE JANUARY 1, 2022, A SUBSEQUENT YEAR INCREASE FOR JANUARY 1, 2023, AND A SOLAR BASE RATE ADJUSTMENT MECHANISM IN 2024 AND 2025, TO RECOVER COSTS ASSOCIATED WITH THE INSTALLATION AND OPERATION OF UP TO AN AGGREGATE OF 1,788 MW. WILL YOU BE ADDRESSING EACH OF FPL'S FOUR REQUESTED INCREASES TO BASE RATES?

A. Yes. In this testimony, I first address the base rate increase that FPL has proposed to be effective January 1, 2022 ("January 2022 Base Rates"). I then address the proposed base rate adjustment for the Company's requested January 2023 Subsequent Year Increase and the Company's requested SoBRA mechanism for the recovery of costs associated with the installation and operation of up to an aggregate of 1,788 MW of new solar generation for 2024 and 2025.

Q. FPL IS ALSO REQUESTING A MECHANISM TO ADDRESS POSSIBLE CHANGES TO CORPORATE TAX LAWS THAT MAY BE ENACTED UNDER

[7] See, FPL's petition at page 2.

PRESIDENT BIDEN'S ADMINISTRATION, THE CONTINUATION OF THE RSAM, THE CONTINUATION OF THE STORM COST RECOVERY MECHANISM APPROVED AS PART OF THE COMPANY'S 2016 RATE SETTLEMENT, THE EXTENSION AND EXPANSION OF THE ASSET OPTIMIZATION INCENTIVE MECHANISM AND THE AUTHORITY TO ACCELERATE AMORTIZATION OF UNPROTECTED EADIT RESULTING FROM THE TCJA. WILL YOU BE ADDRESSING EACH OF THESE REQUESTS?

A. No. I will be addressing most, but not all of those FPL proposals. I will be addressing FPL's requested mechanism to address possible changes to corporate tax laws that may be enacted under President Biden's administration, the continuation of the RSAM as already discussed in my testimony, the continuation of the storm cost recovery mechanism approved as part of the Company's 2016 rate settlement, and the Company's requested authority to accelerate amortization of unprotected EADIT resulting from the TCJA. Another OPC witness, Mr. Kevin O'Donnell is addressing the Company's request concerning the extension and expansion of the asset optimization incentive mechanism.

IV. <u>ORGANIZATION OF TESTIMONY</u>

Q. HOW ARE THE DISCUSSIONS THAT ARE BEING ADDRESSED IN YOUR TESTIMONY ORGANIZED?

A. As noted above, in Section II, I have presented a threshold analysis of FPL's RSAM and demonstrate how it has been utilized by the Company to achieve adjusted earnings at or near the high end of its authorized earnings range, why it is not needed, and why its use for continued earnings manipulation purposes should be rejected prospectively in the ratemaking process. To re-cap and to emphasize this point Exhibit RCS-4 presents an analysis of the RSAM using information from FPL's Earnings Surveillance Reports ("ESRs") for the four calendar years, 2017 through 2020, and the first three months of 2021. For the lagging 12-months reported in every single month of this period, FPL earned above the midpoint of the earnings range and in the majority of (24 out of 39) months was at or close to the extreme top end of the earnings band. As shown on Exhibit RCS-4 and RCS-5 together, for the calendar years 2010 through 2020, and 2021 (year-to-date), FPL earned at the top of the earnings band in 9 of the 11 periods. In 2013, FPL effectively earned at the 11.0% midpoint (10.96), which it had previously established as its target earning point. This was approximately $90 million below the top of the range of 11.5% for the calendar year 2013. In 2017, FPL chose to earn 11.08% instead of its target of 11.5%. For all intents and purposes FPL had the ability to achieve earnings at or near the top of the range for 11 years which demonstrates that historically the RSAM mechanisms have allowed FPL to earn at near the top of the range for the past 11 years. This practice of using a calculated depreciation reserve surplus to manipulate earnings should be discontinued.

The remainder of my testimony is organized as follows:

In Section V, I present the overall financial summary for the base rate change to be effective January 1, 2022, showing the revenue requirement excess for the 2022 test year recommended by Citizens. Exhibit RCS-2 presents the schedules and calculations in support of the 2022 base rate revenue requirement.

In Section VI, I discuss certain corrections that FPL has identified to its filing that affect the revenue requirement.

In Section VII, I then discuss my proposed adjustments which impact the January 2022 Base Rates, including how the new depreciation rates (and resulting expense) recommended by Witness McCullar and the Dismantlement expense recommended by Witness Dunkel have been reflected. Where an adjustment affects both 2022 and 2023, I discuss the impact on both projected test years in Section VII.

As an element of Section VII, I address FPL's request to accelerate amortization of unprotected EADIT resulting from the TCJA.

In Section VIII, I address the Company's proposed January 2023 Subsequent Year Increase. Within this section, I present the OPC revenue requirement recommendation associated with the 2023 increase requested by FPL. The January 2023 revenue requirement calculations and adjustments impacting these calculations are presented in Exhibit RCS-3. Put another way, Exhibit RCS-3 presents the calculations affecting the 2023 base rate revenue requirement.

In Section IX, I address the Company's request for the SoBRA rate increases for 2024 and 2025 solar generating plant additions.

In Section X, I address the Company's proposal for a mechanism to address possible changes to corporate tax laws that may be enacted before the Company's next base rate case.

In Section XI, I address the Company's proposal to continue the storm cost recovery mechanism approved as part of the Company's 2016 rate case settlement.

As noted above, my testimony does not address the asset optimization incentive mechanism, which will be addressed by Witness Kevin O'Donnell

V. <u>OVERALL FINANCIAL SUMMARY – JANUARY 2022 BASE RATE CHANGE</u>

Q. WHAT IS THE JANUARY 2022 BASE RATE REVENUE REQUIREMENT DEFICIENCY OR EXCESS FOR FLORIDA POWER & LIGHT COMPANY?

A. As shown on Exhibit RCS-2, Schedule A, the OPC's recommended adjustments in this case result in a recommended revenue reduction for FPL in January 2022 of approximately $70.901 million. This is $1.355 billion less than the base rate revenue increase of $1.284 billion requested by FPL in its application under the "without RSAM" alternative.[8]

Q. PLEASE DISCUSS THE EXHIBIT YOU PREPARED IN SUPPORT OF YOUR TESTIMONY AS IT PERTAINS TO THE JANUARY 2022 BASE RATE CHANGE.

A. Exhibit RCS-2, totaling 46 pages, consists of Summary Schedules A, A-1, B, B.1, C, C.1 and D and Adjustment Schedules B-1 through B-4 and C-1 through C-6.

Q. WHAT IS SHOWN ON SCHEDULE A, PAGE 1, OF EXHIBIT RCS-2?

[8] FPL has also presented a "with RSAM" alternative, under which FPL is requesting a 2022 base rate revenue increase of $1.108 billion. See the Direct Testimony of FPL Witness Bores at page 23 for a summary. The OPC is strongly recommending against continuation of an RSAM on a going-forward basis for FPL. Consequently, the OPC's base rate revenue requirement calculations are presented on the "without RSAM" basis. I address the Company's historic RSAM results and explain why it is not needed and should not be approved for continuation in Section II of my testimony.

A. Schedule A, page 1, presents the revenue requirement calculation for the January 2022 Base Rate change, giving effect to all of the adjustments I am recommending in this testimony, along with the impacts of the recommendations made by OPC Witnesses McCullar, Dunkel, O'Donnell, Lawton, and Woolridge.

Q. WHAT IS SHOWN ON SCHEDULE A, PAGE 2, OF EXHIBIT RCS-2?

A. Schedule A, page 2, presents a reconciliation of the revenue requirement calculation for the January 2022 revenue reduction showing the estimated impacts of OPC recommendations.

Q. WHAT IS SHOWN ON SCHEDULE A-1?

A. Schedule A-1 shows the gross revenue conversion factor ("GRCF"), which is used to convert net operating income into equivalent revenue requirement amounts. As shown there, FPL's original application used a GRCF, which FPL refers to as the Net Operating Income Multiplier, of 1.34153. FPL corrections adjusted the GRCF to 1.34143. As shown on Schedule A-1, in column E, I have used the FPL corrected GRCF of 1.34143 in my revenue requirement calculations. My use of the FPL corrected GRCF of 1.34143 is also shown on Exhibit RCS-2, Schedule A, page 1, column E, line 7.

Q. WHAT IS SHOWN ON SCHEDULE B?

A. Schedule B presents OPC's adjusted rate base that incorporates each of the adjustments impacting rate base that are recommended by OPC Witnesses in this case.

Q. WHAT IS SHOWN ON SCHEDULE B.1?

A. Schedule B.1 presents each of the adjustments impacting rate base that are recommended by OPC Witnesses in this case.

Q. WHAT IS SHOWN ON SCHEDULE C OF EXHIBIT RCS-2?

A. OPC's adjusted net operating income is shown on Schedule C. This incorporates each of the adjustments impacting net operating income that are recommended by OPC Witnesses in this case. The OPC's adjusted results for net operating income are shown on Schedule C in column F.

Q. WHAT IS SHOWN ON SCHEDULE C.1 OF EXHIBIT RCS-2?

A. Schedule C.1 summarizes each of the adjustments impacting net operating income that are recommended by OPC Witnesses in this case.

Q. WOULD YOU PLEASE DISCUSS SCHEDULE D?

A. Schedule D presents Citizens' recommended capital structure and overall rate of return, based on the revisions to FPL's proposed debt-to-equity ratio recommended by Witness O'Donnell and the ROE recommended by Witness Woolridge. The capital structure ratios for debt and common equity are based on the ratios recommended by Mr. O'Donnell. On Schedule D, I have applied the adjustments to the capital structure necessary to synchronize Citizens' recommended capital structure to the adjusted jurisdictional rate base. On Schedule D, I applied Dr. Woolridge's recommended ROE, resulting in OPC's overall recommended rate of return of 5.29%.

VI. INCORPORATION OF FPL IDENTIFIED ADJUSTMENTS AND CORRECTIONS

Q. HAS FPL IDENTIFIED CERTAIN ADJUSTMENTS AND CORRECTIONS TO ITS ORIGINALLY FILED APPLICATION?

A. Yes. In filings made on May 7, 2021 and May 21, 2021, FPL identified corrections and adjustments to its filing.

Q. AFTER FILING ITS MFRS, HAS FPL IDENTIFIED ANY ERRORS OR CORRECTIONS TO ITS FILING?

A. Yes. FPL so far has filed two notices of Identified Adjustments that impact the requested revenue requirement as detailed below. I have included FPL's Identified Adjustments in my testimony.

A. FPL'S MAY 7, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS

Q. ON MAY 7, 2021, FPL FILED A NOTICE OF IDENTIFIED ADJUSTMENTS. WHAT DID THAT CONTAIN?

A. FPL's May 7, 2021 Notice of Identified Adjustments provided descriptions and estimated revenue requirement impacts for the corrections and adjustments that FPL had identified up to that point. FPL explained in its May 7, 2021 Notice that: "the adjustments, if made, would net to an approximate net $27 million decrease in FPL's overall requested revenue requirement increase for the 2022 Test Year and an approximate $2 million decrease in FPL's requested revenue increase for the 2023 Subsequent Year, which assumes FPL is granted its full revenue increase for 2022." FPL stated further in its Notice that it would include all adjustments identified on Attachment 1 to its Notice in an exhibit of adjustments that it will file with rebuttal testimony, along with any other adjustments that may be identified between now and then. FPL indicates further that it had included similar exhibits with the rebuttal testimony of FPL witnesses in its 2009, 2012 and 2016 rate cases.

Q. WHAT ADJUSTMENTS WERE IDENTIFIED IN FPL'S MAY 7, 2021 NOTICE?

A. FPL's May 7, 2021 Notice in Attachment 1, pages 3 and 4 of 8 (the without RSAM version) identified 30 items that impact the revenue requirement, which are briefly summarized below using FPL's short-hand descriptors:

1) **<u>SolarNow</u>**. Remove of all SolarNow costs, expenses, and revenues from FPL's calculation of revenue requirements, as required in Order No. 2020-0508-TRF-EI, issued on December 18, 2020. Due to time constraints between the preparation of this case and the issuance of the Order, FPL was unable to incorporate these adjustments into the MFRs.

2) **<u>Distribution Facility Charges</u>**. Add revenue credit related to the Gulf Distribution Facility revenues for Florida Public Utilities and Blountstown, which was inadvertently excluded from revenue requirements due to an application of a jurisdictional factor of zero.

3) **<u>Income Tax Payable - Refund</u>**. Revise federal income tax payable, which is reflected as a debit balance in rate base, to incorporate an estimated refund expected in September 2021 which was omitted from the forecast.

4) **<u>Income Tax Payable - FCG</u>**. Remove income tax receivable (reflected as a debit in a payable) from Florida City Gas (a non-electric regulated entity consolidated with FPL) which was incorrectly included in the forecast.

5) **<u>Deferred Income Tax Expense</u>** Revise deferred income tax expense for the following items that were calculated incorrectly:

a. Generation of ITC (reclassification between FERC Acct 410.1 and 411.4 which have different separation factors).

b. Florida Net Operating Loss and storm fund earnings (reclass from ATL to BTL).

6) **<u>Miscellaneous Service Fees</u>**. Increase miscellaneous service fee revenues to reflect current approved service charges instead of proposed lower service charges, which were incorrectly entered into the rate case forecast.

7) **<u>Deferred Pension Debit</u>**. Reduce Deferred Pension debit by enhanced early retirement programs which was omitted from the forecast.

8) **<u>Deferred Debit – SFAS 158</u>**. Revise the separation factor applied to the Misc Deferred Debit SFAS 158 to be the same as the related SFAS 158 liability.

9) **<u>Uncollectible Accounts Expense</u>**. Revise the uncollectible accounts expense calculation utilizing the correct revenue forecast. Also impacts the bad debt rate used in the calculation of the NOI multiplier. Revised bad debt rates for 2022 and 2023 are 0.072% and 0.066%, respectively.

10) **<u>Public Relations Expenses</u>**. Decrease public relations expenses included in the forecast, which was overstated.

11) **<u>Asset Retirements</u>**. Remove inadvertent forecasted interim retirements and related depreciation associated with retired generation plants.

12) **<u>Intangible Plant Amortization</u>**. Revise intangible plant amortization due to incorrect amortization rate applied to certain intangible plant.

13) **<u>Miscellaneous Other Power Generation Expenses</u>**. Remove inadvertent duplicative expenses associated with West County Energy Center.

14) **<u>St. Lucie Participation Agreement Reimbursements Allocation</u>**. Revise allocation of St. Lucie Participation Agreement reimbursements to the proper FERC accounts, which resulted in a change to jurisdictional amounts.

15) **<u>SPP Pole Inspection Distribution Program.</u>** Revise SPP Pole Inspection forecast, which was understated by approximately $0.8 million in each of the forecasted periods. This revision has no impact on FPL's requested base rate increase because the Company is requesting to move recovery of these expenses from base to clause starting January 1, 2022.

16) **Dismantlement Jurisdictional Factors.** Revise incorrect separation factors applied to dismantlement cash activity.

17) **EVolution Pilot Program.** Remove incremental capital costs associated with FPL's EVolution pilot program, which were inadvertently included in the rate case forecast.

18) **EVolution Pilot Program.** Revise an incorrect depreciation rate and jurisdictional separation factor applied to a portion of the EVolution pilot program assets.

19) **EVolution Pilot Program.** Total. This has the total of the Company's corrections related to the Evolution Pilot Program.

20) **Gain from Disposition of Utility Plant.** Remove gain related to a mitigation sale in 2023, which is expected to occur after 2023.

21) **Deferred Debit – LTSA.** Revise the credit amount for the Deferred Debit - Long-Term Service Agreement, which was incorrectly forecasted.

22) **Co Adj – Dismantlement Accrual.** Revise the Dismantlement Study and associated dismantlement Company adjustment for the following:[9]

    a. Crist 8 was inadvertently classified as steam production instead of other production.

    b. Useful life of synchronous condenser- other production was inadvertently reflected as 44 years instead of 41 years.

    c. Revisions were made to scrap and labor assumptions to incorporate a more optimal disposal location/method and mix of labor resources, resulting in a reduction in total net dismantlement costs.

23) **Co Adj – Dismantlement Reserve Transfers.** Revise the Company adjustment to transfer dismantlement reserves between units due to the revised Dismantlement study as described above.

24) **Co Adj – Dismantlement Base to Clause.** Revise the Company adjustment to move the Scherer coal ash dismantlement reserve and

[9] FPL inadvertently excluded Smith Unit 3 from its dismantlement study filed in this proceeding. FPL is not adjusting its proposed dismantlement accrual to add an accrual for Smith Unit 3 and instead will address dismantlement costs for that unit in its next dismantlement study.

accrual from base to ECRC due to the revised Dismantlement Study as described above.

25) **<u>Co Adj – SPP – Transmission Inspection Program.</u>** Revise Company adjustment to move SPP transmission inspection program from base to clause. A portion of capital expenditures related to this program were inadvertently omitted from the Company adjustment.

26) **<u>FPSC Adj – SPPCRC – IT Costs.</u>** Revise FPSC adjustment to include information technology costs associated with the Storm Protection Plan Cost Recovery Clause (SPPCRC) which were inadvertently omitted from the FPSC adjustment.

27) **<u>FPSC Adj – Executive Compensation.</u>** Increase executive compensation FPSC adjustment, which was understated.

28) **<u>Capital Structure Impacts</u>**. FPL identified the following three adjustments as impacting on its proposed Capital Structure.

29) **<u>Solar Now.</u>** FPL identified specific adjustments for Solar Now for the following Capital Structure elements

a. ITC Specific Adjustment
b. ADIT Specific Adjustment
c. Debt and Equity Specific Adjustments
d. Total Adjustment

30) **<u>FPL-ES – ADIT.</u>** Remove ADIT balances associated with FPL-Energy Services (an unregulated entity consolidated with FPL), which were not uniquely identified in the forecast and therefore had not been removed from ADIT in capital structure. Adjustment is the addition of ADIT in 2022 of $395K and reduction in ADIT of $107K in 2023, with offsetting pro-rata adjustments to other capital structure components in each period.

31) **<u>Pro-Rata Adjustments.</u>** Represents total rate base identified adjustments less other capital structure adjustments in this section.

Q. HOW HAVE YOU INCORPORATED THOSE ADJUSTMENTS IDENTIFIED BY FPL IN ITS MAY 7, 2021 NOTICE INTO THE CALCULATION OF THE REVENUE REQUIREMENT?

A. As noted above, the Notice filed by FPL on May 7, 2021 provided estimated revenue requirement impacts of its identified corrections and adjustments, and included limited detail on rate base or net operating income impacts. In Excel workpapers, FPL provided additional details showing the impacts on key rate base and net operating income components of its Identified Adjustments. I have utilized the information provided by FPL in response to that discovery to incorporate many FPL-identified adjustments to FPL's originally filed rate base and net operating income.

Q. WHAT DID FPL IDENTIFY AS THE 2022 TEST YEAR RATE BASE AND NET OPERATING INCOME IMPACTS (WITHOUT RSAM) THAT RESULT FROM ITS MAY 7, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS?

A. As shown on Attachment 1, pages 3-4 of 6, of FPL's May 7, 2021 Notice of Identified Adjustments, the net result of the Company's corrections was to decrease combined 2022 rate base by $66.103 million and to increase 2022 net operating income by $15.562 million.

Q. HOW DID YOU INCORPORATE THE 2022 RATE BASE IMPACT OF FPL'S MAY 7, 2021 CORRECTIONS?

A. On Exhibit RCS-2, Schedule B, I have incorporated the 2022 rate base impact of FPL's May 7, 2021 corrections in column B. As noted above, those corrections reduced FPL's 2022 rate base by $66.103 million.

Q. HOW DID YOU INCORPORATE THE 2022 NET OPERATING INCOME IMPACT OF FPL'S MAY 7, 2021 CORRECTIONS?

A. On Exhibit RCS-2, Schedule C, I have incorporated the 2022 net operating income impact of FPL's May 7, 2021 corrections in column B. Those FPL corrections increased 2022 net operating income by $15.562 million.

Q. WHAT DID FPL IDENTIFY AS THE 2023 SUBSEQUENT YEAR RATE BASE AND NET OPERATING INCOME IMPACTS (WITHOUT RSAM) THAT RESULT FROM ITS MAY 7, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS?

A. As shown on Attachment 1, pages 3-4 of 6, of FPL's May 7, 2021 Notice of Identified Adjustments, the net result of the Company's corrections was to decrease combined 2023 subsequent year rate base by $89.738 million and to increase 2023 net operating income by $15.228 million. On Exhibit RCS-3, Schedules B and C, I have reflected the impact on 2023 rate base and net operating income of FPL identified adjustments on the 2023 forecasted subsequent year, respectively, in column B, on each of those schedules, rate base and net operating income. I also address the 2023 SYA revenue requirement in Section VIII of my testimony.

Q. PLEASE EXPLAIN HOW YOU HAVE REFLECTED THE FPL MAY 7, 2021 CORRECTIONS AFFECTING THE 2022 RATE BASE AND NET OPERATING INCOME.

A. As noted above, on Exhibit RCS-2, Schedule B, which shows 2022 forecasted rate base, I have reflected the adjustments to rate base identified in FPL's May 7, 2022 Notice (using the without RSAM version) in column B. As noted above, those corrections reduced FPL's 2022 rate base by $66.103 million.

Similarly, on Exhibit RCS-2, Schedule C, which shows 2022 forecasted net operating income, I have reflected the adjustments to net operating income that were identified in FPL's May 7, 2021 Notice (using the Company's without RSAM adjustments) in column B. Those FPL corrections increased 2022 net operating income by $15.562 million.

Q. HOW HAVE YOU INCORPORATED FPL'S CHANGES TO THE GROSS REVENUE CONVERSION FACTOR (GRCF) AT THIS TIME?

A. As shown on Exhibit RCS-2, Schedule A-1, I have incorporated the impact of FPL's corrections on the GRCF, in column B. As corrected, the Company-proposed GRCF is 1.34143, as shown on Schedule A-1, in column D. As shown on Schedule A-1, in column E, I have used that same Company-corrected GRCF of 1.34143.

Q. HOW HAVE YOU INCORPORATED FPL'S CHANGES TO THE CAPITAL STRUCTURE AT THIS TIME?

A. As shown on Exhibit RCS-2, Schedule D, the reconciliation of the capital structure to the adjusted rate base includes the OPC rate base adjustments and the FPL identified rate base correction amounts. The FPL corrections submitted on May 7, 2021 are shown on Schedule D in column B. The FPL corrections submitted on May 21, 2021 are shown in column C. As described elsewhere in my testimony, Witness O'Donnell is recommending a different capital structure than FPL has proposed. The capital structure, cost rates, and overall cost of capital used to compute the revenue requirement for the 2022 forecasted test year is shown on Exhibit RCS-2, Schedule D.

Q. HAVE YOU INCORPORATED THE IMPACTS OF FPL'S MAY 7, 2021 NOTICE ON 2023 SUBSEQUENT YEAR RATE BASE AND NET OPERATING INCOME IN A SIMILAR MANNER?

A. Yes. I have reflected the impacts on the 2023 subsequent test year in a similar manner. Specifically, on Exhibit RCS-3, Schedule B, which shows 2023 subsequent year rate base. I have reflected the adjustments to rate base identified in FPL's May 7, 2021 Notice in column B.

On Exhibit RCS-3, Schedule C, which shows 2023 subsequent year net operating income, I have reflected the adjustments to net operating income that were identified in FPL's May 7, 2021 Notice in column B.

B. FPL'S MAY 21, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS

Q. HAS FPL FILED A SECOND NOTICE OF IDENTIFIED ADJUSTMENTS?

A. Yes. On May 21, 2021, FPL filed a Second Notice of Identified Adjustments. Similar to its May 7, 2021 Notice, in its May 21, 2021 Second Notice, FPL states they will include the adjustments identified on Attachment 1 to its Second Notice in an exhibit of adjustments that it will file with rebuttal testimony, along with any other adjustments that may be identified between now and then.

Q. WHAT ADJUSTMENTS WERE INCLUDED IN THAT SECOND NOTICE?

A. FPL's Second Notice identified the following three adjustments, along with FPL's short-hand descriptors:

> 1) **Separation Factor Revisions to Filed Case**. Remove the adjustment to the E203 Peaking Energy allocator for stratified contracts as this adjustment is only needed for stratified demand allocators which resulted in revisions to multiple separation factors.

2) **<u>Separation Factor Revisions to 1st NOIA</u>**. Revise identified adjustments reflected in FPL's notice of identified adjustments filed on May 7, 2021 to incorporate revised separation factors discussed above.

3-10) **<u>Separation Factor Revisions to Filed Case</u>**. FPL updated capital structure components related to separation factor revisions.

11-14) **<u>Separation Factor Revisions to 1st NOIA.</u>** SolarNow – Revisions to separation factors were applied to the SolarNow capital structure adjustments but those are small enough that they do not appear due to rounding.

FPL-ES-ADIT – Revisions to separation factors applied to the FPL-ES capital structure adjustment but those are small enough that they do not appear due to rounding.

Revisions to pro-rata capital structure adjustments related to rate base identified adjustments above.

Q. WHAT DID FPL IDENTIFY AS THE 2022 TEST YEAR RATE BASE AND NET OPERATING INCOME IMPACTS (WITHOUT RSAM) THAT RESULT FROM ITS MAY 21, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS?

A. As shown on Attachment 1, page 2 of 4, of FPL's May 21, 2021 Notice of Identified Adjustments, the net result of the Company's corrections was to increase combined 2022 rate base by $48,000 and to decrease 2022 net operating income by $34,000.

Q. WHAT DID FPL IDENTIFY AS THE 2023 SUBSEQUENT YEAR RATE BASE AND NET OPERATING INCOME IMPACTS (WITHOUT RSAM) THAT RESULT FROM ITS MAY 21, 2021 NOTICE OF IDENTIFIED ADJUSTMENTS?

A. As shown on Attachment 1, page 2 of 4, of FPL's May 21, 2021 Notice of Identified Adjustments, the net result of the Company's corrections was to increase combined 2023 subsequent year rate base by $35,000 and to decrease 2022 net operating income by $23,000.

Q. HOW HAVE YOU INCORPORATED THE ADJUSTMENTS AND CORRECTIONS NOTED BY FPL IN ITS MAY 21, 2021 SECOND NOTICE OF IDENTIFIED ADJUSTMENTS IN THE REVENUE REQUIREMENT DETERMINATION?

A. I have incorporated those May 21, 2021 FPL adjustments in a similar manner to FPL's May 7, 2021 adjustments. An Excel file containing detail of the additional FPL-identified adjustments was obtained and that FPL-provided information was used to incorporate the rate base and net operating impact of those adjustments into the revenue requirement determination in the following manner.

On Exhibit RCS-2, Schedule B, which shows 2022 forecasted rate base, I have reflected the adjustments to rate base identified in FPL's May 21, 2021 Second Notice in column C.

Similarly, on Exhibit RCS-2, Schedule C, which shows 2022 forecasted net operating income, I have reflected the adjustments to net operating income that were identified in FPL's May 21, 2021 Second Notice in column C.

On Exhibit RCS-2, Schedule D, which shows the 2022 capital structure, I show the FPL adjustments from its May 21, 2021 Second Notice in column C.

As shown on Exhibit RCS-2, Schedule A-1, in column C, FPL's May 21, 2021 Second Notice of Identified Adjustments did not have any notable impact on the 2022 GRCF.

Q. HAVE YOU REFLECTED THE IMPACTS OF FPL'S MAY 21, 2021 SECOND NOTICE OF ADJUSTMENTS ON THE 2023 SUBSEQUENT YEAR IN A SIMILAR MANNER?

A. Yes. I have reflected the impacts on the 2023 subsequent test year in a similar manner. Specifically, on Exhibit RCS-3, Schedule B, which shows 2023 forecasted rate base, I have reflected the adjustments to rate base identified in FPL's May 21, 2021 Notice in column C.

Similarly, on Exhibit RCS-3, Schedule C, which shows 2023 subsequent year net operating income, I have reflected the adjustments to net operating income that were identified in FPL's May 21, 2021 Second Notice in column C.

On Exhibit RCS-3, Schedule D, which shows the 2023 capital structure, I show the FPL adjustments from its May 21, 2021 Second Notice in column C.

As shown on Exhibit RCS-3, Schedule A-1, in column C, FPL's May 21, 2021 Second Notice of Identified Adjustments did not have any notable impact on the 2023 GRCF.

Q. BY INCORPORATING THE RESULTS OF FPL'S NOTICES OF ADJUSTMENT INTO YOUR SCHEDULES ARE YOU MAKING ANY TYPE OF DETERMINATION ABOUT THE ACCURACY OF THE ADJUSTMENTS OR THE ITEMS OR BALANCES THAT WERE ADJUSTED OR CORRECTED?

A. No. Due to the timing of the filing I am accepting them but I am not offering my opinion as to the accuracy or prudence of the costs in the adjustments or of those balances that were adjusted.

Q. DID FPL FILE A THIRD NOTICE OF IDENTIFIED ADJUSTMENTS?

A. Not yet.

VII. RECOMMENDED ADJUSTMENTS TO RATE BASE AND NET OPERATING INCOME

Q. WOULD YOU PLEASE DISCUSS EACH OF THE ADJUSTMENTS THAT YOU, AND OTHER OPC WITNESSES, ARE RECOMMENDING THAT AFFECT THE RATE BASE AND NET OPERATING INCOME IN FPL'S FILING?

A. Yes, I will address each adjustment below.

A. RATE BASE ADJUSTMENTS

Q. ON WHAT SCHEDULES IN EXHIBIT RCS-2 AND RCS-3 DO YOU SHOW RATE BASE ADJUSTMENTS?

A. Exhibit RCS-2 shows rate base adjustments for the 2022 forecasted test year on Schedule B-1 through B-4. Similarly, Exhibit RCS-3 shows rate base adjustments for the 2023 subsequent year on Schedules B-1 through B-4.

Accumulated Depreciation - Depreciation Expense - New Depreciation Rates

Q. PLEASE EXPLAIN THE ADJUSTMENT TO ACCUMULATED DEPRECIATION EXPENSE FOR NEW DEPRECIATION RATES.

A. As shown on Exhibit RCS-2, Schedule B-1, average rate base for the 2022 forecasted test year is increased by $74.438 million for the impact of the new depreciation rates being recommended by Witness McCullar. Her recommendation for new depreciation rates results in lower 2022 depreciation expense (without RSAM) than FPL's proposal. Thus, a lower amount of average 2022 accumulated depreciation results from her depreciation rate recommendation. The 2022 rate base impact was calculated by taking one-half (average year impact) of Ms. McCullar's depreciation expense impact, using the jurisdictional amount. The impact of her recommendation on 2022 depreciation expense is discussed further in conjunction with the related adjustment to operating expense.

Accumulated Depreciation - Dismantlement Expense

Q. PLEASE EXPLAIN THE ADJUSTMENT TO ACCUMULATED DEPRECIATION EXPENSE FOR NEW DEPRECIATION RATES.

A. As shown on Exhibit RCS-2, Schedule B-2, average rate base for the 2022 forecasted test year is increased by $8.136 million for the impact of the dismantlement expense being recommended by Witness Dunkel. Mr. Dunkel's recommendation for dismantlement expense results in lower 2022 accumulation of dismantlement accruals into the accumulated depreciation account than FPL's proposal. Thus, a lower amount of average 2022 accumulated depreciation results from Mr. Dunkel's dismantlement expense recommendation. The 2022 rate base impact was calculated by taking one-half (average year impact) of Mr. Dunkel's dismantlement expense impact, using the jurisdictional amount. The impact of his recommendation on 2022 dismantlement expense is discussed further in conjunction with the related adjustment to operating expense.

Unamortized Rate Case Expense

Q. PLEASE EXPLAIN THE COMPANY'S ADJUSTMENT TO RATE CASE EXPENSE.

A. As discussed in the direct testimony of Company witness Fuentes, FPL has estimated rate case expenses totaling $5.170 million, which it proposes to amortize over a four-year period beginning in 2022. In its originally application, apparently FPL forgot to reflect the impact on the 2022 test year of its proposed four-year amortization on rate base, but in its May 7, 2021 Notice of Identified Adjustments, FPL submitted a correction showing a reduction to 2022 rate base of $646,000 related to the 2022 amortization impact.

As shown on MFR Schedule C-10, using the four-year amortization period, FPL proposes to include $1.292 million for test year rate case expense amortization. In addition, as shown on supporting information for MFR Schedule B-2, FPL proposes to include the 13-month average unamortized balance of rate case expense associated with this proceeding of $5.170 million (before FPL's correction) in the working capital component of its proposed 2022 test year rate base. After FPL's correction, the $5.170 million rate base amount for unamortized rate case expense proposed by the Company in its original application was reduced by $646,000 to reflect the average impact of the Company's proposed 2022 amortization.

Q. HAS THE COMPANY INCLUDED THE PROJECTED TEST YEAR BALANCE OF UNAMORTIZED RATE CASE EXPENSE IN ITS WORKING CAPITAL REQUEST IN THIS CASE?

A. Yes. As noted above, the working capital component of rate base for the 2022 test year includes $5.170 million for FPL's projected unamortized rate case expense associated with this case, before FPL's May 7, 2021 correction and $4.523 million after FPL's correction.

Q. SHOULD FPL BE PERMITTED TO INCREASE RATE BASE FOR THE UNAMORTIZED RATE CASE EXPENSE BALANCE?

A. No, it should not. The Commission has disallowed the inclusion of unamortized rate case expense in working capital in several prior decisions. This long-standing Commission policy was reaffirmed in Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, involving Progress Energy Florida. At pages 71 - 72 of that Order, the Commission stated the following with regard to unamortized rate case expense:

> We have a long-standing policy in electric and gas rate cases of excluding unamortized rate expense from working capital, as demonstrated in a number of prior cases. The rationale for this position was that ratepayers and shareholders should share the cost of a rate case: i.e., the cost of the rate case would be included in the O&M expenses, but the unamortized portion would be removed from working capital. It espouses the belief that customers should not be required to pay a return on funds expended to increase their rates.
>
> While this is the approach that has been used in electric and gas cases, water and wastewater cases have included unamortized rate case expense in working capital. The difference stems from a statutory requirement that water and wastewater rates be reduced at the end of the amortization period (Section 367.0816,F.S.). While unamortized rate case expense is not allowed to earn a return in working capital for electric and gas companies, it is offset by the fact that rates are not reduced after the amortization period ends.
>
> We agree with the long-standing policy that the cost of the rate case should be shared, and therefore find that the unamortized rate case expense amount of $2,787,000 shall be removed from working capital. (footnote omitted)

In a footnote on page 71 of the Order, the Commission identified the following cases that confirm and validate its long-standing policy of excluding the unamortized rate case expense from working capital in electric and gas cases:

> Order No. 23573, issued October 3, 1990, in Docket No. 891345-EI, In re: Application of Gulf Power Company for a rate increase; Order No. PSC-09-0283-FOF-EI, issued April 30, 2009, in Docket No. 080317-EI, In re: Petition for rate increase by Tampa Electric Company; Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. PSC-09-0375-PAA-GU, In re: Petition for rate increase by Florida Public Utilities Company.

In addition, in Order No. PSC-10-0153-FOF-EI, which was issued pursuant to FPL's last litigated rate case in Docket No. 080677-EI, at page 164, the Commission stated in part:

> We do not agree with the Company that the unamortized balance of rate case expense should be included in rate base. Historically, the unamortized balance of rate case expense has been excluded from rate base to reflect a sharing of the rate case cost between the ratepayers and the shareholders. Rate case expenses are recovered from ratepayers through the amortization process as a cost of doing business in a regulated environment. However, the unamortized balance of rate case expense has been excluded from rate base to reflect that an increase in rates is a benefit to the shareholders. (footnote omitted)

This policy was also affirmed in Commission Order No. PSC-12-0179-FOF-EI, issued April 3, 2012, in Docket No. 110138-EI, involving Gulf Power Company, where the Commission stated at pages 30 and 31:

> [W]e have a long-standing practice in electric and gas rate cases of excluding unamortized rate case expense from working capital, as demonstrated in a number of prior cases. The rationale for this position is that ratepayers and shareholders should share the cost of a rate case; i.e., the cost of the rate case would be included in O&M expense, but the unamortized portion would be removed from working capital. This practice underscores the belief that customers should not be required to pay a return on funds spent to increase their rates.
>
> * * *
>
> For the foregoing reasons, we find that the unamortized rate case expense of $2,450,000 shall be removed from working capital consistent with our long-standing practice.

In a footnote on page 30 of the Gulf Power Order, the Commission identified the same cases referenced in the footnote of the Progress Energy Florida Order discussed above.

Q. ARE YOU AWARE OF ANY CASES IN WHICH A PORTION OF A UTILITY RATE CASE EXPENSE WAS ALLOWED TO BE INCLUDED IN RATE BASE?

A. Yes. As an example, in Order No. PSC-08-0327-FOF-EI, issued on May 19, 2008, that allowed Florida Public Utilities Company ("FPUC") to include one half of their unamortized rate case expense balance in working capital. However, the Commission specifically stated, in that cited FPUC rate case[10] that "[t]he inclusion of unamortized rate case expense in working capital in FPUC's case is an exception to our long-standing policy." FPUC has had that exception since 1993. Id. at 22. In that FPUC order, the Commission also explained that "[w]hile unamortized rate case expense is not allowed to earn a return in working capital for electric and gas companies, it is offset by the fact that rates are not reduced after the amortization period ends." Id. at p. 21. Consequently, this does not support a change in the Commission's long-standing policy of disallowing rate case expense in rate base.

Q. DO YOU RECOMMEND THAT THE UNAMORTIZED RATE CASE EXPENSE BE EXCLUDED FROM RATE BASE IN THIS CASE?

A. Yes, I recommend that the Commission follow its long-standing policy in electric cases of not allowing inclusion of the unamortized rate case expense in rate base. Consistent with the Commission's findings in the Progress Energy Florida base rate cases, and the Gulf Power Company base rate case cited above, and FPL's 2010 rate case, it would be unfair for customers to pay a return on the costs incurred by the Company in this case when these are being used to increase customer rates. On Exhibit RCS-2, Schedule B-3, I have

[10] Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 080366-GU, In re: Petition for Rate Increase by Florida Public Utilities Company at pages 21-22

removed the Company's updated amount for the unamortized balance of rate case expense from working capital in this case, thus reducing rate base by $4.523 million.

Q. IS THERE A SIMILAR RATE BASE ADJUSTMENT FOR THE 2023 SUBSEQUENT YEAR?

A. Yes. As shown on Exhibit RCS-3, Schedule B-3, FPL's requested amount of $3.231 million for unamortized rate case expense is removed from the 2023 subsequent year rate base. It would also be appropriate to adjust the 2023 capital structure for related ADIT.

<u>Payment to JEA to Induce JEA Agreement with Early Retirement of Plant Scherer Unit 4</u>

Q. PLEASE DISCUSS FPL'S PROPOSAL FOR THE EARLY RETIREMENT OF PLANT SCHERER UNIT 4.

A. Plant Scherer is a generating unit located in Georgia which is operated for FPL and JEA by Georgia Power Company ("GPC" or "Georgia Power"). FPL has indicated it will be retiring Scherer Unit 4 effective January 1, 2022. FPL has presented calculations purporting to show the Cumulative Present Value of Revenue Requirement ("CPVRR") benefit that would be realized with the retirement of Scherer Unit 4.

FPL owns a 76% interest in Scherer Unit 4, and JEA owns the other approximately 24%. FPL's proposed revenue requirement for the costs to retire Scherer Unit 4 include a payment of $100 million to JEA which is described as necessary to induce JEA to agree with moving up the retirement date to January 2022 and to enable JEA to pay off debt related to its ownership in the plant. FPL appears to be justifying its request that its ratepayers provide the funds for the JEA payoff on the basis of its calculated CPVRR savings. FPL claims that there are $583 million of CPVRR savings associated with the Scherer Unit 4 retirement. (FPL Witness Bores Direct Testimony at p. 42).

FPL requests that its $100 million payment to JEA be recorded as a regulatory asset and amortized over a ten-year period. It seems dubious that FPL ratepayers should pay any amounts related to JEA's ownership in Scherer Unit 4.

It is my position that FPL's justification for charging FPL ratepayers for a payment to JEA falls short of meeting its burden to show that this payment was in the best interest of the FPL ratepayers. FPL has not provided clear and convincing evidence that the touted customer benefits of closure could not have been achieved without making the payment to JEA and then charging it to FPL's ratepayers even though JEA (rather than FPL's customers) would presumably be receiving JEA's share of the assumed benefits from early retirement that FPL has presented. Moreover, FPL has had ongoing business relationships with JEA and was recently a bidder in a process established to sell the electric utility assets of JEA. FPL indicates that it expects to make up for the capacity lost by the Scherer Unit 4 early retirement by gas-fueled generation and solar. (Witness Bores Direct Testimony at p. 43). FPL indicates that it included the cost of those generation upgrades in its CPVRR analysis related to the Scherer Unit 4 early retirement.

It may also be of interest to note that while FPL claims that Scherer is inefficient and expensive to maintain compared to the rest of FPL's generating fleet, it does provide fuel diversity. Additionally, Georgia Power, the operator of Scherer, claimed in its last Integrated Resource Plan case that Scherer Unit 3 was the most modern and efficient generating unit its coal-fueled generating fleet. Maintaining fuel diversity was cited by Georgia Power as a significant benefit associated with its unit, Scherer Unit 3. The early retirement of Plant Scherer Unit 4 will significantly diminish FPL's fuel diversity and will expose FPL's ratepayers to higher costs from natural gas price increases. If FPL's projected fuel cost savings for the Scherer Unit 4 do not materialize as projected by FPL, this would expose FPL ratepayers to higher costs and could make the early closure of that unit into a net present value cost to FPL's ratepayers. This is an additional reason for removing the FPL inducement payment to JEA from rate base and operating expenses.

Q. HAS GEORGIA POWER COMPANY, THE OPERATOR OF PLANT SCHERER, TOUTED THE BENEFITS OF THAT PLANT IN ITS MOST RECENTLY FILED INTEGRATED RESOURCE PLAN?

A. Yes. Georgia Power Company's filed 2019 Integrated Resource Plan, Docket No. 42310, highlighted some of the benefits of Plant Scherer including fuel diversity, fuel cost stability, and the fact that Plant Scherer was the newest and most economical coal-fueled generating plant within the Georgia Power Company generating fleet.

Q. YOU MENTIONED THAT EARLY RETIREMENT OF PLANT SCHERER UNIT 4 WOULD SIGNIFICANTLY DECREASE FPL'S FUEL DIVERSITY AND COULD SUBJECT FPL RATEPAYERS TO FUEL COSTS INCREASES. WHAT AMOUNT OF ASSUMED CPVRR BENEFIT DOES FPL SHOW RELATING TO FUEL COST SAVINGS?

A. On FPL's Exhibit SRB-11, the Company's CPVRR analysis for Scherer Unit 4 assumes fuel savings in the amount of $1.025 billion. Without those assumed fuel savings, the Company's claimed net CPVRR results would change from the $583 million favorable result to an unfavorable result of $442 million.

Q. SHOULD THE $100 MILLION PAYMENT FROM FPL TO JEA TO INDUCE THE EARLY RETIREMENT OF SCHERER UNIT 4 BE CHARGED TO FPL'S RATEPAYERS?

A. No. As a part of its failure to meet its burden of proof, FPL did not demonstrate that FPL's ratepayers ever obtained benefit from the portion of Plant Scherer Unit 4 that FPL did not own (i.e., from the portion of Plant Scherer Unit 4 capacity that was owned by JEA). Consequently, FPL ratepayers should not be required to pay the cost of an inducement for JEA to agree with the early retirement of the portion of Plant Scherer that is owned by JEA and not owned by FPL. It is also not clear that FPL has provided testimony that, in lieu of giving JEA $100 million, it adequately explored sale of the unit to Georgia Power, who seemed to hold the plant's efficiencies in much higher regard than FPL did.

Q. WHAT ADJUSTMENTS SHOULD BE MADE TO ELIMINATE THE $100 MILLION PAYMENT TO JEA SO THAT IT DOES NOT GET CHARGED TO FPL'S RATEPAYERS?

A. As shown on Exhibit RCS-2, Schedule B-5, the regulatory asset that FPL proposes related to the $100 million payment to JEA should be removed from rate base. Additionally, FPL's proposed amortization related to the payment should be removed from 2022 operating expenses.

Q. WHAT AMOUNT SHOULD BE REMOVED FROM RATE BASE?

A. As shown on Exhibit RCS-2, Schedule B-5, the $84.493 rate base amount related to FPL's $100 million Scherer unit 4 retirement inducement payment should be removed from jurisdictional rate base. The corresponding jurisdictional adjustment reduces 2022 rate base by $84.493 million.

Plant Held For Future Use in Rate Base

Q. PLEASE EXPLAIN THE LEVEL OF PLANT HELD FOR FUTURE USE THAT FPL HAS REFLECTED IN ITS 13-MONTH AVERAGE RATE BASE.

A. As shown on MFR Schedule B-1, FPL shows Plant Held For Future Use ("PHFFU") of $395,124,000 on a total Company 13-month average basis. FPL provided a breakout of this amount by category in MFR Schedule B-15, which is reproduced in the table below:

	13 Month Avg.	2022 Test Year
	2022 Test Year	Jurisdictional
Description	Amount	Amount
Other Production Future Use	$ 285,307,000	$ 273,353,000
Transmission Future Use	$ 35,674,000	$ 32,348,000
Distribution Future Use	$ 33,306,000	$ 33,306,000
General Plant Future Use	$ 40,838,000	$ 39,571,000
Total PHFFU	$ 395,125,000	$ 378,578,000

Q. HAS FPL REMOVED ANY PHFFU FROM RATE BASE?

A. Yes. FPL removed the $10.969 million for costs related to a portion of the North Escambia property (jurisdictional amount of $10.629 million) per Order No. PSC-12-0179-FOF-EI from rate base. Per a footnote on MFR Schedule B-15, FPL had assumed that $28.5 million of Hendry County land would be utilized for solar; however, it was later determined that only $11 million would be utilized. FPL claims that this change had no effect on total retail rate base and will have no impact on its proposed base rate increase. At this point this claim may need to be further explored in discovery and my testimony would be subject to revision based on the outcome of additional discovery responses.

Q. ARE THERE CONCERNS REGARDING WHETHER EVERY PROPERTY BEING HELD FOR FUTURE USE THAT IS INCLUDED IN FPL'S 2022 TEST

YEAR PHFFU BALANCE SHOULD BE INCLUDED IN RATE BASE IN THIS PROCEEDING?

A. Yes. Upon reviewing the detail associated with the Company's requested level of PHFFU provided in response to OPC's 7th Set of Interrogatories, Interrogatory No. 210, and in OPC's 1st Request For Production of Documents, POD No. 36 Supplemental, I observed that several items are designated with a target commercial operating date ("Target COD") of "TBD" (indicating "to be determined") do not have a definite, specific estimated in-service date, thus, FPL has not met its burden to demonstrate when those parcels are expected to be used. The "TBD" designated PHFFU parcels amount to $310.017 million on a total Company basis for the 2022 test year, or $297.028 million after jurisdictional allocation. I also reviewed information for PHFFU presented in FPL's 2020 FERC Form 1. The Company's FERC Form 1 presentation on PHFFU does show anticipated in-service dates for each item of PHFFU. Based on the FERC Form 1 information, it appears that the PHFFU is anticipated to be placed into service during the next 10 years. Consequently, I have not recommended removal of any additional items of PHFFU beyond those that the Company has already removed at this time. However, I would recommend that PHFFU items with a "TBD" designation be removed unless the Company can reconcile the "TBD" designation with the anticipated in-service dates that it has reported in its FERC Form 1 for PHFFU.

Q. DOES THE COMMISSION HAVE A STANDARD THAT IT HAS APPLIED TO DETERMINE WHETHER SPECIFIC FUTURE USE PROPERTIES SHOULD BE INCLUDED IN RATE BASE?

A. Yes. The relevant statute states: "The commission shall investigate and determine the actual legitimate costs of the property of each utility company, <u>actually used and useful in</u>

the public service, and … the net investment of each public utility company in such property which value, as determined by the commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public...” Section 366.06, Florida Statutes. (Emphasis added.)

Property being held for future use that does not have an anticipated use date is not used and useful in providing service to ratepayers. Thus, it is not reasonable to expect ratepayers to pay a return on the costs of that property held for future use on an annual recurring basis.

FPL offered a standard in the 2012 rate case, Docket No. 20120015-EI that is useful and can be followed since they agree to it. As addressed in his rebuttal testimony in FPL’s 2012 rate case, former PSC Commissioner Terry Deason offered the following as a standard at page 14, lines 1 to 11:

> The Commission's standard is one of reasonableness or what amount of PHFU is reasonably needed to cost-effectively provide reliable service to existing and future customers. Applying this standard requires a review of specific properties to determine whether their acquisition and retention are reasonable to provide service over an adequate planning horizon. The Commission's reasonableness standard cannot be determined by arbitrary and rigid time limitations on the properties' ultimate use. To do so would be contrary to Commission policy and ultimately work to the disadvantage of utilities' customers.

Q. HAS FPL IN THIS DOCKET MADE ANY SHOWING THAT THE SPECIFIC PROPERTIES ARE REASONABLY NEEDED TO COST-EFFECTIVELY PROVIDE RELIABLE SERVICE TO EXISTING AND FUTURE CUSTOMERS OR WHAT TIMEFRAME IS AN ADEQUATE PLANNING HORIZON?

A. No, it has not. The detail that was provided in the response to OPC POD No. 36 Supplemental listed several properties under the Transmission and Distribution Future Use categories, where the expected in-service dates are "to be determined" or TBD. A "TBD" designation does not appear to meet the standard of rate base inclusion for PHFFU. FPL has made no showing why the projects with no expected use date are cost-effectively providing, or reasonably needed to provide, electric service. For property for which the Company has no specific year identified for being in-service to provide electric utility service, i.e., properties where the Company has "TBD" in the in-service date column, such criteria has not been met. The Company has not demonstrated that such parcels of land held for future use are reasonably needed to provide reliable service to existing customers. Customers should not be required to continue to provide FPL with a rate base return, including shareholder profits, on these projects when FPL has failed to show why and when these properties are going to be needed.

Q. WHAT COSTS DID FPL ASSIGN TO PHFFU SITES WITH EXPECTED IN-SERVICE DATES THAT THE COMPANY HAS NOT DETERMINED?

A. A description of the PHFFU sites and their associated costs, suggests that the total cost is $310.017 million on a 13-month average basis (per FPL response to OPC Interrogatory No. 210).

Q. PLEASE SUMMARIZE YOUR RECOMMENDATION FOR PHFFU FOR THE 2022 FUTURE TEST YEAR RATE BASE.

A. As described above, FPL's response to OPC Interrogatory No. 210 shows PHFFU in the 2022 future test year in the amount of $310.017 million total ($297.028 million jurisdictional) for sites with TBD in-service dates. Ratepayers should not be required to pay a return to FPL's shareholders for the costs of sites that do not have an expected in-service date because it is not used and useful to current customers and has not been demonstrated to be reasonably needed to serve current or future customers within the period encompassed by the rate plan or an alternative period, such as ten years. FPL has not demonstrated that such PHFFU projects with a "to be determined" target commercial operation date will be used to provide electric service within a reasonable timeframe in the future. However, based on my review of the Company's PHFFU information that has been presented in its 2020 FERC Form 1, which does show anticipated in-service dates for each PHFFU items to be occurring within a 10-year period. I have tentatively refrained from removal of any additional items of PHFFU beyond those that the Company has already removed at this time. However, I would recommend removal of PHFFU items with a "TBD" designation unless the Company can meet its burden to reconcile the "TBD" designation with the anticipated in-service dates that it has reported in its FERC Form 1 for PHFFU.

Q. DO SIMILAR CONCERNS APPLY TO PHFFU IN THE 2023 SUBSEQUENT YEAR RATE BASE?

A. Yes. For the 2023 subsequent year, the jurisdictional adjustment amount of PHFFU items with a "TBD" in-service designation is approximately $296.336 million on a jurisdictional basis.

<u>Construction Work in Progress</u>

Q. HAS FPL INCLUDED CONSTRUCTION WORK IN PROGRESS ("CWIP") IN ITS RATE BASE REQUEST?

A. Yes. For the 2022 test year, MFR Schedule B-1 shows that $1,725,318,000 has been included in rate base for CWIP.

Q. SHOULD THE COMMISSION ALLOW THE NON-INTEREST-BEARING CWIP TO BE INCLUDED IN RATE BASE AS PROPOSED BY FPL?

A. No. It is my opinion that CWIP should not be afforded rate base treatment. CWIP, by its very nature, is plant that is not completed and is not providing service to customers. More specifically, and in reference to this proceeding, CWIP is not used or useful in delivering electricity to FPL's customers. Under the ratemaking process, utilities are permitted to earn a return on the assets that are used and useful in providing service to a utility's customers. Assets that are still undergoing construction clearly are not used in providing service to customers during the construction period. Because of this, the ratemaking process in some jurisdictions excludes CWIP from rate base, requiring that assets be classified as used and useful in serving customers prior to earning a return on those assets being recovered from ratepayers. Therefore, as a general regulatory principle, CWIP should be excluded from rate base and from costs being charged to customers until such time as it is providing service to those customers.

I am aware that the Commission has consistently allowed the inclusion of non-interest-bearing CWIP projects for electric utilities in rate base. This understanding is based in part on the Commission's Order No. PSC-12-0179-FOF-EI, issued April 3, 2012, in Docket No. 110138-EI in a Gulf Power Company general rate case proceeding. In that order, at page 20, the Commission indicated that: "the inclusion of CWIP (not eligible for AFUDC) in rate base is consistent with our practice." In acknowledgement of the Commission's practice and its recent affirmation thereof, I have not removed the non-interest-bearing CWIP from rate base for purposes of determining OPC's recommended revenue requirement in this case. However, the fact that the removal has not been reflected in OPC's revenue requirement calculations in this case should not be interpreted to mean that my opinion or OPC's position on this issue has changed, or that OPC will not pursue this important policy issue in this rate case or future proceedings.

<u>**B. NET OPERATING INCOME ADJUSTMENTS**</u>

Q. ON WHAT SCHEDULES DO YOU PRESENT NET OPERATING INCOME ADJUSTMENTS?

A. On Exhibit RCS-2, for the 2022 forecast test year, adjustments to operating expenses that affect net operating income are presented on Schedules C-1 through C-6.

Similarly, on Exhibit RCS-3, for the 2023 subsequent year, adjustments to operating expenses and revenues that affect net operating income are presented on Schedules C-1 through C-6. Exhibit RCS-3 also has a Schedule E, which shows the revenue adjustment for the 2023 subsequent year resulting from the 2022 test year adjustments.

<u>Depreciation Expense - New Depreciation Rates</u>

Q. PLEASE EXPLAIN THE ADJUSTMENT TO DEPRECIATION EXPENSE FOR NEW DEPRECIATION RATES.

A. The amounts on Exhibit RCS-2, Schedule C-1, in columns A, B and C were supplied to me by Witness McCullar who is recommending new depreciation rates that differ from those proposed by FPL. Ms. McCullar shows that FPL's proposed depreciation rates applied to FPL's Test Year 2022 Plant produces annual depreciation expense accruals of approximately $2.039 billion, as summarized in column A of Schedule C-1, based on the Company's "without RSAM" depreciation rates. In comparison, her recommended new depreciation rates produce annual depreciation accruals of approximately $1.906 billion, as summarized on Schedule C-1 in column B. As shown on Schedule C-1 in column C, Ms. McCullar's recommended new depreciation rates for FPL produce annual depreciation expense for 2022 that is $154.83 million less than the annual depreciation accruals computed by FPL (without RSAM). The 2022 depreciation expense amounts and adjustments provided to me by Ms. McCullar were on a Total Company basis, so in order to derive the corresponding jurisdictional expense adjustments, on Schedule C-1, I applied jurisdictional factors for each functional category in column D, to derive the corresponding jurisdictional expense adjustment amounts that are shown in column E. As shown on Exhibit RCS-2, Schedule C-1, in column E, jurisdictional depreciation expense for 2022 is reduced by $148.875 million.

Q. IS THERE A CORRESPONDING RATE BASE ADJUSTMENT RELATED TO THE ADJUSTMENT FOR THE NEW DEPRECIATION RATES FOR FPL?

A. Yes. As shown on Exhibit RCS-2, Schedule B-1, there is a related adjustment which decreases accumulated depreciation (and increases rate base). The impacts on 2022 rate base were derived by taking one-half of the annual jurisdictional depreciation expense adjustment from Schedule C-1.

Q. WAS THE ADJUSTMENT TO DEPRECIATION EXPENSE FOR THE 2023 SUBSEQUENT YEAR DERIVED IN A SIMILAR MANNER?

A. Yes. The adjustment to depreciation expense for the 2023 subsequent year was derived in a similar manner, as shown on Exhibit RCS-3, Schedule C-1. The amounts in columns A, B and C, showing FPL’s proposed depreciation expense (without RSAM), Ms. McCullar’s recommended depreciation expense for 2023, and her resultant adjustment, respectively, were provided to me by Witness McCullar. To derive the corresponding adjustment to jurisdictional depreciation expense, I applied the jurisdictional factors shown on Exhibit RCS-3, Schedule C-1, in column D, to Ms. McCullar’s depreciation adjustment amounts in column C, to produce the jurisdictional depreciation expense adjustment shown in column E. As shown there, FPL's requested 2023 depreciation expense for base rate inclusion (without RSAM) is reduced by approximately $157.845 million on a jurisdictional basis.

Q. IS THERE A RELATED IMPACT ON 2023 SUBSEQUENT YEAR RATE BASE?

A. Yes. As shown on Exhibit RCS-3, Schedule B-1, page 2, the related impact on 2023 subsequent year rate base is comprised of two components: (1) one-half of the 2023 jurisdictional depreciation rates expense adjustment, (2) a full year of the 2022 jurisdictional depreciation expense adjustment.

<u>Dismantlement Expense</u>

Q. HOW DID YOU REFLECT THE ADJUSTMENT FOR DISMANTLEMENT EXPENSE THAT IS BEING RECOMMENDED BY WITNESS DUNKEL?

A. This is reflected on Exhibit RCS-2, Schedule C-2. Witness Dunkel is recommending a different amount for dismantlement expense than the Company. Mr. Dunkel supplied me with the dismantlement expense amounts shown in column A of Schedule C-2, for the adjustment to reduce the Company’s proposed dismantlement expense for 2022 by $17.033 million. Since he adjusted the total Company dismantlement expense amount, I applied the jurisdictional factor shown in column B to derive the jurisdictional expense adjustment amount for dismantlement expense shown in column C, which reduces 2022 test year jurisdictional expense by $16.271 million.

Q. IS THERE A CORRESPONDING RATE BASE ADJUSTMENT RELATED TO THE ADJUSTMENT FOR DISMANTLEMENT EXPENSE?

A. Yes. As shown on Exhibit RCS-2, Schedule B-2, and discussed above, there is a related adjustment which decreases accumulated depreciation (and increases rate base). The impacts on 2022 rate base were derived by taking one-half of the annual jurisdictional dismantlement expense adjustment from Schedule C-2.

Q. WAS THE ADJUSTMENT TO DISMANTLEMENT EXPENSE FOR THE 2023 SUBSEQUENT YEAR DERIVED IN A SIMILAR MANNER?

A. Yes. The adjustment to depreciation expense for the 2023 subsequent was derived in a similar manner, as shown on Exhibit RCS-3, Schedule C-2. The amounts in columns A for FPL's 2023 dismantlement expense and the OPC recommended amount and the OPC adjustment were provided to me by Witness Dunkel. To derive the corresponding adjustment to jurisdictional depreciation expense, I applied the jurisdictional factors shown in column B, to the total Company amounts I received from Mr. Dunkel, which are shown in column A. The jurisdictional dismantlement expense adjustment is shown.in column C and reduces 2023 expense by $16.271 million on a jurisdictional basis.

Q. IS THERE A RELATED IMPACT ON 2023 SUBSEQUENT YEAR RATE BASE?

A. Yes. As shown on Exhibit RCS-3, Schedule B-2, page 2, the related impact on 2023 subsequent year rate base is comprised of two components: (1) one-half of the 2023 jurisdictional dismantlement expense adjustment, (2) a full year of the 2022 jurisdictional dismantlement expense adjustment.

Q. WERE YOU ABLE TO INTEGRATE THE DISMANTLEMENT RECOMMENDATION WITH THE COMPANY'S ANNOUNCED FILING ADJUSTMENTS?

A. Yes. Four of FPL's May 7, 2021 Notice adjustments (items 16, 22, 23, and 24) affect dismantlement costs that were reflected in the Company's 2022 and 2023 revenue requirements. Upon request, Mr. Dunkel conformed his recommended dismantlement expense adjustment to take into account those FPL corrections.

<u>Directors and Officers Liability Expense</u>

Q. PLEASE EXPLAIN THE ADJUSTMENT FOR DIRECTORS AND OFFICERS LIABILITY EXPENSE.

A. This adjustment reduces jurisdictional D&O Liability ("DOL") insurance expense by the amount shown on Exhibit RCS-2, Schedule C-3, to reflect an allocation to shareholders for half of the cost of the D&O insurance. DOL insurance protects shareholders from the decisions they made when they hired the Company's Board of Directors and the Board of Directors in turn hired the officers of the Company. There is no question that DOL insurance, which FPL has elected to purchase, is primarily for the benefit of shareholders. Since shareholders are the primary beneficiary, they should be responsible for the costs associated with acquiring this coverage. The Company will inevitably argue that the cost is a necessary expense which protects ratepayers. Nevertheless, the cost of the premiums associated with acquiring DOL insurance, while considered to be a necessary business expense by many, is in reality a necessary business expense designed to protect shareholders from their past decisions. Notwithstanding that shareholders are the primary beneficiary, I am recommending that this business expense be shared equally between shareholders and rate payers.

Q. HAS THIS ISSUE IN PREVIOUS RATE CASES IN FLORIDA?

A. Yes. This issue was addressed in the Gulf Power Company rate case[11] In that case, the Commission determined that the cost for DOL insurance should be shared equally between shareholders and ratepayers. In the Progress Energy Florida ("PEF") case[12], the Commission allowed PEF to place one half the cost of DOL insurance in test year expenses noting that other jurisdictions make an adjustment for DOL insurance and that the Commission has disallowed DOL insurance in wastewater cases.

Q. WHAT IF THE COMMISSION HAD NOT DISALLOWED HALF THE COST IN THE GULF AND PEF DOCKETS, WHAT WOULD YOU THEN RECOMMEND IN THIS CASE?

A. I would still be recommending to the Commission that there be either a complete disallowance or at the very least an equal sharing, because the cost associated with DOL insurance benefits shareholders first and foremost. Unlike an unregulated entity, criteria exist for recovery of costs, such as prudence and benefit. The benefit of DOL insurance is the protection shareholders receive from directors' and officers' imprudent decision making. The benefit of this insurance clearly inures primarily to shareholders; some of whom generally are the parties initiating any suit against the directors and officers. The

[11] See, Order No. PSC-12-0179-FOF-EI, issued April 3, 2012, Docket No. 11-0138-EI, In re: Petition for increase by Gulf Power Company, at p. 101.
[12] See, Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket No. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc. at p. 99.

Commission's decisions on this question in the Gulf Power and PEF rate case dockets were fair, and those decisions should be followed in this Docket.

Scherer Unit 4 Retirement Inducement Payment to JEA – Amortization Expense

Q. PLEASE EXPLAIN THE ADJUSTMENT TO REMOVE THE AMORTIZATION EXPENSE ASSOCIATED WITH THE PAYMENT BY FPL TO JEA TO INDUCE JEA TO AGREE TO AN EARLY RETIREMENT OF PLANT SCHERER UNIT 4.

A. The adjustment shown on Exhibit RCS-2, Schedule C-4 removes the amortization in the 2022 forecasted test year associated with the $100 million payment by FPL to JEA to induce JEA to agree with the early retirement of Plant Scherer Unit 4. I discuss and recommend the disallowance of the recovery of this cost above. FPL has an approximately 76% ownership interest in Plant Scherer unit 4 and JEA has the remaining approximately 24% interest in that generating plant.

Q. WHAT ESTIMATED USEFUL LIFE FOR SCHERER UNIT 4 IS REFLECTED IN THE COMPANY'S CURRENT DEPRECIATION RATES?

A. FPL's current depreciation rates are based on parameters which include an assumed estimated retirement date for Plant Scherer unit 4 of June 2052.

Q. IS THE ANNOUNCED EARLY RETIREMENT DATE ESSENTIALLY MOVING UP THE RETIREMENT DATE FOR PLANT SCHERER UNIT 4 BY 30.5 YEARS?

A. Yes. As noted above, the previously assumed estimated retirement date for Plant Scherer unit 4 of June 2052 has been used in the development of FPL's current depreciation rates for that plant. Moving the retirement date up to January 1, 2022 essentially moves up the retirement date for Scherer Unit 4 by over 30 years.

Q. HAVE THERE BEEN PROBLEMS WITH THE OPERATION OF PLANT SCHERER?

A. Not to my knowledge. Indeed, the operator of Plant Scherer, Georgia Power Company has indicated that the unit GPC owns at that generating station is the most modern and efficient coal-fueled generating unit in GPC's generating fleet.

Q. WILL THE EARLY RETIREMENT BY FPL OF PLANT SCHERER UNIT 4 REDUCE FPL'S FUEL DIVERSITY?

A. Yes. The early retirement by FPL of Plant Scherer Unit 4 will reduce FPL's fuel diversity and thus could subject FPL's ratepayers to higher fuel costs if natural gas price volatility returns and natural gas prices escalate more rapidly than the prices of coal that would have been burned at Scherer Unit 4.

Q. IF THE FUEL COST SAVINGS PROJECTED BY FPL RELATED TO THE EARLY RETIREMENT OF PLANT SCHERER UNIT 4 DO NOT MATERIALIZE WOULD THERE STILL BE A CUMULATIVE NET PRESENT VALUE BENEFIT?

A. No, it appears not. FPL's claimed CPVRR benefit for the early retirement of Scherer Unit 4 of $583 million assumes a net fuel savings amount of $1.025 billion. If that fuel savings amount does not materialize, other things being equal, the claimed CPVRR benefit would be a CPVRR detriment of approximately $442 million ($1.025 billion less $583 million.).

Q. **IF THAT CLAIMED BENEFIT WERE TO ACTUALLY OCCUR, WOULD JEA, AS OWNER OF 24 PERCENT OF THE PLANT, RECEIVE AT LEAST SOME OF THOSE BENEFITS?**

A. Presumably if the benefits claimed by FPL for the early retirement of Plant Scherer unit 4 were to actually occur, a portion roughly commensurate with JEA's ownership, such as the claimed fuel cost savings, would inure to JEA. Thus, it would be unreasonable for FPL's ratepayers to subsidize the early retirement of Scherer Unit 4 by paying for the JEA inducement payment when JEA and its customers would be obtaining potentially tens, if not more than $100 million of benefit from that early retirement, and none of the benefits to JEA will be enjoyed by FPL ratepayers.

Q. **PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENT FOR THE JEA SCHERER UNIT 4 EARLY RETIREMENT INDUCEMENT PAYMENT AMORTIZATION EXPENSE.**

A. As shown on Exhibit RCS-2, Schedule C-4, removal of the amortization expense for the JEA Scherer Unit 4 early retirement inducement payment, reduces 2022 test year amortization expense by $8.794 million.

<u>Rate Case Expense</u>

Q. **HAVE YOU REFLECTED AN ADJUSTMENT TO FPL'S PROPOSED RATE CASE EXPENSE AT THIS TIME?**

A. No. This issue is under evaluation. There are concerns that the complexity of FPL's filing, with two forecasted test years and an additional proposed "SoBRA" rate adjustment for 2024 and 2025, has increased rate case expense. These costs are not reasonable and should not be borne by ratepayers.

<u>Vegetation Management Expense and Storm Protection Plan</u>

Q. WERE COSTS ASSOCIATED WITH VEGETATION MANAGEMENT AND THE STORM PROTECTION PLAN REVIEWED?

A. Yes. Because the Company is allowed separate recovery of costs associated with the approved Storm Protection Plan ("SPP") the costs are to be excluded from the current rate request. FPL excluded SPP costs as part of the Company adjustments on MFR C-1 and MFR C-3.

Q. ARE THERE ANY CONCERNS WITH THE SPP COSTS AND THE EXCLUSION OF THOSE COSTS IN THE FILING?

A. Yes, there is some concern based on the detailed support included with the detail supplied for MFR C-3 and the response to discovery. The detail support labeled "2022 Company Adjustments without RSAM" included a summary (FPL Bates Stamps No. 025813) of the SPP costs with a comparison to the costs included in the SPP filing. The summary of costs was verified to the Company adjustments in the rate filing. The concern is that the comparison indicates the SPP filing included $3.143 million more costs than what was excluded from the 2022 test year rate request. The detail indicated that $2,430,000 for Feeder Hardening and $800,000 for Distribution PIP were not included as part of the rate case adjustment. The Company should explain why the rate case adjustment did not remove the $3,230,000 included as part of the SPP filing.

Q. YOU INDICATED THAT A RESPONSE TO DISCOVERY ALSO RAISED SOME CONCERN. WHAT RESPONSE ARE YOU REFERRING TO?

A. The second supplemental response to OPC Interrogatory No. 79 indicated that distribution vegetation management costs for 2022 charged to O&M expense is $64.9 million. The detail support in FPL Bates Stamps No. 025813 identified $62,117,916 as cost excluded for distribution overhead lines. The difference of $2.8 million needs to be explained by FPL.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT FOR THE VEGETATION MANAGEMENT AND SPP COST?

A. Yes. Unless FPL provides sufficient justification for the differences described, I am recommending that an adjustment to be made to remove vegetation expense from the operating expenses being used to set FPL's base rate revenue requirement of $3.230 million be made. The reduction to jurisdictional expense is $3.178 million, as shown on Exhibit RCS-2, Schedule C-5.

<u>Interest Synchronization</u>

Q. WHAT IS THE PURPOSE OF YOUR 2022 TEST YEAR INTEREST SYNCHRONIZATION ADJUSTMENT ON EXHIBIT RCS-2, SCHEDULE C-6?

A. The interest synchronization adjustment allows the adjusted rate base and cost of debt to coincide with the income tax calculation. Since interest expense is deductible for income tax purposes, any revisions to the rate base or to the weighted cost of debt will impact the test year income tax expense. OPC's proposed rate base and weighted cost of debt differ from the Company's proposed amounts. Thus, OPC's recommended interest deduction for determining the 2022 test year income tax expense will differ from the interest deduction used by FPL in its filing. Consequently, OPC's recommended debt ratio increase in this case will lead to a greater interest deduction in the income tax calculation, which will in turn result in a reduction to income tax expense.

Q. IS THERE A SIMILAR INTEREST SYNCHRONIZATION ADJUSTMENT FOR THE 2023 SUBSEQUENT YEAR?

A. Yes. The similar interest synchronization adjustment for the 2023 test year is shown on Exhibit RCS-3, Schedule C-6.

<u>Income Tax Expense Impacts of Adjustments to Operating Revenue and Expenses</u>

Q. HAVE YOU ADJUSTED 2022 TEST YEAR INCOME TAX EXPENSE TO REFLECT THE IMPACT OF THE ADJUSTMENTS SPONSORED BY CITIZENS' WITNESSES TO NET OPERATING INCOME?

A. Yes. On Exhibit RCS-2, Schedule C.1, I calculate the impact of federal and state income tax expenses resulting from the recommended adjustments to operating expenses. The result is carried forward to the Net Operating Income Summary on Exhibit RCS-2, Schedule C.

Q. IS THERE A SIMILAR ADJUSTMENT FOR 2023?

A. Yes. The similar adjustments for 2023 for the impacts on income tax expense are shown on Exhibit RCS-3, Schedule C.1.

<u>Incentive Compensation – Executive Compensation</u>

Q. HAVE YOU ANALYZED FPL'S REQUEST FOR INCENTIVE COMPENSATION FOR THE TEST YEAR 2022?

A. Yes, I have. The Company MFR Schedule C-2, Test Year Consolidated (without RSAM) – Support indicates that $47,858,907 of what is labeled as "Executive Compensation" was excluded from the 2022 test year. According to the testimony of Company Witness Kathleen Slattery: "FPL has excluded from its expense request the portions of executive and non-executive incentive compensation that were excluded by the 2010 Rate Order, Order No. PSC-10-10153-FOF-EI."[13]

Q. ARE THERE ANY CONCERNS WITH WHETHER THE ADJUSTMENT MADE IN THIS FILING WAS AS DESCRIBED?

A. Yes, there is concern. The Commission's Order PSC-10-10153-FOF-EI excluded 100% of what was defined as executive compensation and 50% of what was identified as non-executive incentive compensation after first adjusting the level of compensation from an above target ratio to the target ratio. As I stated earlier, the specifics of the calculation have been requested to determine whether the Company's adjustment for incentive compensation in the current rate case is consistent with the adjustment in the 2010 Order. The concern is that in the 2010 case the ratio adjustments for executive and non-executive compensation was $12,226,189 and $2,122,947, respectively. The exclusion of the 100% of executive incentive compensation was $30,565,472 and the adjustment for non-executive compensation was $3,538,246.[14] The total of the adjustments is $48,452,854. The total requested in the 2010 rate case based on the definitions applied would be $51,991,100. That means that approximately 93.2% was excluded by the commission in Docket Nos. 080677-EI and 090130-EI. The question at hand is how could $48,452,854 be excluded then, and only $47,858,907 has been excluded in the current filing, which is the

[13] Direct Testimony of Kathleen Slattery at page 15, lines 17-20.
[14] Order No. PSC-10-0153-FOF-EI at pages 147 to 150.

estimated cost 11 years later. The OPC has pursued discovery concerning FPL's executive compensation adjustment and is anticipating receipt of some responses, such as to OPC set 15 after testimony is finalized. It is my opinion that the amount to be excluded for incentive compensation should be consistent with the decision in the 2010 order. I will reserve the right to recommend additional adjustment in this category based on the results of discovery.

Incentive Program Related to Construction Project Performance

Q. HAS THE COMPANY INCLUDED O&M EXPENSE IN THE 2022 FORECAST TEST YEAR AND 2023 SUBSEQUENT YEAR FOR AN INCENTIVE PROGRAM THAT IS RELATED TO CONSTRUCTION PROJECT PERFORMANCE?

A. Yes, as indicated in the Company's confidential responses to OPC Interrogatory No. 246 and OPC Production of Document, Request No. 48, Supplemental Attachment 6. Because this incentive is related to construction project performance, I am recommending that for ratemaking purposes the amounts identified in FPL's confidential response to OPC Interrogatory No. 246 be treated as construction project costs and removed from O&M expense in the 2022 test year and 2023 subsequent year. Due to the challenges presented by FPL's designation of related information as confidential or highly sensitive I have not reflected this adjustment on Exhibits RCS-2 or RCS-3.

Acceleration of Unprotected EADIT Amortization

Q. WHAT IS THE COMPANY PROPOSING FOR ACCELERATION OF UNPROTECTED EADIT AMORTIZATION?

A. At page 41 of his Direct Testimony, FPL Witness Bores states that FPL is seeking to accelerate $163 million in 2024 and 2025, with $81.3 million of such amortization in each year. Unprotected EADIT amortization is not subject to IRS normalization rules.

Q. SHOULD THAT COMPANY PROPOSAL BE ACCEPTED?

A. No. I agree with Mr. Bores that the Commission has the discretion to establish any amortization period for unprotected EADIT that the Commission deems appropriate, and could therefore approve either FPL's proposed amortization or a different amortization, as part of this rate case. If FPL's unprotected EADIT is going to receive an accelerated amortization in this rate case, and if there is any remaining revenue deficiency for 2022 or 2023, I recommend that the $163 million be amortized in 2022 and 2023 (rather than in 2024 and 2025) to offset any remaining revenue deficiency in those years so that unprotected EADIT is used to offset revenue requirements in 2022 or 2023 and provide rate stability in those years, rather than have it applied in 2024 and 2025 to enhance FPL's earnings in those years.

Q. HAVE YOU MADE AN ADJUSTMENT TO REFLECT ACCELERATED AMORTIZATION OF UNPROTECTED EADIT IN THE 2022 FORECASTED TEST YEAR OR THE 2023 SUBSEQUENT YEAR AT THIS TIME?

A. No. As shown on Exhibit RCS-2, Schedule A, without any accelerated amortization in 2022 of unprotected EADIT, a revenue excess of $70.9 million for the 2022 forecasted test year has been calculated. Thus, based on those results, there is no need to apply an accelerated unprotected EADIT amortization in 2022 for rate stability purposes.

On Exhibit RCS-3, Schedule A, for the 2023 subsequent year, I show a revenue deficiency of $528.6 million, without any accelerated amortization of unprotected EADIT. Applying the unprotected EADIT amount identified by FPL of $163 million against the 2023 subsequent year revenue deficiency could help mitigate the impact of a 2023 increase on ratepayers.

Q. IF THE ACCELERATED AMORTIZATION OF THESE UNPROTECTED EADIT AMOUNTS IS NOT NEEDED FOR RATE STABILITY FOR THE YEARS 2022 OR 2023, WHAT IS YOUR RECOMMENDATION REGARDING THESE DEFERRED TAX CREDITS?

A. I recommend that the credits remain in the capital structure as a cost-free source of capital unless the Commission determines that there is a positive revenue requirement for those years and if so that the Commission offset such a revenue requirement up to the extent of those unprotected EADIT balances.

VIII. OVERALL FINANCIAL SUMMARY – JANUARY 2023 SUBSEQUENT YEAR RATE CHANGE

Q. ARE YOUR SCHEDULES IN EXHIBIT RCS-3 FOR THE 2023 SUBSEQUENT TEST YEAR ORGANIZED IN A SIMILAR MANNER TO YOUR ABOVE-DESCRIBED PRESENTATION IN EXHIBIT RCS-2 FOR THE 2022 TEST YEAR?

A. Yes.

Q. HAVE YOU INCLUDED A SCHEDULE IN EXHIBIT RCS-3 TO REFLECT THE IMPACT ON 2023 SUBSEQUENT YEAR REVENUE ASSOCIATED WITH THE ADJUSTMENT TO THE 2022 REVENUE REQUIREMENT?

A. Yes. Exhibit RCS-3 includes Schedule E which reflects the impact on the 2023 subsequent year of the 2022 test year revenue requirement adjustment, adjusted for growth in 2023.

Q. WHAT IS THE JANUARY 2023 BASE RATE REVENUE REQUIREMENT DEFICIENCY OR EXCESS FOR FLORIDA POWER & LIGHT COMPANY (AND GULF POWER COMPANY) COMBINED?

A. As shown on Exhibit RCS-3, Schedule A, line 8, column E, the OPC's recommended adjustments in this case result in a recommended revenue deficiency for FPL/Gulf combined in January 2023 of approximately $457.2 million. The revenue increase requested by FPL for the 2023 subsequent year is presented in the Company's filing as a $1.920 billion revenue deficiency, as I have reproduced on Exhibit RCS-3, Schedule A, line 8, column A. The OPC amount is $1.435 billion lower than FPL's, as shown on Exhibit RCS-3, Schedule A, line 8, in column F.

The 2023 subsequent year revenue deficiency is also impacted by the revenue increase (or decrease) that has been calculated for the 2022 forecasted test year. The amounts of the 2022 revenue deficiency calculated by FPL and the 2022 revenue excess I have calculated on behalf of the OPC, with growth from 2022 to 2023, are shown on Exhibit RCS-3, line 9. After factoring in the impact of the 2022 test year revenue excess, with growth to 2023, as shown on Schedule A, line 9, in column E, the adjusted revenue deficiency of $528.6 million is shown on line 10 in column E. Compared with FPL's adjusted amount of approximately $600 million of revenue deficiency for 2023 (after the full impact of the 2022 rate increase requested by the Company), line 10, column F, shows the difference of $70.436 million.

In summary, the OPC's calculated revenue deficiency for the 2023 subsequent year of approximately $457.2 million is $1.434 billion lower than FPL's corrected 2023 amount of $1.892 billion. This comparison is shown on Exhibit RCS-3, Schedule A, page 1, line 8.

In comparison with the Company's approximately $600 million additional revenue deficiency amount for the 2023 subsequent year, the OPC's adjusted results show a 2023 revenue deficiency of $528.6 million, which is approximately $70.4 million lower than FPL's additional 2023 revenue increase amount. This comparison is shown on Exhibit RCS-3, Schedule A, page 1, line 10. This deficiency is calculated assuming that the information from two years out can provide a reasonable basis for establishing rates. As discussed below this is not a reasonable assumption.

Q. BY CALCULATING A REVENUE DEFICIENCY FOR 2023 AS YOU HAVE DESCRIBED, IS IT YOUR OPINION THAT FPL HAS JUSTIFIED OR IS OTHERWISE ENTITLED TO A RATE INCREASE IN THAT AMOUNT?

A. No. My presentation of a 2023 revenue deficiency is based on the forecasts and assumptions offered by FPL. It is my opinion as well of that of OPC Witness Lawton that the subsequent year is inherently unreliable for rate setting purposes and that the Commission should deny relief at this time for 2023.

Q: DO YOU BELIEVE THAT THE 2023 SUBSEQUENT YEAR REQUEST IS NECESSARY OR GOOD POLICY?

A. No, I do not think that a subsequent test year is necessary or good policy. The test year is supposed to be representative of rates on a going-forward basis. If the test year is chosen appropriately, there should be no reason for another rate adjustment so shortly after original test year. As the Commission noted in Order No. PSC-10-0153-FOF-EI, at page 9, "[i]f the test year is truly representative of the future, then the utility should earn a return within the allowed range for at least the first 12 months of new rates." As the Commission noted, these types of back-to-back rate cases deprive the Commission and ratepayers of twelve months of actual economic data and operating history of the Company. Id. The Commission further stated that "[w]e believe that back-to-back rate increases should be allowed only in extraordinary circumstances." Id. The Company has shown no extraordinary need for the subsequent test year. In fact, OPC's recommendation is for a reduction of approximately $70.9 million based on the 2022 test year (approximately $71.4 million with growth in 2023).

IX. SOBRA STEP INCREASES – 2024 AND 2025

Q. COULD YOU PLEASE BRIEFLY DESCRIBE FPL'S REQUEST AS IT PERTAINS TO THE PROPOSED ADDITIONAL BASE RATE REVENUE REQUIREMENT INCREASES FOR 2024 AND 2025?

A. FPL proposes a solar base rate adjustment ("SoBRA") mechanism for solar generating facilities projected to be placed into service during 2024 and 2025. The Company's SoBRA mechanism is summarized on FPL Exhibit REB-12 and is discussed in the Company's Direct Testimony, including the testimony of FPL Witness Barrett at pages 67-68.

Q. DO YOU HAVE A PRIMARY RECOMMENDATION AS TO WHETHER THE COMMISSION SHOULD APPROVE FPL'S REQUESTED SOBRA INCREASES IN THE CURRENT FPL RATE CASE?

A. Yes. I recommend that the FPL-proposed SoBRA base rate revenue increases not be approved at this time. This is primarily because of my previous recommendations addressed in my testimony reflecting a revenue excess for 2022. I am also skeptical of the accuracy and reasonableness of FPL's 2024-2025 projections, given that they are three and four years further out in the future.

Q. IF THE COMMISSION WERE TO APPROVE BASE RATE INCREASES FOR 2024 AND 2025 FOR SOLAR PLANT ADDITIONS, HOW SHOULD THE CAPITAL STRUCTURE FOR 2024 AND 2025 BE DERIVED?

A. If the 2024 and 2025 step increases for solar plant additions are going to be considered, contrary to OPC's recommendations, the applicable rate of return that the Commission will apply to the projected rate base should be based on OPC's overall recommended 2022 rate of return. In Order No. PSC-09-0283-FOF-EI, issued April 30, 2009, the Commission applied its authorized overall rate of return it found appropriate for determining the base rate increase for Tampa Electric Company in its calculation of the January 1, 2010 step increase associated with five combustion turbine units being placed into service. This is demonstrated at pages 138 and 139 of the Order, on Schedules 5 and 6.

Next, I recommend that the projected amount of rate base and operating costs associated with the 2024 and 2025 solar generating plant projects be updated based on more recent forecasts, which should be presented by FPL in 2023 prior to approval of any additional base rate increases related to such solar projects.

Additionally, I recommend that the any start-up costs included in FPL's projections of SoBRA base rate revenue requirement increases be removed so that base rates established at the time of the proposed step increases would be based on normalized costs and exclude one-time non-recurring charges.

Q. YOU STATED THAT THE PROJECTED AMOUNT OF RATE BASE AND OPERATING COSTS ASSOCIATED WITH THE 2024 AND 2025 SOLAR GENERATING PROJECTS SHOULD BE UPDATED BASED ON MORE RECENT FORECASTS. PLEASE EXPLAIN.

A. In 2023, prior to approval of any limited purpose step increases in FPL's base rates related to projected solar generating plant additions in 2024, updated estimates should be presented by FPL. This would apply only if the Commission determines that additional base rate increases in 2024 and 2025 for new solar generating plant additions are needed. OPC's primary recommendation, as noted above, is that the Commission reject the 2024 and 2025 SoBRA step increases because OPC shows a revenue excess for 2022. While OPC's adjustments to 2023 test year show a revenue deficiency, forecasting out two years is inherently inaccurate and is bad policy for the reasons discussed above. Further, FPL has not demonstrated that a 2024 or 2025 base rate increase would be necessary to keep FPL from falling below the low point of its authorized ROE range. Approval of projected 2024 of 2025 base rate increases would be premature.

X. FPL PROPOSED MECHANISM TO ADDRESS FEDERAL INCOME TAX CHANGES

Q. HAS FPL PROPOSED A MECHANISM TO ADDRESS POTENTIAL CHANGES IN FEDERAL INCOME TAXES BEFORE ITS NEXT BASE RATE CASE?

A. Yes. As explained in the Direct Testimony of Witness Bores, the Company is proposing a mechanism to address potential changes in federal income tax law. FPL proposes that the impact of any change in tax law be handled through an adjustment to its base rates. FPL proposes that within 90 days of the enactment of the new tax law, FPL will submit the calculation of the required change in its base rates to the Commission for review. FPL indicates that under no instance would FPL defer incremental income tax expense for 2021 or request the tax-related base rate adjustment be implemented prior to January 1, 2022. FPL notes that during the period of its four-year plan, legislation could result in increasing the federal corporate income tax rate from the current 21% to something higher. Witness Bores' Direct Testimony at pages 44-47 describes the Company's proposal to adjust rates for income tax changes. At page 46, Mr. Bores states that:

> [f]or the time period between enactment of the new tax law and implementation of new tax-adjusted base rates, FPL will defer the impact of new tax law to the balance sheet for collection through the Capacity Clause in the subsequent year. Any difference between actual income tax expense and the amount of the 2022 or 2023 base rate increase will be recorded in net operating income and reflected in FPL's earnings surveillance reports for all periods.

FPL proposes to flow back (or collect) unprotected ADIT resulting from tax law changes over a ten-year period. (Witness Bores Direct Testimony at pp. 46-47).

FPL suggests that, if there is a tax law change, it would prepare two sets of updated MFR schedules A-1, B-1 and C-1 and D-1a for both the 2022 test year and for the 2023 SYA that reflects the Commission's final rate order. FPL would prepare those MFR schedules in two ways: (1) utilizing current tax law under the Tax Cuts and Jobs Act ("TCJA") and (2) applying the new tax law. FPL states that the difference in revenue requirements between the two sets of MFR schedules would demonstrate the difference resulting from the new tax law and would be the amount that FPL proposes to utilize as an adjustment to base rates for both 2022 and 2023. For 2024 and 2025, FPL proposes no adjustment to base rates consistent with its four-year proposal.

If a new tax law is enacted after 2023, FPL proposes to update the 2023 MFRs reflecting the Commission's final base rate order and the impacts of the new tax law. In that situation, FPL proposes, for the time period between enactment of the new tax law and implementation of new tax-adjusted base rates, FPL proposes to defer the impact of tax law changes on its balance sheet for collection through the Capacity Clause in the subsequent year. For any differences between actual income tax expense and the amount of the 2022 or 2023 base rate increase, FPL states that will be recorded in net operating income and reflected in FPL's earnings surveillance reports for all periods.

For deferred income taxes, FPL proposes that any deficient or excess accumulated deferred income taxes ("ADIT") that arise would be deferred as a regulatory asset or liability on its balance sheet and included within FPL's capital structure. FPL proposes to follow new tax law specifications for the treatment of protected excess ADIT ("EADIT"), and to amortize unprotected EADIT over a 10-year period, which Mr. Bores states is consistent with FPL's treatment under the TCJA and Order No. PSC-2019-0225-FOF-EL. FPL has also proposed that it be allowed to use accelerated amortization of its unprotected EADIT in 2024 and 2025. I have addressed FPL's proposal for accelerated unprotected EADIT amortization in 2024 and 2025 above, and have recommended that it be rejected. If the Commission does not accept FPL's proposed rate consolidation with Gulf, FPL proposes to make separate calculations for FPL and Gulf.

Q. SHOULD FPL'S PROPOSED TAX LAW CHANGE MECHANISM BE ADOPTED AS PROPOSED BY FPL?

A. No. It is my understanding that in the most recent (2017) Gulf Power rate case, the Commission has ruled that federal corporate income tax rate changes that are part of proposals and not actually in the law are too speculative for even considering in a pending rate case. Instead, a separate docket is the appropriate vehicle for considering any impact of an income tax rate change. Specifically, the Commission ruled that the issue is "premature and not ripe for consideration at this time. Should federal tax changes occur in the future, the issue may be addressed at the appropriate time in a separate proceeding."[15] Additionally, unlike other Florida regulated utilities, FPL did not flow back the savings associated with the TCJA to ratepayers. Rather, FPL has used TCJA savings to replenish its depreciation reserve excess and to apply amounts from the replenished depreciation reserve excess to obtain earnings above the mid-point and in several months at the top end of the allowed earnings range – all for the benefit of shareholders. Thus, the base rate change mechanism for potential new tax law changes proposed by FPL should not be adopted.

Q. IS IT CLEAR WHAT A NEW TAX LAW WILL DO?

A. No. As recognized by the Commission's policy, it is entirely speculative at this point. It has been reported that a preliminary proposal has been floated by the Biden administration to raise the federal corporate income tax rate, currently at 21% under the TCJA, to 28%. There have then been subsequent reports of a "minimum" corporate tax of 15%. As new proposed federal income tax legislation is being developed, there may be other provisions that favor development of clean energy by providing tax credits, tax deductions or other incentives. Currently, it is very unclear what a new federal tax law will do, or whether it will even be enacted. In any event such speculation cannot be entertained in accord with the Commission's policy.

[15] See, Order No. PSC-2017-0099-PHO-EI at pp. 107-108.

Q. IF SIGNIFICANT NEW FEDERAL INCOME TAX LEGISLATION IS ENACTED DURING THE PENDENCY OF FPL'S CURRENT RATE CASE, HOW SHOULD FPL REPORT THE IMPACTS OF SIGNIFICANT CHANGES THAT COULD RESULT FROM POTENTIAL FEDERAL INCOME TAX LAW REVISIONS?

A. If significant tax law changes occur during the pendency of FPL's current rate case, FPL should update its MFRs for the 2022 test year and the 2023 SYA, and the rate case schedule should be suspended so that parties will have adequate time to review and address such changes.

Q. IF SIGNIFICANT NEW FEDERAL INCOME TAX LEGISLATION IS ENACTED AFTER A FINAL COMMISSION ORDER IN THE CURRENT FPL RATE CASE, HOW SHOULD FPL REPORT THE IMPACTS OF SIGNIFICANT CHANGES THAT COULD RESULT FROM POTENTIAL FEDERAL INCOME TAX LAW REVISIONS?

A. If the significant tax law changes occur after a final Commission Order in FPL's current base rate case, FPL should report the impacts on its ESRs. FPL should comply with requirements in any new tax law concerning the treatment of protected EADIT. FPL should report the amount of unprotected EADIT, including supporting details. Only if and to the extent FPL's earnings, as reported in its ESRs would, after full amortization of any RSAM-related Reserve Amount if authorized over the objection of the OPC), fall below the bottom end of the allowed earnings range should any base rate adjustment be considered. FPL should have the option of filing a new rate case for new base rates. A limited proceeding to address impacts from new federal income tax legislation that might be enacted may also be available depending on proximity to end of rate case.

Q. IF SIGNIFICANT FEDERAL INCOME TAX LEGISLATION IS PASSED, WOULD THAT TEND TO AFFECT ALL FLORIDA REGULATED UTILITIES, NOT JUST FPL?

A. Yes. If significant new federal income tax legislation is passed, such as a change in federal corporate income tax rate, it would likely affect all regulated Florida utilities, not just FPL, thus, there may be a need for a generic proceeding to consider the impacts not only on FPL, but also on the other affected utilities that are regulated by the Commission. If such a proceeding were opened, that would likely be the appropriate "separate proceeding" the Gulf Power order directed all parties to, for consideration of tax law changes on underearning utilities.

XI. STORM COST RECOVERY MECHANISM

Q. PLEASE DISCUSS THE COMPANY'S PROPOSAL FOR A STORM COST RECOVERY MECHANISM.

A. FPL proposes to continue a storm cost recovery mechanism ("SCRM") that it indicates was approved as part of the Company's 2016 rate case settlement. Witness Barrett addresses the Company's proposed mechanism in his Direct Testimony starting at page 56 and continuing through page 59. FPL proposes storm cost reserve replenishment to $150 million, subject to a $4/1,000 kWh cap per calendar year, subject to FPL requesting an increase in the cap if FPL incurs in excess of $800 million of storm recovery costs that qualify for recovery in a given calendar year. The terms of FPL's proposed SCRM are detailed on Exhibit REB-10.

Q. DOES MR. BARRETT EXPLAIN HOW ITS PROPOSED SCRM WOULD IMPACT THE CURRENT GULF POWER COMPANY SURCHARGE FOR HURRICANE SALLY COSTS?

A. At page 57 of his Direct Testimony, Mr. Barrett explains that:

> If the Commission approves the Company's petition to combine rates, the current Gulf surcharge for Hurricane Sally will cease when all approved deferred storm costs have been recovered exclusive of any replenishment of Gulf's storm reserve. If the Commission does not approve the Company's petition to combine rates, the Hurricane Sally surcharge will continue until Gulf's reserve is replenished in accordance with its current settlement agreement.

Q. HOW HAS FPL RECOVERED STORM COSTS?

A. FPL indicates that it incurred approximately $1.3 billion in storm costs related to Hurricane Irma. FPL applied TCJA related savings and the Excess Depreciation Reserve amount to "amortize" $1,148,303,252 of those costs. FPL has also applied TCJA related savings to replenish its Excess Depreciation Reserve Amount using the current RSAM. In December FPL applied an amount of approximately $265.4 million for recovery of the cost of Dorian and Other Storms.

Q. HAS MR. BARRETT INDICATED WHAT THE FPL AND GULF STORM RESERVE BALANCES ARE?

A. At page 58 of his Direct Testimony, Mr. Barrett indicates that as of December 31, 2020, FPL has a funded storm reserve of $115 million for FPL and zero for Gulf.

Q. WHAT ARE THE POTENTIAL ADVANTAGES OF SECURITIZING LARGE AMOUNTS FOR COSTS THAT ARE INCURRED TO RESTORE ELECTRIC SERVICE AFTER MAJOR STORMS, SUCH AS NAMED HURRICANES?

A. Securitization of large amounts of storm restoration costs could, depending on the structure and financing costs, potentially result in significant financing cost savings to ratepayers, versus other forms of storm costs recovery, such as those incorporating a rate base/rate of return that includes a common equity return with an income tax gross up.

Q. SHOULD FPL'S PROPOSED STORM COST RECOVERY MECHANISM BE APPROVED AS PROPOSED BY THE COMPANY?

A. No, not as proposed by FPL. FPL should continue to have access to a customer surcharge mechanism (and/or to Company-proposed securitization) for significant storm costs that are in excess of its funded reserve. However, as discussed in Section II of my testimony, under no circumstance should FPL be allowed to ever again charge storm recovery costs against the depreciation reserve surplus or to use an RSAM for recovery of storm costs or for purposes of manipulating its earnings.

Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

A. Yes, it does.

QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA &76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA & 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001 & ER-85647001	New England Power Company (FERC)
850782-EI & 850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU & 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102 T E-1032-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
89-0033	Illinois Bell Telephone Company (Illinois CC)
U-89-2688-T	Puget Sound Power & Light Company (Washington UTC))
R-891364	Philadelphia Electric Company (Pennsylvania PUC)
F.C. 889	Potomac Electric Power Company (District of Columbia PSC)
Case No. 88/546	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+ Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314 & M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 & U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 & U-1032-93-193	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/ E-1032-93-169	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power &Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed Staff Investigation	Delaware - Estimate Impact of Universal Services Issues (Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60, U-98-65, U-98-67	Investigation of 1998 Intrastate Access charge filings (Alaska PUC)
(U-99-66, U-99-65, U-99-56, U-99-52)	Investigation of 1999 Intrastate Access Charge filing (Alaska PUC)
Phase II of 97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed Assistance	Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No. 98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No. 99-01-016, Phase I	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020 Phase II	Pacific Gas & Electric Company Rate Case (California PUC)
01-10-10	United Illuminating Company (Connecticut OCC)
13711-U	Georgia Power FCR (Georgia PSC)
02-001	Verizon Delaware § 271(Delaware DPA)
02-BLVT-377-AUD	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No. 05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363, Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM, Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT-1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT-607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT-060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA, 06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208, R-2010-2166210, R-2010-2166212, & R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)

2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
Docket No. 40161	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EI, et al.	Florida Power Company (Florida PSC)
R-2016-2537349	Metropolitan Edison Company (Pennsylvania PUC)
R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P (Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
Docket No. 4618	Providence Water Supply Board (Rhode Island PUC)
Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142*	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322*	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034*	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)

Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No. 2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)
U-18-021 & U-18-033	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 4800	Suez Water Rhode Island Inc. (Rhode Island PUC)
General Order No. 236.1	In the Matter of the Effects on Utilities of the 2017 Tax Cuts and Jobs Act (West Virginia PSC)
20180047-EI	Duke Energy Florida, LLC. (Florida PSC)
20180046-EI	Florida Power & Light Company (Florida PSC)
20180048-EI	Florida Public Utilities Company – Electric (Florida PSC)
20180052-GU	Florida Public Utilities Company – Indiantown (Florida PSC)
20180054-GU	Florida Division of Chesapeake Utilities Corporation (Florida PSC)
20180051-GU	Florida Public Utilities Company – Gas Division (Florida PSC)
20180053-GU	Florida Public Utilities Company - Fort Meade (Florida PSC)
Cause No. 45032 S4	Indiana American Water Company, Inc. Phase 2 (Indiana Utility Regulatory Commission)
Docket No. D2018.1.6	Montana-Dakota Utilities Co. (Montana PSC)
Docket No. D2018.4.24	NorthWestern Energy (Montana PSC)
Docket No. D2018.4.22	Montana-Dakota Utilities Co. (Montana PSC)
18-0573-W-42T & 18-0576-S-42T	West Virginia-American Water Company (West Virginia PSC)
18-0646-E-42T & 18-0645 E-D	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
18-0049-GA-ALT, 18-0298-GA-AIR, & 18-0299-GA-ALT	Vectren Energy Delivery of Ohio, Inc. (Ohio PUC)
R-2018-3003558, R-2018-3003561	Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (Pennsylvania PUC)
Cause No. 45142	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
U-18-043	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
T-03214-17-0305	Citizens Telecommunications Company of The White Mountains, Inc. d/b/a Frontier Communications of The White Mountains (Arizona CC)
Docket No. D2018.9.60	Montana-Dakota Utilities Co. (Montana PSC)
Docket No. 4890	Narragansett Bay Commission (Rhode Island PUC)
PUR-2018-00131	Columbia Gas of Virginia (Virginia SCC)
EL18-152-000	Louisiana PSC v. System Energy Resources, Inc. and Entergy Services, Inc. (FERC)
PUR-2018-00175	Virginia-American Water Company (Virginia SCC)
A-2018-3006061, A-2018-3006062 and A-2018-3006063	Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, Peoples Gas Company LLC (Pennsylvania PUC)
Docket No. D2018.2.12	NorthWestern Energy (Montana PSC)
Docket No. 42310	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
U-18-102	Municipality of Anchorage d/b/a Municipal Light & Power Department (Regulatory Commission of Alaska)

PUC Docket No. 49494	AEP Texas, Inc. (Texas PUC)
Application 18-12-009	Pacific Gas and Electric Company (California PUC)
19-0316-G-42T	Mountaineer Gas Company (West Virginia PSC)
U-19-020	Chugach Electric Association, Inc. and Municipality of Anchorage d/b/a Municipal Light & Power Department (Regulatory Commission of Alaska)
19-0051-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
A-2018-3006061, A-2018-3006062, and A-2018-3006063	Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc. Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company LLC (Pennsylvania PUC)
ER-18-1182-001	System Energy Resources, Inc. (FERC)
E-01933A-19-0028	Tuscon Electric Power Company (Arizona CC)
G-01551A-19-0055	Southwest Gas Corporation (Arizona CC)
2018-UN-205	Entergy Mississippi, LLC (Mississippi PSC)
W-03039A-17-0295, W-03039A-19-0092, and WS-01303A-19-0092	Brooke Water, LLC and EPCOR Water Arizona (Arizona CC)
Docket No. 4975	Block Island Utility District d/b/a Block Island Power Company (Rhode Island PUC)
A-2019-3014248	Pennsylvania-American Water Company and Wastewater System Assets of Kane Borough (Pennsylvania PUC)
Docket No. 4994	Providence Water Supply Board (Rhode Island PUC)
19-0791-GA-ALT	Plant in Service and Capital Spending Prudence Audit of Duke Energy Ohio (Ohio PUC)
U-19-070/U-19-071/ U-19-087/U-19-088	Golden Heart Utilities, Inc. and College Utilities Corporation (Regulatory Commission of Alaska)
Docket No. 42516	Georgia Power Company (Georgia PSC)
20200070-EI	Gulf Power Company (Florida PSC)
20200071-EI	Florida Power & Light Company (Florida PSC)
20200092-EI	Florida Power & Light Company and Gulf Power Company (Florida PSC)
20-GREC-01	Fitchburg Gas and Electric Light Company d/b/a Unitil (Massachusetts DPU)
20-GREC-03	Boston Gas Company and Colonial Gas Company d/b/a National Grid (Massachusetts DPU)
20-GREC-04	Liberty Utilities (New England Natural Gas Company) Corp d/b/a Liberty Utilities (Massachusetts DPU)
PUR-2020-00015	Appalachian Power Company (Virginia SCC)
20-0414-G-390P	Hope Gas, Inc. dba Dominion Energy West Virginia (West Virginia PSC)
Cause No. 45032-S16	Hamilton Southeastern Utilities, Inc. (Indiana URC)
2019.1.101	NorthWestern Energy (Montana PSC)
A-2019-3015173	Aqua Pennsylvania Wastewater Inc. and Wastewater System Assets of the Delaware County Regional Water Quality Control Authority (Pennsylvania PUC)
R-2020-3019369 and R-2020-3019371	Pennsylvania American Water Company (Pennsylvania PUC)
2020.06.076	Montana-Dakota Utilities Co. (Montana PSC)
P-20-005	Cook Inlet Pipeline LLC (Regulatory Commission of Alaska)
2020.05.055	Montana-Dakota Utilities Co. (Montana PSC)
2020.05.066	NorthWestern Energy (Montana PSC)
20-553-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Rider of the Dayton Power and Light Company (Ohio PUC)
E-01345A-19-0236	Arizona Public Service Company (Arizona CC)
U-20-012	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)

Docket No. 20-01-31	The Southern New England Telephone Company d/b/a Frontier Communications of Connecticut (SNET) (Connecticut PURA)
P-2020-3021191	Peoples Natural Gas Company LLC (Pennsylvania PUC)

* Testimony filed, examination not completed
** Issues stipulated
*** Company withdrew case
^ Testimony filed, case withdrawn after proposed decision issued
^^ Issues stipulated before testimony was filed

Florida Power & Light Company
Docket No. 20210015-EI
Exhibit RCS-2
Revenue Requirement Schedules - January 2022 Rate Change
Accompanying the Direct Testimony of Ralph C. Smith

Docket No. 20210015-EI
Revenue Requirement Schedules - January 2022 Rate Change
Exhibit RCS-2, Page 2 of 19

Florida Power & Light Company
Computation of Increase in Gross Revenue Requirement

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Docket No 20210015-EI
Exhibit RCS-2
Schedule A
Page 1 of 2

Line No	Description	Col (B) Reference	Per FPL Amount - Before Identified Adjustments (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D) = (A) + (B) + (C)	Per OPC Amount (E)	Difference (F) = (E) - (D)
	Weighted cost of debt							
1	Jurisdictional Adjusted Rate Base	Exh RCS-2, Sch B	$ 55,395,402	$ (66,103)	$ 48	$ 55,329,347	$ 55,322,902	$ (6,445)
2	Required Rate of Return	Exh RCS-2, Sch D	6 84%	0 00%	0 00%	6 84%	5 29%	
3	Jurisdictional Income Required	Line 1 x Line 2	$ 3,789,759	$ (4,582)	$ 3	$ 3,785,225	$ 2,926,322	$ (858,903)
4	Jurisdictional Adj Net Operating Income	Exh RCS-2, Sch C	$ 2,812,521	$ 15,362	$ (34)	$ 2,827,849	$ 2,979,177	$ 151,328
5	Income Deficiency (Sufficiency)	Line 3 - Line 4	$ 977,239	$ (19,944)	$ 37	$ 957,332	$ (52,855)	$ (1,010,186)
6	Earned Rate of Return	Line 4 / Line 1	5 08%			5 11%	5 39%	
7	Net Operating Income Multiplier	Exh RCS-2, Sch A-1	1 34153			1 34143	1 34143	
8	Revenue Deficiency (Sufficiency)	Line 5 x Line 7	$ 1,310,999	$ (26,842)	$ 50	$ 1,284,207	$ (70,901)	$ (1,355,108)

Source/Notes:
Col (A): MFR Schedule A-1
Col (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 1 of 6
Col (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 1 of 5
Line 7: MFR Sch A-1 and C-44

Florida Power & Light Company
Revenue Requirement Reconciliation
Projected Test Year Ended December 31, 2022 - without RSAM

Docket No 20210015-EI
Exhibit RCS-2
Schedule A
Page 2 of 2

(Thousands of Dollars)

Line No	Description	Schedule		OPC Adjusted Rate Base	Conversion Factor	Equivalent Revenue Requirement Amount
				(A)	(B)	(C)
	Weighted cost of debt					
1	**Rate of return difference**	D			-1 55%	
2	OPC GRCF	A-1			1 34143	
3	**Rate Base**				-2 081532%	
4	Rate Base per FPL's Filing	B		$ 55,395,402		$ (1,153,073)
5	OPC ROR	D			5 29%	
6	OPC ROR x GRCF				7 10%	
	Effect of OPC adjustments to Rate Base					
7	FPL Notice of Identified Adjustments	B		$ (66,103)	7 10%	$ (4,690)
8	FPL Second Notice of Identified Adjustments	B		$ 48	7 10%	$ 3
9	Accumulated Depreciation - Depreciation Expense - New Depreciation Rates	B-1		$ 74,438	7 10%	$ 5,282
10	Accumulated Depreciation - Dismantlement Expense	B-2		$ 8,136	7 10%	$ 577
11	Unamortized Rate Case Expense	B-3		$ (4,523)	7 10%	$ (321)
12	Scherer Consummation Payment	B-4		$ (84,493)	7 10%	$ (5,995)
13						
14	Total OPC Rate Base Adjustments			$ (6,444)		
15	**OPC Adjusted Original Cost Rate Base**			$ 55,322,903		
			OPC Revenue and Expense Adjs	OPC Adjusted Net Operating Income		
	Net Operating Income		(D)	(E)		
16	Net Operating Income per FPL's Filing			$ 2,812,521		
17	**Effect of OPC Adjustments on NOI**				GRCF	
18	FPL Notice of Identified Adjustments	C		$ 15,362	1 34143	$ (20,607)
19	FPL Second Notice of Identified Adjustments	C		$ (34)	1 34143	$ 46
20	Depreciation Expense - New Depreciation Rates	C-1	$ (148,875)	$ 111,143	1 34143	$ (149,090)
21	Dismantlement Expense	C-2	$ (16,271)	$ 12,147	1 34143	$ (16,295)
22	Directors and Officers Liability Insurance Expense	C-3	$ (1,120)	$ 836	1 34143	$ (1,122)
23	Scherer Consummation Payment Amortization Expense	C-4	$ (8,794)	$ 6,565	1 34143	$ (8,806)
24	Vegetation Management Expense and Storm Protection Costs	C-5	$ (3,178)	$ 2,372	1 34143	$ (3,182)
25	Interest Synchronization	C-6	$ -	$ 18,265	1 34143	$ (24,501)
26						
27	Total OPC Adjustments to Pre-Tax Income and to Operating Income		$ (178,239)	$ 151,329		
28	**OPC Adjusted Net Operating Income**			$ 2,979,178		
	Gross Revenue Conversion Factor Difference:					
29	Per OPC				1 34143	
30	Per Company - Original Application				1 34153	
31	Difference				-0 00011	
32	Company adjusted NOI deficiency - Original Application				$ 977,239	
33	GRCF difference					$ (105)
34	OPC REVENUE REQUIREMENT ADJUSTMENTS IDENTIFIED ABOVE					$ (1,381,879)
35	Company requested Base Rate Revenue Increase	Exhibit RCS-2, Schedule A, page 1, column A, line 8				$ 1,310,999
36	Reconciled Revenue Requirement					$ (70,880)
37	Revenue Requirement Calculated	Exhibit RCS-2, Schedule A, page 1, column E, line 8				$ (70,901)
38	Unidentified Difference					$ 21

Notes and Source
Pre-tax return computed using Gross Revenue Conversion Factor

Florida Power & Light Company
Computation of Gross Revenue Conversion Factor

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Docket No. 20210015-EI
Exhibit RCS-2
Schedule A-1
Page 1 of 1

Line No.	Description	Reference	Per FPL (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Proposed (E)
1	Weighted cost of debt		1.00000	-	-	1.00000	1.00000
2	Regulatory Assessment Rate		0.00072	-	-	0.00072	0.00072
3	Bad Debt Rate		0.00080	(0.00008)	-	0.00072	0.00072
4	Net Before Income Taxes	L1 - L2 - L3	0.99848	0.00008	-	0.99856	0.99856
5	State Income Tax Rate		0.05500	-	-	0.05500	0.05500
6	State Income Tax	L4 x L5	0.05492	-	-	0.05492	0.05492
7	Net Before Federal Income Tax	L4 -L6	0.94356	0.00008	-	0.94364	0.94364
8	Federal Income Tax Rate		0.21000	-	-	0.21000	0.21000
9	Federal Income Tax	L7 x L8	0.19815	0.00002	-	0.19816	0.19816
10	Revenue Expansion Factor	L7 - L9	0.74542	0.00006	-	0.74548	0.74547
11	Net Operating Income Multiplier	100% / L10	1.34153	(0.00011)	-	1.34143	1.34143

Notes and Source
Col. (A): FPL Schedule C-44
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 6 of 6
Col. (C): FPL's Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 1 of 5

Description	Reference	Per FPL (A)	Per FPL After Identified Adjustments (D)	OPC Proposed (E)
Combined State and Federal Income Tax Rate	(Line 6 + Line 9) / Line 4	25.35%	25.35%	25.35%

Components of Revenue Requirement Increase ($000's)

Line No.	Description	Percent (C)	Amount (D)
12	Net Income	74.55%	(52,855)
13	Federal Income Taxes	19.82%	(14,050)
14	State Income Taxes	5.49%	(3,894)
15	Uncollectibles	0.07%	(51)
16	Regulatory Assessment	0.07%	(51)
17	Total Revenue Increase	100.00%	(70,901)
18	Total Revenue Increase per Schedule A		$ (70,901)
14	Difference		$ (0.00)

Florida Power & Light Company
Original Cost and RCND Adjusted Rate Base

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-2
Schedule B
Page 1 of 1

Line No.	Description	Per FPL	FPL First Notice of Identified Adjustments May 7, 2021	FPL Second Notice of Identified Adjustments May 21, 2021	Per FPL After Identified Adjustments	OPC Adjustments	As Adjusted by OPC
		(A)	(B)	(C)	(D)	(E)	(F)
	Weighted cost of debt						
1	Plant in Service	$ 65,757,660	$ (34,481)	$ 79	$ 65,723,258	$ -	$ 65,723,258
2	Accumulated Depreciation and Amortization	$ (14,935,101)	$ 10,168	$ (30)	$ (14,924,963)	$ 82,573	$ (14,842,389)
3	Net Utility Plant in Service	$ 50,822,559	$ (24,313)	$ 49	$ 50,798,295	$ 82,573	$ 50,880,869
4	Construction Work in Progress	$ 1,725,318	$ (1,191)	$ 7	$ 1,724,134	$ -	$ 1,724,134
5	Plant Held For Future Use	$ 367,949	$ -	$ 1	$ 367,950	$ -	$ 367,950
6	Nuclear Fuel	$ 679,666	$ -	$ -	$ 679,666	$ -	$ 679,666
7	Total Net Plant	$ 53,595,492	$ (25,504)	$ 57	$ 53,570,045	$ 82,573	$ 53,652,618
8	Working Capital Allowance	$ 1,799,909	$ (40,600)	$ (9)	$ 1,759,300	$ (89,017)	$ 1,670,284
9	Other Rate Base Items	$ -	$ -	$ -	$ -	$ -	$ -
10	Total Rate Base	$ 55,395,402	$ (66,103)	$ 48	$ 55,329,346	$ (6,444)	$ 55,322,902

Notes and Source
Col. (A): Company MFR Schedule B-1
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 2 of 6
Col. (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 2 of 5

Florida Power & Light Company
Summary of Rate Base Adjustments

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-2
Schedule B.1
Page 1 of 1

Line No.	Description	OPC Adjustments	Accumulated Depreciation - Depreciation Expense - New Depreciation Rates	Accumulated Depreciation - Dismantlement Expense	Unamortized Rate Case Expense	Scherer Consummation Payment
			B-1	B-2	B-3	B-4
1	Plant in Service	$ -				
	Weighted cost of debt					
2	Accumulated Depreciation and Amortization	$ 82,573	$ 74,438	$ 8,136		
3	Net Utility Plant in Service	$ 82,573	$ 74,438	$ 8,136	$ -	$ -
4	Construction Work in Progress	$ -				
5	Plant Held For Future Use	$ -				
6	Nuclear Fuel	$ -				
7	Total Net Plant	$ 82,573	$ 74,438	$ 8,136	$ -	$ -
8	Working Capital Allowance	$ (89,017)			$ (4,523)	$ (84,493)
9	Other Rate Base Items	$ -				
10	Total Rate Base	$ (6,444)	$ 74,438	$ 8,136	$ (4,523)	$ (84,493)

Florida Power & Light Company
Adjusted Net Operating Income

Docket No. 20210015-EI
Exhibit RCS-2
Schedule C
Page 1 of 1

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousand of Dollars)

Line No.	Description	Per FPL (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Adjustments (E)	As Adjusted by OPC (F)
	Operating Revenues						
1	Weighted cost of debt	$ 7,714,177	$ 1,063	$ -	$ 7,715,240	$ -	$ 7,715,240
2	Other Operating Revenues	$ 224,567	$ 7,422	$ 1	$ 231,990	$ -	$ 231,990
3	Total Operating Revenues	$ 7,938,744	$ 8,485	$ 1	$ 7,947,230	$ -	$ 7,947,230
	Operating Expenses						
4	Other Operation & Maintenance	$ 1,343,544	$ (8,980)	$ 37	$ 1,334,601	$ (4,299)	$ 1,330,302
5	Fuel & Interchange	$ 20,410	$ -	$ -	$ 20,410	$ -	$ 20,410
6	Purchased Power	$ -	$ -	$ -	$ -	$ -	$ -
7	Deferred Costs	$ -	$ -	$ -	$ -	$ -	$ -
8	Depreciation & Amortization	$ 2,466,848	$ (4,068)	$ 6	$ 2,462,786	$ (173,940)	$ 2,288,845
9	Taxes Other Than Income Taxes	$ 787,743	$ -	$ 3	$ 787,746	$ -	$ 787,746
10	Income Taxes	$ 508,161	$ 5,972	$ (11)	$ 514,122	$ 26,910	$ 541,032
11	(Gain)/Loss on Disposal of Plant	$ (482)	$ -	$ -	$ (482)	$ -	$ (482)
12	Interest Sync Identified Adjustments	$ -	$ 200	$ -	$ 200	$ -	$ 200
13	Total Operating Expenses	$ 5,126,223	$ (6,876)	$ 34	$ 5,119,382	$ (151,329)	$ 4,968,053
14	Net Operating Income	$ 2,812,521	$ 15,362	$ (34)	$ 2,827,848	$ 151,329	$ 2,979,177

Notes and Source
Col. (A): Per Company amounts are from FPL MFR Schedule C-1
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 3 of 6
Col. (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 3 of 5
Col. (E): RCS-2, Schedule C.1

Florida Power & Light Company
Summary of Net Operating Income Adjustments

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-2
Schedule C.1
Page 1 of 1

Line No.	Description	OPC Adjustments	Depreciation Expense - New Depreciation Rates	Dismantlement Expense	Directors and Officers Liability Insurance Expense	Scherer Consummation Payment Amortization Expense	Vegetation Management Expense and Storm Protection Costs	Interest Synchronization
			C-1	C-2	C-3	C-4	C-5	C-6
	Operating Revenues							
1	Revenue From Sales	$ -						
2	Weighted cost of debt	$ -						
3	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Operating Expenses							
4	Other Operation & Maintenance	$ (4,299)			$ (1,120)		$ (3,178)	
5	Fuel & Interchange	$ -						
6	Purchased Power	$ -						
7	Deferred Costs	$ -						
8	Depreciation & Amortization	$ (173,940)	$ (148,875)	$ (16,271)		$ (8,794)		
9	Taxes Other Than Income Taxes	$ -						
10	(Gain)/Loss on Disposal of Plant	$ -						
11	PRE-TAX OPERATING EXPENSES	$ (178,239)	$ (148,875)	$ (16,271)	$ (1,120)	$ (8,794)	$ (3,178)	$ -
12	PRE-TAX OPERATING INCOME	$ 178,239	$ 148,875	$ 16,271	$ 1,120	$ 8,794	$ 3,178	$ -
13	Income Taxes	$ 26,910	$ 37,732	$ 4,124	$ 284	$ 2,229	$ 806	$ (18,265)
14	TOTAL OPERATING EXPENSES	$ (151,329)	$ (111,143)	$ (12,147)	$ (836)	$ (6,565)	$ (2,372)	$ (18,265)
15	OPERATING INCOME	$ 151,329	$ 111,143	$ 12,147	$ 836	$ 6,565	$ 2,372	$ 18,265

Notes and Source

Combined Effective Tax Rate*	25.35%

* Per Exhibit RCS-2, Schedule A-1

Florida Power & Light Company
Cost of Capital

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousand of Dollars)

Line No	Description	Jurisdictional Capital Structure Per Company (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Adjustments to Cap Struct (E)	Adjusted Amounts (F)	OPC Rate Base Adjustments (G)	Per OPC Adjusted Amounts (H)	Ratio (I)	Cost Rate (J)	Per OPC Weighted Cost Rate (K)
	Weighted cost of debt											
	Per Company											
1	Long Term Debt	$ 17,377,869	$ (18,231)	$ 15	$ 17,359,653		$ 17,359,653		$ 17,359,653	31 38%	3 61%	1 13%
2	Preferred Stock	$ -	$ -	$ -	$ -		$ -		$ -	0 00%	0 00%	0 00%
3	Customer Deposits	$ 454,363	$ (340)	$ -	$ 454,023		$ 454,023		$ 454,023	0 82%	2 03%	0 02%
4	Short Term Debt	$ 653,581	$ (489)	$ 1	$ 653,093		$ 653,093		$ 653,093	1 18%	0 94%	0 01%
5	Deferred Income Tax	$ 5,886,219	$ (8,249)	$ 5	$ 5,877,975		$ 5,877,975		$ 5,877,975	10 62%	0 00%	0 00%
6	FAS 109 Deferred Income Tax	$ 3,365,767	$ (2,487)	$ 3	$ 3,363,283		$ 3,363,283		$ 3,363,283	6 08%	0 00%	0 00%
7	Investment Tax Credits	$ 1,049,441	$ (8,394)	$ 1	$ 1,041,048		$ 1,041,048		$ 1,041,048	1 88%	8 39%	0 16%
8	Common Equity	$ 26,608,162	$ (27,914)	$ 24	$ 26,580,272		$ 26,580,272		$ 26,580,272	48 04%	11 50%	5 52%
9	Total	$ 55,395,402	$ (66,103)	$ 48	$ 55,329,347	$ -	$ 55,329,347		$ 55,329,347	100 00%		6 84%
	Per OPC											
10	Long Term Debt	$ 17,377,869	$ (18,231)	$ 15	$ 17,359,653	$ 1,981,839	$ 19,341,492	$ (25,343)	$ 19,316,149	34 96%	3 61%	1 26%
11	Preferred Stock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0 00%	0 00%	0 00%
12	Customer Deposits	$ 454,363	$ (340)	$ -	$ 454,023	$ -	$ 454,023	$ (595)	$ 453,428	0 82%	2 03%	0 02%
13	Short Term Debt	$ 653,581	$ (489)	$ 1	$ 653,093	$ 74,537	$ 727,629	$ (953)	$ 726,676	1 32%	0 94%	0 01%
14	Deferred Income Tax	$ 5,886,219	$ (8,249)	$ 5	$ 5,877,975	$ -	$ 5,877,975	$ (7,702)	$ 5,870,273	10 62%	0 00%	0 00%
15	FAS 109 Deferred Income Tax	$ 3,365,767	$ (2,487)	$ 3	$ 3,363,283	$ -	$ 3,363,283	$ (4,407)	$ 3,358,876	6 08%	0 00%	0 00%
16	Investment Tax Credits	$ 1,049,441	$ (8,394)	$ 1	$ 1,041,048	$ -	$ 1,041,048	$ (1,364)	$ 1,039,683	1 88%	6 48%	0 12%
17	Common Equity	$ 26,608,162	$ (27,914)	$ 24	$ 26,580,272	$ (2,056,376)	$ 24,523,897	$ (32,134)	$ 24,491,763	44 32%	8 75%	3 88%
18	Total	$ 55,395,402	$ (66,103)	$ 48	$ 55,329,347	$ -	$ 55,329,347	$ (72,499)	$ 55,256,848	100 00%		5 29%
19	Difference											-1 55%

Line No	Ratio of Debt & Equity Components	Per FPL Amounts (a)	Effective FPL Ratio (b)	Capitalization Ratio Per OPC^ (c)	Revised Allocations (d)	Adjs To Reflect OPC Cap Struct (e) = (d - a)
20	Long Term Debt	$ 17,377,869	38 93%	43 37%	$ 19,359,708	$ 1,981,839
21	Short Term Debt	$ 653,581	1 46%	1 63%	$ 728,117	$ 74,537
22	Common Equity	$ 26,608,162	59 61%	55 00%	$ 24,551,787	$ (2,056,376)
		$ 44,639,612	100 00%	100 00%	$ 44,639,612	$ -

Line No	^ Ratio of Debt Components	Per FPL Amounts (f)	Long/Short Term Ratio (g)	Per OPC Debt Ratio (h)	OPC Adjusted Debt Ratio (i) = (g x h)
23	Long Term Debt	$ 17,377,869	96 38%		43 37%
24	Short Term Debt	$ 653,581	3 62%		1 63%
25		$ 18,031,450	100 00%	45 00%	45 00%

Notes and Source
The per Company amounts are from MFR Sch D-1a
Column (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 4 of 6
Column (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 4 of 5
Column (G): OPC rate base adjustments are from Schedule B-1, page 1, col E This includes the FPL update/filing correction rate base adjustments in columns B and C

	FPL Updates	OPC Adjs	Rate Base Adjs
Rate Base Adjustments	$ (66,055)	$ (6,444)	$ (72,499)

Column (J), Lines 9&10, debt cost rates are sponsored by OPC Witness Kevin O'Donnell
Column (J): Lines 10 - 13 based on per-FPL Cost rates Return on Equity on line 17 sponsored by OPC witness Randy Woolridge Line 16 is a fall-out calculation

FPL Weighted Cost of Debt for Interest Synchronization	1 16%	Col K, lines 1, 3 and 4
OPC Weighted Cost of Debt for Interest Synchronization	1 29%	Col K, lines 10, 12 and 13

Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell

Florida Power & Light Company
Accumulated Depreciation - Depreciation Expense - New Depreciation Rates

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Line No.	Weighted cost of debt		Amount (A)
1	OPC Jurisdictionalized Adjustment to Depreciation Expense for New Depreciation Rates	$	(148,875)
2	Estimated Impact on 2022 Average Rate base, Multiply by -0.5		-0.5
3	OPC Jurisdictionalized Adjustment to Accumulated Depreciation related to Depreciation Expense for New Depreciation Rates	$	74,438

Notes and Source:
Line 1: Schedule C-1

Florida Power & Light Company
Accumulated Depreciation - Dismantlement Expense

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

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Exhibit RCS-2
Schedule B-2
Page 1 of 1

Line No.	Weighted cost of debt		(A)
1	OPC Jurisdictionalized Adjustment to Dismantlement Expense	$	(16,271)
2	Estimated Impact on 2022 Average Rate base, Multiply by -0.5		-0.5
3	OPC Jurisdictionalized Adjustment to Accumulated Depreciation related to Dismantlement Expense	$	8,136

Notes and Source:
Line 1: Schedule C-2

Florida Power & Light Company
Unamortized Rate Case Expense

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

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Exhibit RCS-2
Schedule B-3
Page 1 of 1

Line No.	Description	Per FPL (A)	Per OPC (B)	OPC Adjustment (C)
	Weighted cost of debt			
1	FPL Rate Case Expense	$ 5,170	$ -	$ (5,170)
2	FPL Adjustment to Amortize Rate Case	$ (646)	$ -	$ 646
3	FPL Rate Case Expense after Amortization	$ 4,523	$ -	$ (4,523)
4	Jurisdictional Factor			1.00000
5	OPC Adjustment to Remove Rate Case Expense from Rate Base - Jurisdictionalized			$ (4,523)
6	Tax Rate			25.35%
7	Adjustment to ADIT for Removal from Rate Base of Unamortized Rate Case Expense			$ 1,146

Notes and Source:
FPL's "B1 Test - tie out" Excel file provided in response to OPC POD No. 35 to support MFR Schedule B-1 (without RSAM)
Line 2: Also see FPL's May 7, 2021 Notice of Identified Adjustments

Florida Power & Light Company
Scherer Consummation Payment

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Docket No. 20210015-EI
Exhibit RCS-2
Schedule B-5
Page 1 of 1

Line No.	Description	Per FPL - Total Company (A)	Jurisdictional Factor (B)	Per FPL - Jurisdictionalized (C)	Per OPC (D)	OPC Adjustment (E) = (D) - (C)
1	Weighted cost of debt	$ 88,077	0.959314	$ 84,493	$ -	$ (84,493)

Notes and Source:
FPL 2022 MFR Schedule B-2 (without RSAM), page 3 of 8, line 28 and FPL Exhibit LF-4, page 4 of 8, line 22

Florida Power & Light Company
Depreciation Expense - New Depreciation Rates

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

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Exhibit RCS-2
Schedule C-1
Page 1 of 1

Line No.	Description	Per Company (A)	Per OPC (B)	OPC Adjustment - Total Company (C)	Jurisdictional Factor (D)	OPC Adjustment - Jurisdictionalized (E)
1	Weighted cost of debt	$ 33,005,119	$ 33,005,119	$ (1)	0.95918	$ (1)
2	Nuclear	$ 225,718,706	$ 154,977,031	$ (70,741,675)	0.95932	$ (67,864,006)
3	Other Production	$ 770,094,864	$ 701,241,509	$ (68,853,354)	0.95530	$ (65,775,891)
4	Transmission	$ 226,698,676	$ 226,698,675	$ (0)	0.90258	$ (0)
5	Distribution	$ 732,937,590	$ 717,702,256	$ (15,235,334)	1.00000	$ (15,235,334)
6	General	$ 50,717,433	$ 50,717,433	$ 0	0.96898	$ 0
7	Adjustment to Depreciation Expense for New Depreciation Rates	$ 2,039,172,387	$ 1,884,342,023	$ (154,830,364)		$ (148,875,232)
8	Adjustment to Depreciation Expense for New Depreciation Rates (000s)					$ (148,875)

Notes and Source
Cols. A-C: OPC Witness Roxie McCullar
Col. D: Jurisdictional Factors are from FPL 2022 MFR Schedule C-4 (without RSAM), pages 8-10 of 12

Florida Power & Light Company
Dismantlement Expense

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Line No.	Description	Total Company (A)	Jurisdictional Factor (B)	Jurisdictionalized Expense (C)
1	Weighted cost of debt	$ 51,914,620	0.955259	$ 49,591,883
2	Per OCA	$ 34,881,286	0.955259	$ 33,320,645
3	Adjustment to Dismantlement Expense	$ (17,033,334)		$ (16,271,238)
4	Adjustment to Dismantlement Expense (000s)			$ (16,271)

Notes and Source:
Col. A, Line 1: Per FPL Corrected 2021 Dismantlement Study provided in response to OPC POD 91
Col. A, Line 2: Amount based on OPC Witness William Dunkel's recommendations
Col. B: Per FPL's "2022 Company Adjustments without RSAM" Excel file

Dismantlement Adjustment - Jurisdictional	$ 23,166,230
Dismantlement Adjustment - Total Company	$ 24,251,268
Jurisdictional Factor	0.955259

Florida Power & Light Company
Directors and Officers Liability Insurance Expense

Projected Test Year Ended December 31, 2022 - without RSAM

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Exhibit RCS-2
Schedule C-3
Page 1 of 1

CONFIDENTIAL

Line No.	Description	Per FPL (A)	Per OPC (B)	OPC Adjustment (C)
1	Adjustment to Directors and Officers Liability Insurance	[redacted]		
2	Adjustment to Directors and Officers Liability Insurance (000s)			$ (1,120)

Notes and Source

[redacted]

Col. B: Disallowance Calculation:

[redacted]

Florida Power & Light Company
Scherer Consummation Payment Amortization Expense

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

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Exhibit RCS-2
Schedule C-4
Page 1 of 1

Line No.	Description	Per FPL (A)	Per OPC (B)	Adjustment (C)
1	Weighted cost of debt	$ 8,794	$ -	$ (8,794)

Notes and Source
FPL 2022 MFR Schedule C-2 (without RSAM), page 3 of 3, column (28); FPL 2022 MFR Schedule C-3 (without RSAM), page 2 of 5, line 12; and FPL Exhibit LF-4, page 4 of 8, line 22

Florida Power & Light Company
Vegetation Management Expense and Storm Protection Costs

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

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Exhibit RCS-2
Schedule C-5
Page 1 of 1

Line No.	Description	Total Company (A)	Jurisdictional Factor (B)	Jurisdictionalized Adjustment (C) = (A) x (B)
1	Weighted cost of debt	$ (2,430)	0.983998	$ (2,391)
2	Adjustment to Remove Distribution PIP included as part of SPP Filing	$ (800)	0.983998	$ (787)
3	Total Adjustment to Vegetation Management and Storm Protection Costs	$ (3,230)		$ (3,178)

Notes and Source
Col. A: FPL 2022 MFR Schedule C-1 and Schedule C-3 and FPL's "2022 Company Adjustments withour RSAM" supported Excel file for MFR Schedule C-3 provided in response to OPC POD No. 35
Col. B: FPL 2022 MFR Schedule C-3, page 2 of 5, line 13

Florida Power & Light Company
Interest Synchronization

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Exhibit RCS-2
Schedule C-6
Page 1 of 1

Projected Test Year Ended December 31, 2022 - without RSAM
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted rate base	$ 55,322,902	Schedule B
2	Weighted cost of debt	1.29%	Schedule D
3	Synchronized interest deduction	$ 713,264	Line 1 x Line 2
4	Synchronized interest deduction per FPL's filing	$ 641,200	See note below
5	Difference (decreased) increased interest deduction	$ 72,064	Line 3 - Line 4
6	Combined federal and state income tax rates	25.35%	Schedule A-1
7	Increase (decrease) to income tax expense	$ (18,265)	

Notes and Source

Line 4: Per Company amount calculated as the per Company rate base times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits):

8	FPL Rate Base	$ 55,395,402	Schedule B, Col. A
9	FPL Adjustments:		
10	First Notice of Identified Adjustments	$ (66,103)	Schedule B, Col. B
11	Second Notice of Identified Adjustments	$ 48	Schedule B, Col. C
12	FPL Adjusted Rate Base	$ 55,329,346	Schedule B, Col. D
13	FPL Weighted Cost of Debt	1.16%	Schedule D
14	Synchronized interest deduction per FPL	$ 641,200	

Florida Power & Light Company
Docket No. 20210015-EI
Exhibit RCS-3
Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
Accompanying the Direct Testimony of Ralph C. Smith

Florida Power & Light Company
Computation of Increase in Gross Revenue Requirement

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

Docket No 20210015-EI
Exhibit RCS-3
Schedule A
Page 1 of 2

Line No	Description	Col (B) Reference	Per FPL Amount - Before Identified Adjustments (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D) = (A) + (B) + (C)	Per OPC Amount (E)	Difference (F) = (E) - (D)
1	Jurisdictional Adjusted Rate Base	Exh RCS-3, Sch B	$ 59,256,152	$ (89,738)	$ 35	$ 59,166,449	$ 59,333,114	$ 76,962
2	Required Rate of Return	Exh RCS-3, Sch D	6 93%	0 00%	0 00%	6 93%	5 38%	
3	Jurisdictional Income Required	Line 1 x Line 2	$ 4,106,086	$ (6,180)	$ 2	$ 4,099,908	$ 3,189,252	$ (916,834)
4	Jurisdictional Adj Net Operating Income	Exh RCS-3, Sch C	$ 2,674,419	$ 14,950	$ (23)	$ 2,689,346	$ 2,848,387	$ 173,968
5	Income Deficiency (Sufficiency)	Line 3 - Line 4	$ 1,431,667	$ (21,129)	$ 25	$ 1,410,562	$ 340,865	$ (1,090,802)
6	Earned Rate of Return	Line 4 / Line 1	4 51%			4 55%	4 80%	
7	Net Operating Income Multiplier	See below	1 34156			1 34135	1 34135	
8	Revenue Deficiency (Sufficiency)	Line 5 x Line 7	$ 1,920,669	$ (28,618)	$ 34	$ 1,892,085	$ 457,218	$ (1,434,867)
9	2022 Revenue Increase Requested	See Note [A] and Exh RCS-3, Sch E	$ 1,320,019			$ 1,293,042	$ (71,389)	$ (1,364,431)
10	Rate Increase Requested (After Full 2022 Rate Increase)	Line 8 - Line 9	$ 600,650			$ 599,043	$ 528,607	$ (70,436)

Source/Notes:
Col (A): MFR Schedule A-1
Col (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 1 of 6
Col (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 1 of 5
Line 7: MFR Sch A-1 and C-44
Note [A]: Calculation of FPL 2022 Revenue Increase Requested after Identified Adjustments:

Description	(A)	(B)	(C)	(D)
FPL 2022 Revenue (Sufficiency)/Deficency	$ 1,310,999	$ (26,842)	$ 50	$ 1,284,207
Multiply by Estimated Growth Factor	100 6880%	100 6880%	100 6880%	100 6880%
Adjustment to Revenue for FPL 2022 Revenue (Sufficiency)/Deficiency	$ 1,320,019	$ (27,027)	$ 50	$ 1,293,042

Florida Power & Light Company
Revenue Requirement Reconciliation
Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change

Docket No 20210015-EI
Exhibit RCS-3
Schedule A
Page 2 of 2

(Thousands of Dollars)

Line No	Description	Schedule	OPC Revenue and Expense Adjs (D)	OPC Adjusted Rate Base (A) / OPC Adjusted Net Operating Income (E)	Conversion Factor (B)	Equivalent Revenue Requirement Amount (C)
1	**Rate of return difference**	D			-1 55%	
2	OPC GRCF	A-1			1 34135	
3	**Rate Base**				-2 084853%	
4	Original Cost Rate Base per FPL's Filing	B		$ 59,256,152		$ (1,235,404)
5	OPC ROR	D			5 38%	
6	OPC ROR x GRCF				7 21%	
	Effect of OPC adjustments to Rate Base					
7	FPL Notice of Identified Adjustments	B		$ (89,738)	7 21%	$ (6,470)
8	FPL Second Notice of Identified Adjustments	B		$ 35	7 21%	$ 3
9	Accumulated Depreciation - Depreciation Expense - New Depreciation Rates	B-1		$ 227,797	7 21%	$ 16,424
10	Accumulated Depreciation - Dismantlement Expense	B-2		$ 24,407	7 21%	$ 1,760
11	Unamortized Rate Case Expense	B-3		$ (3,231)	7 21%	$ (233)
12	Scherer Consummation Payment	B-4		$ (82,309)	7 21%	$ (5,934)
13				$ -	7 21%	$ -
14				$ -	7 21%	$ -
15				$ -	7 21%	$ -
16	Total OPC Rate Base Adjustments			$ 166,664		
17	**OPC Adjusted Original Cost Rate Base**			$ 59,333,113		
	Net Operating Income					
18	Net Operating Income per FPL's Filing			$ 2,674,419		
19	**Effect of OPC Adjustments on NOI**				GRCF	
20	FPL Notice of Identified Adjustments	C		$ 14,950	1 34135	$ (20,053)
21	FPL Second Notice of Identified Adjustments	C		$ (23)	1 34135	$ 31
22	Depreciation Expense - New Depreciation Rates	C-1	$ (157,845)	$ 117,839	1 34135	$ (158,062)
23	Dismantlement Expense	C-2	$ (16,271)	$ 12,147	1 34135	$ (16,294)
24	Directors and Officers Liability Insurance Expense	C-3	$ (1,182)	$ 883	1 34135	$ (1,184)
25	Scherer Consummation Payment Amortization Expense	C-4	$ (9,589)	$ 7,159	1 34135	$ (9,603)
26	Vegetation Management Expense and Storm Protection Costs	C-5	$ -	$ -	1 34135	$ -
27	Interest Synchronization	C-6	$ -	$ 21,014	1 34135	$ (28,187)
28			$ -	$ -	1 34135	$ -
29			$ -	$ -	1 34135	$ -
30	Total OPC Adjustments to Pre-Tax Income and to Operating Income		$ (184,886)	$ 159,041		
31	**OPC Adjusted Net Operating Income**			$ 2,848,387		
	Gross Revenue Conversion Factor Difference:					
32	Per OPC				1 34135	
33	Per Company - Original Application				1 34156	
34	Difference				-0 00021	
35	Company adjusted NOI deficiency - Original Application				$ 1,431,667	
36	GRCF difference					$ (308)
37	OPC REVENUE REQUIREMENT ADJUSTMENTS IDENTIFIED ABOVE					$ (1,463,514)
38	Company requested Base Rate Revenue Increase	Exhibit RCS-2, Schedule A, page 1, column A, line 8				$ 1,920,669
39	Reconciled Revenue Requirement					$ 457,155
40	Revenue Requirement Calculated	Exhibit RCS-2, Schedule A, page 1, column E, line 8				$ 457,218
41	Unidentified Difference					$ (63)

Notes and Source
Pre-tax return computed using Gross Revenue Conversion Factor

Florida Power & Light Company
Computation of Gross Revenue Conversion Factor

Revenue Requirement Schedules - January 2023 Rate Change
(Thousands of Dollars)

Docket No. 20210015-EI
Exhibit RCS-3
Schedule A-1
Page 1 of 1

Line No.	Description	Reference	Per Company (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Proposed (E)
1	Revenue Requirement		1.00000	-	-	1.00000	1.00000
2	Regulatory Assessment Rate		0.00072	-	-	0.00072	0.00072
3	Bad Debt Rate		0.00082	(0.00016)	-	0.00066	0.00066
4	Net Before Income Taxes	L1 - L2 - L3	0.99846	0.00016	-	0.99862	0.99862
5	State Income Tax Rate		0.05500	-	-	0.05500	0.05500
6	State Income Tax	L4 x L5	0.05492	0.00001	-	0.05492	0.05492
7	Net Before Federal Income Tax	L4 -L6	0.94354	0.00015	-	0.94370	0.94370
8	Federal Income Tax Rate		0.21000	-	-	0.21000	0.21000
9	Federal Income Tax	L7 x L8	0.19814	0.00003	-	0.19818	0.19818
10	Revenue Expansion Factor	L7 - L9	0.74540	0.00012	-	0.74552	0.74552
11	Net Operating Income Multiplier	100% / L10	1.34156	(0.00021)	-	1.34135	1.34135

Notes and Source
Col. (A): FPL Schedule C-44
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 6 of 6
Col. (C): FPL's Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 1 of 5

Combined State and Federal Income Tax Rate	(Line 6 + Line 9) / Line 4	25.35%	25.35%	25.35%

Components of Revenue Requirement Increase ($000's)

Line No.	Description	Percent (C)	Amount (D)
12	Net Income	74.55%	340,865
13	Federal Income Taxes	19.82%	90,610
14	State Income Taxes	5.49%	25,112
15	Uncollectibles	0.07%	302
16	Regulatory Assessment	0.07%	329
17	Total Revenue Increase	100.00%	457,218
18	Total Revenue Increase per Schedule A		$ 457,218
14	Difference		$ (0.00)

Florida Power & Light Company
Original Cost and RCND Adjusted Rate Base

Revenue Requirement Schedules - January 2023 Rate Change
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-3
Schedule B
Page 1 of 1

Line No.	Description	Per FPL (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Adjustments (E)	As Adjusted by OPC (F)
1	Plant in Service	$ 71,127,605	$ (52,009)	$ 65	$ 71,075,661	$ -	$ 71,075,661
2	Accumulated Depreciation and Amortization	$ (16,378,590)	$ 15,580	$ (25)	$ (16,363,035)	$ 252,204	$ (16,110,830)
3	Net Utility Plant in Service	$ 54,749,015	$ (36,429)	$ 40	$ 54,712,626	$ 252,204	$ 54,964,830
4	Construction Work in Progress	$ 1,471,456	$ (2,163)	$ 3	$ 1,469,296	$ -	$ 1,469,296
5	Plant Held For Future Use	$ 601,291	$ -	$ -	$ 601,291	$ -	$ 601,291
6	Nuclear Fuel	$ 676,128	$ -	$ -	$ 676,128	$ -	$ 676,128
7	Total Net Plant	$ 57,497,889	$ (38,592)	$ 43	$ 57,459,340	$ 252,204	$ 57,711,544
8	Working Capital Allowance	$ 1,758,263	$ (51,145)	$ (8)	$ 1,707,110	$ (85,540)	$ 1,621,570
9	Other Rate Base Items	$ -	$ -	$ -	$ -	$ -	$ -
10	Total Rate Base	$ 59,256,152	$ (89,738)	$ 35	$ 59,166,450	$ 166,664	$ 59,333,114

Notes and Source
Col. (A): Company MFR Schedule B-1
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 2 of 6
Col. (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 2 of 5

Florida Power & Light Company
Summary of Rate Base Adjustments

Revenue Requirement Schedules - January 2023 Rate Change
(Thousand of Dollars)

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Exhibit RCS-3
Schedule B.1
Page 1 of 1

Line No.	Description	OPC Adjustments	Accumulated Depreciation - Depreciation Expense - New Depreciation Rates	Accumulated Depreciation - Dismantlement Expense	Unamortized Rate Case Expense	Scherer Consummation Payment
			B-1	B-2	B-3	B-4
1	Plant in Service	$ -				
2	Accumulated Depreciation and Amortization	$ 252,204	$ 227,797	$ 24,407		
3	Net Utility Plant in Service	$ 252,204	$ 227,797	$ 24,407	$ -	$ -
4	Construction Work in Progress	$ -				
5	Plant Held For Future Use	$ -				
6	Nuclear Fuel	$ -				
7	Total Net Plant	$ 252,204	$ 227,797	$ 24,407	$ -	$ -
8	Working Capital Allowance	$ (85,540)			$ (3,231)	$ (82,309)
9	Other Rate Base Items	$ -				
10	Total Rate Base	$ 166,664	$ 227,797	$ 24,407	$ (3,231)	$ (82,309)

Florida Power & Light Company
Adjusted Net Operating Income

Revenue Requirement Schedules - January 2023 Rate Change
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-3
Schedule C
Page 1 of 1

Line No.	Description	Per FPL (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Adjustments (E)	As Adjusted by OPC (F)
	Operating Revenues						
1	Revenue From Sales	$ 7,778,357	$ 1,063	$ -	$ 7,779,420	$ -	$ 7,779,420
2	Other Operating Revenues	$ 218,373	$ 7,676	$ -	$ 226,049	$ -	$ 226,049
3	Total Operating Revenues	$ 7,996,730	$ 8,739	$ -	$ 8,005,469	$ -	$ 8,005,469
	Operating Expenses						
4	Other Operation & Maintenance	$ 1,360,607	$ (11,089)	$ 29	$ 1,349,547	$ (1,182)	$ 1,348,365
5	Fuel & Interchange	$ 19,723	$ -	$ -	$ 19,723	$ -	$ 19,723
6	Purchased Power	$ -	$ -	$ -	$ -	$ -	$ -
7	Deferred Costs	$ -	$ -	$ -	$ -	$ -	$ -
8	Depreciation & Amortization	$ 2,674,659	$ (6,893)	$ 5	$ 2,667,771	$ (183,705)	$ 2,484,066
9	Taxes Other Than Income Taxes	$ 859,602	$ -	$ (1)	$ 859,601	$ -	$ 859,601
10	Income Taxes	$ 413,743	$ 5,707	$ (10)	$ 419,440	$ 25,845	$ 445,285
11	(Gain)/Loss on Disposal of Plant	$ (6,024)	$ 5,785	$ -	$ (239)	$ -	$ (239)
12	Interest Sync Identified Adjustments	$ -	$ 279	$ -	$ 279	$ -	$ 279
13	Total Operating Expenses	$ 5,322,311	$ (6,211)	$ 23	$ 5,316,123	$ (159,041)	$ 5,157,082
14	Net Operating Income	$ 2,674,419	$ 14,950	$ (23)	$ 2,689,346	$ 159,041	$ 2,848,387

Notes and Source
Col. (A): Per Company amounts are from FPL MFR Schedule C-1
Col. (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 3 of 6
Col. (C): FPL's Second Notice of Identified Adjustments filed May 21, 2021, Attachment II, Page 3 of 5
Col. (E): RCS-3, Schedule C.1

Florida Power & Light Company
Summary of Net Operating Income Adjustments

Revenue Requirement Schedules - January 2023 Rate Change
(Thousand of Dollars)

Docket No. 20210015-EI
Exhibit RCS-3
Schedule C.1
Page 1 of 1

Line No.	Description	OPC Adjustments	Depreciation Expense - New Depreciation Rates	Dismantlement Expense	Directors and Officers Liability Insurance Expense	Scherer Consummation Payment Amortization Expense	Vegetation Management Expense and Storm Protection Costs	Interest Synchronization
			C-1	C-2	C-3	C-4	C-5	C-6
							Not Used	
	Operating Revenues							
1	Revenue From Sales	$ -						
2	Other Operating Revenues	$ -						
3	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Operating Expenses							
4	Other Operation & Maintenance	$ (1,182)			$ (1,182)			
5	Fuel & Interchange	$ -						
6	Purchased Power	$ -						
7	Deferred Costs	$ -						
8	Depreciation & Amortization	$ (183,705)	$ (157,845)	$ (16,271)		$ (9,589)		
9	Taxes Other Than Income Taxes	$ -						
10	(Gain)/Loss on Disposal of Plant	$ -						
11	PRE-TAX OPERATING EXPENSES	$ (184,886)	$ (157,845)	$ (16,271)	$ (1,182)	$ (9,589)	$ -	$ -
12	PRE-TAX OPERATING INCOME	$ 184,886	$ 157,845	$ 16,271	$ 1,182	$ 9,589	$ -	$ -
13	Income Taxes	$ 25,845	$ 40,006	$ 4,124	$ 299	$ 2,430	$ -	$ (21,014)
14	TOTAL OPERATING EXPENSES	$ (159,041)	$ (117,839)	$ (12,147)	$ (883)	$ (7,159)	$ -	$ (21,014)
15	OPERATING INCOME	$ 159,041	$ 117,839	$ 12,147	$ 883	$ 7,159	$ -	$ 21,014

Notes and Source

Combined Effective Tax Rate* 25.35%

* Per Exhibit RCS-2, Schedule A-1

Florida Power & Light Company
Cost of Capital

Revenue Requirement Schedules - January 2023 Rate Change
(Thousand of Dollars)

Docket No 20210015-EI
Exhibit RCS-3
Schedule D
Page 1 of 1

Line No	Description	Jurisdictional Capital Structure Per Company (A)	FPL First Notice of Identified Adjustments May 7, 2021 (B)	FPL Second Notice of Identified Adjustments May 21, 2021 (C)	Per FPL After Identified Adjustments (D)	OPC Adjustments to Cap Struct (B)	Adjusted Amounts (C)	OPC Rate Base Adjustments (D)	Per OPC Adjusted Amounts (E)	Ratio (F)	Cost Rate (G)	Per OPC Weighted Cost Rate (H)
	Per Company											
1	Long Term Debt	$ 18,619,747	$ (25,366)	$ 11	$ 18,594,392		$ 18,594,392		$ 18,594,392	31 43%	3 77%	1 18%
2	Preferred Stock	$ -	$ -	$ -	$ -		$ -		$ -	0 00%	0 00%	0 00%
3	Customer Deposits	$ 487,792	$ (539)	$ -	$ 487,253		$ 487,253		$ 487,253	0 82%	2 04%	0 02%
4	Short Term Debt	$ 746,590	$ (824)	$ -	$ 745,766		$ 745,766		$ 745,766	1 26%	0 97%	0 01%
5	Deferred Income Tax	$ 6,239,765	$ (11,707)	$ 4	$ 6,228,062		$ 6,228,062		$ 6,228,062	10 53%	0 00%	0 00%
6	FAS 109 Deferred Income Tax	$ 3,382,948	$ (3,742)	$ 2	$ 3,379,208		$ 3,379,208		$ 3,379,208	5 71%	0 00%	0 00%
7	Investment Tax Credits	$ 1,209,233	$ (8,639)	$ 1	$ 1,200,595		$ 1,200,595		$ 1,200,595	2 03%	8 45%	0 17%
8	Common Equity	$ 28,570,077	$ (38,921)	$ 17	$ 28,531,173		$ 28,531,173		$ 28,531,173	48 22%	11 50%	5 55%
9	Total	$ 59,256,152	$ (89,738)	$ 35	$ 59,166,449	$ -	$ 59,166,449		$ 59,166,449	100 00%		6 93%
	Per OPC											
10	Long Term Debt	$ 18,619,747	$ (25,366)	$ 11	$ 18,594,392	$ 2,120,042	$ 20,714,434	$ 26,944	$ 20,741,379	35 01%	3 77%	1 32%
11	Preferred Stock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0 00%	0 00%	0 00%
12	Customer Deposits	$ 487,792	$ (539)	$ -	$ 487,253	$ -	$ 487,253	$ 634	$ 487,887	0 82%	2 04%	0 02%
13	Short Term Debt	$ 746,590	$ (824)	$ -	$ 745,766	$ 85,007	$ 830,773	$ 1,081	$ 831,854	1 40%	0 97%	0 01%
14	Deferred Income Tax	$ 6,239,765	$ (11,707)	$ 4	$ 6,228,062	$ -	$ 6,228,062	$ 8,101	$ 6,236,163	10 53%	0 00%	0 00%
15	FAS 109 Deferred Income Tax	$ 3,382,948	$ (3,742)	$ 2	$ 3,379,208	$ -	$ 3,379,208	$ 4,396	$ 3,383,604	5 71%	0 00%	0 00%
16	Investment Tax Credits	$ 1,209,233	$ (8,639)	$ 1	$ 1,200,595	$ -	$ 1,200,595	$ 1,562	$ 1,202,157	2 03%	6 56%	0 13%
17	Common Equity	$ 28,570,077	$ (38,921)	$ 17	$ 28,531,173	$ (2,205,049)	$ 26,326,124	$ 34,244	$ 26,360,367	44 50%	8 75%	3 89%
18	Total	$ 59,256,152	$ (89,738)	$ 35	$ 59,166,449	$ 0	$ 59,166,449	$ 76,961	$ 59,243,410	100 00%		5 38%
19	Difference											-1 55%

Line No	Ratio of Debt & Equity Components	Per FPL Amounts (a)	Effective FPL Ratio (b)	Capitalization Ratio Per OPC^ (c)	Revised Allocations (d)	Adjs To Reflect OPC Cap Struct (e) = (d - a)
20	Long Term Debt	$ 18,619,747	38 84%	43 27%	$ 20,739,789	$ 2,120,042
21	Short Term Debt	$ 746,590	1 56%	1 73%	$ 831,597	$ 85,007
22	Common Equity	$ 28,570,077	59 60%	55 00%	$ 26,365,028	$ (2,205,049)
		$ 47,936,414	100 00%	100 00%	$ 47,936,414	$ 0

Line No	^ Ratio of Debt Components	Per FPL Amounts (f)	Long/Short Term Ratio (g)	Per OPC Debt Ratio (h)	OPC Adjusted Debt Ratio (i) = (g x h)
23	Long Term Debt	$ 18,619,747	96 14%		43 27%
24	Short Term Debt	$ 746,590	3 86%		1 73%
25		$ 19,366,337	100 00%	45 00%	45 00%

Notes and Source
The per Company amounts are from MFR Sch D-1a
Column (B): FPL's Notice of Identified Adjustments filed May 7, 2021, Attachment II, Page 5 of 6
Column (G): OPC rate base adjustments are from Schedule B-1, page 1, col E This includes the FPL update/filing correction rate base adjustments in columns B and C

	FPL Updates	OPC Adjs	Rate Base Adjs
Rate Base Adjustments	$ (89,703)	$ 166,664	$ 76,961

Column (J), Lines 9&10, debt cost rates are sponsored by OPC Witness Kevin O'Donnell
Column (J): Lines 10 - 13 based on per-FPL Cost rates Return on Equity on line 17 sponsored by OPC witness Randy Woolridge Line 16 is a fall-out calculation

FPL Weighted Cost of Debt for Interest Synchronization	1 21%	Col H, lines 1, 3 and 4
OPC Weighted Cost of Debt for Interest Synchronization	1 35%	Col H, lines 10, 12 and 13

Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell

Florida Power & Light Company
Accumulated Depreciation - Depreciation Expense - New Depreciation Rates

Revenue Requirement Schedules - January 2023 Rate Change
(Thousands of Dollars)

Docket No. 20210015-EI
Exhibit RCS-3
Schedule B-1
Page 1 of 1

Line No.	Description	Amount (A)
1	OPC Jurisdictionalized Adjustment to Depreciation Expense for New Depreciation Rates	$ (157,845)
2	Estimated Impact on 2023 Average Rate base, Multiply by -0.5	-0.5
3	OPC Jurisdictionalized 2023 Accumualted Depreciation for Depreciation Expense for New Depreciation Rates	$ 78,922
4	OPC Jurisdictionalized 2022 Accumulated Depreciation for Depreciation Expense for New Depreciation Rates	$ 148,875
5	OPC Jurisdictionalized Adjustment to Accumulated Depreciation related to Depreciation Expense for New Depreciation Rates	$ 227,797

Notes and Source:
Line 1: Schedule C-1
Line 4: Exhibit RCS-2, Schedule B-1

Florida Power & Light Company
Accumulated Depreciation - Dismantlement Expense

Revenue Requirement Schedules - January 2023 Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule B-2
Page 1 of 1

Line No.	Description		Amount (A)
1	OPC Jurisdictionalized 2023 Adjustment to Dismantlement Expense	$	(16,271)
2	Estimated Impact on 2023 Average Rate base, Multiply by -0.5		-0.5
3	OPC Jurisdictionalized 2023 Accumualted Depreciation for Dismantlement Expense	$	8,136
4	OPC Jurisdictionalized 2022 Accumulated Depreciation for Dismantlement Expense	$	16,271
5	OPC Jurisdictionalized 2023 Adjustment to Accumulated Depreciation related to Dismantlement Expense	$	24,407

Notes and Source:
Line 1: Schedule C-2
Line 4: Exhibit RCS-2, Schedule B-3

Florida Power & Light Company
Unamortized Rate Case Expense

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule B-3
Page 1 of 1

Line No.	Description	Per FPL (A)	Per OPC (B)	OPC Adjustment (C)
1	OPC Adjustment to Remove Rate Case Expense from Rate Base	$ 5,170	$ -	$ (5,170)
2	FPL Adjustment to Amortize Rate Case	$ (1,939)	$ -	$ 1,939
3	FPL Rate Case Expense after Amortization	$ 3,231	$ -	$ (3,231)
4	Jurisdictional Factor			1.00000
5	OPC Adjustment to Remove Rate Case Expense from Rate Base - Jurisdictionalized			$ (3,231)
6	Tax Rate			25.35%
7	OPC Adjustment to ADIT for Rate Case Expense			$ 819
8	Total OPC Adjustment to Remove Rate Case Expense from Rate Base			$ (2,412)

Notes and Source:
FPL's "B1 SYA - tie out" Excel file provided in response to OPC POD No. 35 to support MFR Schedule B-1 (without RSAM)

Florida Power & Light Company
0

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Exhibit RCS-3
Schedule B-4
Page 1 of 1

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

Line No.	Description	Per FPL - Total Company (A)	Jurisdictional Factor (B)	Per FPL - Jurisdictionalized (C)	Per OPC (D)	OPC Adjustment (E) = (D) - (C)
1	Adjustment to Remove Scherer Consummation Payment	$ 85,833	0.958936	$ 82,309	$ -	$ (82,309)

Notes and Source:
FPL2023 MFR Schedule B-2 (without RSAM), page 3 of 8, line 28 and FPL Exhibit LF-4, page 4 of 8, line 22

Florida Power & Light Company
Depreciation Expense - New Depreciation Rates

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule C-1
Page 1 of 1

Line No.	Description	Per Company (A)	Per OPC (B)	OPC Adjustment - Total Company (C)	Jurisdictional Factor	OPC Adjustment - Jurisdictionalized
1	Steam	$ 33,355,263	$ 33,355,263	$ (1)	0.95893	$ (1)
2	Nuclear	$ 231,383,077	$ 158,867,147	$ (72,515,930)	0.95894	$ (69,538,675)
3	Other Production	$ 830,541,313	$ 755,041,252	$ (75,500,060)	0.95503	$ (72,104,868)
4	Transmission	$ 264,070,860	$ 264,070,860	$ (0)	0.90254	$ (0)
5	Distribution	$ 781,902,698	$ 765,701,722	$ (16,200,976)	1.00000	$ (16,200,976)
6	General	$ 56,635,172	$ 56,635,173	$ 0	0.96912	$ 0
7	Adjustment to Depreciation Expense for New Depreciation Rates	$2,197,888,384	$2,033,671,417	$ (164,216,967)		$ (157,844,520)
8	Adjustment to Depreciation Expense for New Depreciation Rates (000s)					$ (157,845)

Notes and Source
Cols. A-C: OPC Witness Roxie McCullar
Col. D: Jurisdictional Factors are from FPL 2023 MFR Schedule C-4 (without RSAM), pages 8-10 of 12

Florida Power & Light Company
Dismantlement Expense

Docket No. 20210015-EI
Exhibit RCS-3
Schedule C-2
Page 1 of 1

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

Line No.	Description	Total Company (A)	Jurisdictional Factor (B)	Jurisdictionalized Expense (C)
1	Per Company	$ 51,914,620	0.955259	$ 49,591,883
2	Per OCA	$ 34,881,286	0.955259	$ 33,320,645
3	Adjustment to Dismantlement Expense	$ (17,033,334)		$ (16,271,238)
4	Adjustment to Dismantlement Expense (000s)			$ (16,271)

Notes and Source:

Col. A, Line 1: Per FPL Corrected 2021 Dismantlement Study provided in response to OPC POD No. 91
Col. A, Line 2: Amount based on OPC Witness William Dunkel's recommendations
Col. B: Per FPL's "2023 Company Adjustments without RSAM" Excel file

Dismantlement Adjustment - Jurisdictional	$ 23,166,230
Dismantlement Adjustment - Total Company	$ 24,251,268
Jurisdictional Factor	0.955259

Florida Power & Light Company
Directors and Officers Liability Insurance Expense

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule C-3
Page 1 of 1

CONFIDENTIAL

Line No.	Description	Per FPL (A)	Per OPC (B)	OPC Adjustment (C)
1	Adjustment to Directors and Officers Liability Insurance	[redacted]		
2	Adjustment to Directors and Officers Liability Insurance (000s)			$ (1,182)

Notes and Source
[redacted]
Col. B: Disallowance Calculation:
[redacted]

Florida Power & Light Company
Scherer Consummation Payment Amortization Expense

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule C-4
Page 1 of 1

Line No.	Description	Per FPL (A)	Per OPC (B)	Adjustment (C) = (A) x (B)
1	Adjustment to Remove Scherer Consummation Payment - Jurisdictionalized	$ 9,589	$ -	$ (9,589)

Notes and Source
FPL 2023 MFR Schedule C-2 (without RSAM), page 3 of 3, column (28); FPL 2023 MFR Schedule C-3 (without RSAM), page 2 of 5, line 12; and FPL Exhibit LF-4, page 4 of 8, line 22

Florida Power & Light Company
Vegetation Management Expense and Storm Protection Costs

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Exhibit RCS-3
Schedule C-5
Page 1 of 1

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

Line No.	Description	(A)	(B)	(C)

NOT USED

Notes and Source:

Florida Power & Light Company
Interest Synchronization

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Exhibit RCS-3
Schedule C-6
Page 1 of 1

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted rate base	$ 59,333,114	Schedule B
2	Weighted cost of debt	1.35%	Schedule D
3	Synchronized interest deduction	$ 800,304	Line 1 x Line 2
4	Synchronized interest deduction per APS' filing	$ 717,393	See note below
5	Difference (decreased) increased interest deduction	$ 82,911	Line 3 - Line 4
6	Combined federal and state income tax rates	25.35%	Schedule A-1
7	Increase (decrease) to income tax expense	$ (21,014)	

Notes and Source

Line 4: Per Company amount calculated as the per Company rate base times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits):

8	FPL Adjusted Rate Base	$ 59,256,152	Schedule B
9	FPL Adjustments:		Schedule B, Col. A
10	First Notice of Identified Adjustments	$ (89,738)	
11	Second Notice of Identified Adjustments	$ 35	Schedule B, Col. B
12	FPL Adjusted Rate Base	$ 59,166,450	Schedule B, Col. C
13	FPL Weighted Cost of Debt	1.21%	Schedule B, Col. D
14	Synchronized interest deduction per FPL	$ 717,393	Schedule D

Florida Power & Light Company
Adjustment for 2022 Revenue (Sufficiency)/Deficiency

Revenue Requirement Schedules - January 2023 Subsequent Year Rate Change
(Thousands of Dollars)

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Exhibit RCS-3
Schedule E
Page 1 of 1

Line No.	Description	Amount (A)
1	OPC 2022 Revenue (Sufficiency)/Deficency	$ (70,901)
2	Multiply by Estimated Growth Factor	100.6880%
3	Adjustment to Revenue for OPC 2022 Revenue (Sufficiency)/Deficiency	$ (71,389)

Notes and Source
Line 1: Exhibit RCS-2, Schedule A
Line 2: FPL's "MFR A-01 SYA without RSAM Backup - Consolidated" Excel file provided in FPL's response to OPC POD No. 35

Florida Power & Light Company
Demonstration of the Lack of Need for a Reserve Surplus Amortization Mechanism Excluding Storm Write-Off

														Is Adjusted Achieved:			
Line No.	Description	FPL Achieved ROE (A)	Reserve Activity Amount Per FPL ESR (B)	OPC Analytical Adjustments (C)	OPC Adjusted Analytical Reserve Amount (D)	Reconciling Adjustment for Excess Earnings (E)	Adjusted Analytical Reserve Amount (F)	Earnings from FPL ESR Sch.2, Page 2 of 3 (G)	Avg. Rate Base from FPL ESR, Page 1 of 3 (H)	Achieved Rate of Return, FPL ESR, Page 1 (I)	Return MidPoint, FPL ESR Sch. 4 (J)	Return Maximum, FPL ESR Sch. 4 (K)	Net of Tax Adjusted Achieved Earnings with Above Mid-point Credits Reversed (L)	Above Mid Point? (M)	Below Mid Point? (N)	At or Above High Point? (O)	
1	Rollover Reserve Amount - 12/31/2016[1]		$ 252,100,355		252,100,355		252,100,355										
2	Depreciation Reserve Surplus Approved by FPSC - 1/1/2017		$ 1,000,000,000		1,000,000,000		1,000,000,000										
3	Total Reserve Amount Available Under Current Settlement Agreement[3]		$ 1,252,100,355		1,252,100,355		1,252,100,355										
	Actual Amortization from 1/1/2017 - 12/31/2017:																
4	January, 2017	11.50%	$ (125,223,511)	125,223,511	0		0	1,969,904,426	29,833,068,325	6.60%	6.17%	6.65%	6.35%	yes	no	no	
5	February, 2017	11.50%	$ (35,682,879)	35,682,879	0		0	1,987,617,978	30,118,513,534	6.60%	6.17%	6.65%	6.53%	yes	no	no	
6	March, 2017	11.50%	$ (52,328,640)	52,328,640	0		0	2,006,304,082	30,414,000,489	6.60%	6.16%	6.64%	6.49%	yes	no	no	
7	April, 2017	11.50%	$ 26,451,730		26,451,730	(26,451,730)	0	2,024,786,349	30,696,531,447	6.60%	6.16%	6.64%	6.65%	yes	no	yes	1
8	May, 2017	11.50%	$ (36,038,470)	36,038,470	0		0	2,038,209,438	30,886,576,882	6.60%	6.17%	6.65%	6.53%	yes	no	no	
9	June, 2017	11.50%	$ (7,408,419)	7,408,419	0		0	2,050,924,005	31,080,476,259	6.60%	6.17%	6.65%	6.58%	yes	no	no	
10	July, 2017	11.50%	$ 25,671,697		25,671,697	(25,671,697)	0	2,067,702,399	31,303,128,365	6.61%	6.17%	6.65%	6.66%	yes	no	yes	2
11	August, 2017	11.50%	$ 22,847,456		22,847,456	(22,847,456)	0	2,083,161,426	31,508,630,527	6.61%	6.18%	6.66%	6.66%	yes	no	yes	3
12	September, 2017	11.50%	$ 75,509,428		75,509,428	(75,509,428)	0	2,095,237,878	31,781,526,320	6.59%	6.16%	6.64%	6.74%	yes	no	yes	4
13	October, 2017	11.50%	$ 54,523,942		54,523,942	(54,523,942)	0	2,108,470,091	32,055,292,707	6.58%	6.14%	6.62%	6.68%	yes	no	yes	5
14	November, 2017	11.50%	$ (52,119,437)	52,119,437	0		0	2,117,974,029	32,334,137,043	6.55%	6.12%	6.60%	6.45%	yes	no	no	
15	December, 2017 (Delete Irma)[2] [5]	11.08%	$ (1,148,303,252)	1,148,303,252	0		0	2,062,924,335	32,628,492,321	6.32%	6.09%	6.56%	6.32%	yes	no	no	
16	Total Amortization from 1/1/2017 - 12/31/2017		$ (1,252,100,355)	1,457,104,608	205,004,253	(205,004,253)	0										
17	Adjustment to Reserve based on calendar year results																
18	Remaining Reserve Amount - 12/31/2017		$0				1,252,100,355										
	Actual Amortization from 1/1/2018 - 12/31/2018:																
19	January, 2018	11.15%			0		0	2,070,685,029	32,822,351,158	6.31%	6.04%	6.51%	6.31%	yes	no	no	
20	February, 2018	11.23%			0		0	2,094,805,712	33,065,126,614	6.34%	6.03%	6.51%	6.34%	yes	no	no	
21	March, 2018	11.22%			0		0	2,113,981,081	33,382,323,852	6.33%	6.04%	6.51%	6.33%	yes	no	no	
22	April, 2018	11.50%			0		0	2,178,577,170	33,705,615,296	6.46%	6.04%	6.51%	6.46%	yes	no	no	
23	May, 2018	11.41%			0		0	2,187,621,291	34,035,439,111	6.43%	6.05%	6.51%	6.43%	yes	no	no	
24	June, 2018	11.52%			0		0	2,230,107,909	34,371,238,294	6.49%	6.06%	6.53%	6.49%	yes	no	no	
25	July, 2018	11.60%	$ 51,958,256		51,958,256	(51,958,256)	0	2,265,462,036	34,684,090,019	6.53%	6.07%	6.54%	6.64%	yes	no	yes	6
26	August, 2018	11.60%	$ 55,277,885		55,277,885	(55,277,885)	0	2,295,907,069	34,994,305,269	6.56%	6.09%	6.56%	6.68%	yes	no	yes	7
27	September, 2018	11.60%	$ 193,713,805		193,713,805	(193,713,805)	0	2,323,532,744	35,280,472,895	6.59%	6.12%	6.59%	7.00%	yes	no	yes	8
28	October, 2018	11.60%	$ 125,007,557		125,007,557	(125,007,557)	0	2,348,950,400	35,488,566,903	6.62%	6.15%	6.62%	6.88%	yes	no	yes	9
29	November, 2018	11.60%	$ 14,253,285		14,253,285	(14,253,285)	0	2,379,535,649	35,714,209,675	6.66%	6.11%	6.67%	6.69%	yes	no	yes	10
30	December, 2018	11.60%	$ 100,738,501		100,738,501	(100,738,501)	0	2,408,440,336	35,971,745,420	6.70%	6.22%	6.70%	6.90%	yes	no	yes	11
31	Total Amortization from 1/1/2018 - 12/31/2018		$ 540,949,289	0	540,949,289	(540,949,289)	0										
32	Calculated Adjustment to Reserve based on calendar year results						98,506,091										
	Cannot increase Reserve Amount above $1.252 billion																
33	Remaining Reserve Amount - 12/31/2018		$540,949,289				1,252,100,355										
	Actual Amortization from 1/1/2019 - 12/31/2019:																
34	January, 2019	11.60%	$ (84,875,022)	84,875,022	0		0	2,446,262,814	36,238,502,628	6.75%	6.27%	6.76%	6.58%	yes	no	no	
35	February, 2019	11.60%	$ (33,423,808)	33,423,808	0		0	2,477,760,253	36,450,968,682	6.80%	6.31%	6.80%	6.73%	yes	no	no	
36	March, 2019	11.60%	$ (37,487,852)	37,487,852	0		0	2,516,374,279	36,772,075,693	6.84%	6.35%	6.85%	6.77%	yes	no	no	
37	April, 2019	11.60%	$ (1,238,828)	1,238,828	0		0	2,537,891,072	37,042,743,704	6.85%	6.36%	6.86%	6.85%	yes	no	no	
38	May, 2019	11.60%	$ 48,530,293		48,530,293	(48,530,293)	0	2,561,421,297	37,309,132,171	6.87%	6.37%	6.87%	6.96%	yes	no	yes	12
39	June, 2019	11.60%	$ 173,309,107		173,309,107	(173,309,107)	0	2,581,821,625	37,571,276,260	6.87%	6.38%	6.88%	7.22%	yes	no	yes	13
40	July, 2019	11.60%	$ 86,035,009		86,035,009	(86,035,009)	0	2,604,276,777	37,814,489,339	6.89%	6.39%	6.89%	7.06%	yes	no	yes	14
41	August, 2019	11.60%	$ 52,771,234		52,771,234	(52,771,234)	0	2,620,717,842	38,062,437,154	6.89%	6.39%	6.89%	6.99%	yes	no	yes	15
42	September, 2019	11.60%	$ 172,044,151		172,044,151	(172,044,151)	0	2,631,745,681	38,317,537,265	6.87%	6.37%	6.87%	7.20%	yes	no	yes	16
43	October, 2019	11.60%	$ 157,733,862		157,733,862	(157,733,862)	0	2,643,329,339	38,588,269,870	6.85%	6.36%	6.86%	7.16%	yes	no	yes	17
44	November, 2019	11.60%	$ (657,986)	657,986	0		0	2,657,582,020	38,875,401,030	6.84%	6.35%	6.84%	6.83%	yes	no	no	
45	December, 2019 Delete Dorian and Other Storms[5]	11.60%	$ (176,076,008)	265,409,000	89,332,992	(89,332,992)	0	2,671,231,704	39,250,784,958	6.81%	6.32%	6.81%	6.98%	yes	no	yes	18
46	Total Amortization from 1/1/2019 - 12/31/2019		$ 356,664,152	423,092,496	779,756,648	(779,756,648)	0										
47	Calculated Adjustment to Reserve based on calendar year results						86,995,377										
	Cannot increase Reserve Amount above $1.252 billion																
48	Remaining Reserve Amount - 12/31/2019		897,613,441				1,252,100,355										

Florida Power & Light Company
Demonstration of the Lack of Need for a Reserve Surplus Amortization Mechanism Excluding Storm Write-Off

Line No.	Description	FPL Achieved ROE (A)	Reserve Activity Amount Per FPL ESR (B)	OPC Analytical Adjustments (C)	OPC Adjusted Analytical Reserve Amount (D)	Reconciling Adjustment for Excess Earnings (E)	Adjusted Analytical Reserve Amount (F)	Earnings from FPL ESR Sch.2, Page 2 of 3 (G)	Avg. Rate Base from FPL ESR, Page 1 of 3 (H)	Achieved Rate of Return, FPL ESR, Page 1 (I)	Return MidPoint, FPL ESR Sch. 4 (J)	Return Maximum, FPL ESR Sch. 4 (K)	Net of Tax Adjusted Achieved Earnings with Above Mid-point Credits Reversed (L)	Is Adjusted Achieved: Above Mid Point? (M)	Below Mid Point? (N)	At or Above High Point? (O)	
	Actual Amortization from 1/1/2020 - 12/31/2020:																
49	January, 2020	11.60%	$ (114,482,970)	114,482,970	0		0	2,701,664,892	39,651,904,513	6.81%	6.33%	6.81%	6.60%	yes	no	no	
50	February, 2020	11.60%	$ (45,574,339)	45,574,339	0		0	2,722,670,929	39,993,735,573	6.81%	6.32%	6.81%	6.72%	yes	no	no	
51	March, 2020	11.60%	$ 11,911,325		11,911,325	(11,911,325)	0	2,743,818,708	40,346,880,357	6.80%	6.31%	6.81%	6.82%	yes	no	yes	19
52	April, 2020	11.60%	$ 5,861,698		5,861,698	(5,861,698)	0	2,760,234,633	40,641,722,200	6.79%	6.31%	6.80%	6.80%	yes	no	yes	20
53	May, 2020	11.60%	$ (5,982,714)	5,982,714	0		0	2,791,077,828	40,920,501,883	6.82%	6.33%	6.83%	6.81%	yes	no	no	
54	June, 2020	11.60%	$ (9,495,711)	9,495,711	0		0	2,823,113,632	41,228,656,330	6.85%	6.36%	6.85%	6.83%	yes	no	no	
55	July, 2020	11.60%	$ 41,960,553		41,960,553	(41,960,553)	0	2,841,265,288	41,530,995,940	6.84%	6.35%	6.85%	6.92%	yes	no	yes	21
56	August, 2020	11.60%	$ 78,526,460		78,526,460	(78,526,460)	0	2,859,426,791	41,841,524,678	6.83%	6.34%	6.84%	6.98%	yes	no	yes	22
57	September, 2020	11.60%	$ 137,409,299		137,409,299	(137,409,299)	0	2,881,686,389	42,152,933,802	6.84%	6.34%	6.84%	7.08%	yes	no	yes	23
58	October, 2020	11.60%	$ 117,397,423		117,397,423	(117,397,423)	0	2,906,268,015	42,464,806,592	6.84%	6.35%	6.85%	7.05%	yes	no	yes	24
59	November, 2020	11.60%	$ (26,854,283)	26,854,283	0		0	2,932,711,867	42,797,755,973	6.85%	6.36%	6.86%	6.81%	yes	no	no	
60	December, 2020	11.60%	$ (189,481,173)	189,481,173	0		0	2,955,429,035	43,224,147,555	6.84%	6.34%	6.85%	6.51%	yes	no	no	
61	Total Amortization from 1/1/2020 - 12/31/2020		$ 1,195,568	$ 391,871,190	$ 393,066,758	$ (393,066,758)	0										
62	Calculated Adjustment to Reserve based on calendar year results																
	Cannot increase Reserve Amount above $1.252 billion																
63	Remaining Reserve Amount - 12/31/2020		898,809,009				1,252,100,355										
	Actual Amortization from 1/1/2021 - 2/28/2021:																
64	January, 2021	11.60%	$ (164,322,261)	164,322,261	0		0	2,985,340,954	43,665,836,016	6.84%	6.34%	6.84%	6.55%	yes	no	no	
65	February, 2021	11.60%	$ (65,907,300)	65,907,300	0		0	3,006,287,949	43,967,736,147	6.84%	6.34%	6.85%	6.72%	yes	no	no	
66	March, 2021	11.60%	$ (86,035,112)	86,035,112	0		0	3,022,369,873	44,270,876,708	6.83%	6.33%	6.84%	6.68%	yes	no	no	
67	Total Amortization from 1/1/2021 - 3/31/2021		$ (316,264,673)	$ 316,264,673	$ -	$ -	0										
68	Reduction in Total Reserve Amount Available Under Current Settlement Agreement (Note 3)		$ (5,000,000)		(5,000,000)		(5,000,000)										
69	Remaining Reserve Amount - 3/31/2021		$577,544,336		(5,000,000)		1,247,100,355										
70	Total Reserve Amount Available Under Current Settlement Agreement						1,247,100,355										
71	Difference						0										

Notes:

(1) Rollover Reserve Surplus Amount provided pursuant to Order No. PSC-16-0560-AS-EI, Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI.
(2) The December 2017 amortization amount is a partial offset to the $1.3 billion Hurricane Irma restoration cost write-off.
(3) Available Reserve Surplus Amount reduction pursuant to Order No. PSC-2019-0319-S-EI, Docket No. 20180049-EI.
(4) Columns A, B, G, H, I, J and K are from FPL's Earnings Surveillance Reports
(5) Adjust out storms
(6) Additions to the Reserve Surplus are positive, reductions are negative

History of FPL ESR Achieved ROE & Depreciation Adjustments 2010-2016

	2010		2011		2012		2013		2014		2015		2016	
Month	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE
January	($8,051,360)	10.74	$6,102,111	11	($2,443,374)	11	($2,939,359)	11	$795,124	11.22	$3,780,115	11.5	($4,473,983)	11.5
February	($17,444,901)	10.81	$7,327,629	11	$1,708,663	11	($3,183,444)	11	($917,780)	11.22	$2,742,787	11.5	$2,271,035	11.5
March	$0	10.99	$4,991,085	11	($268,045)	11	($212,860)	11	($56,848)	11.22	$4,265,122	11.5	$1,159,150	11.5
April	$0	10.73	$1,990,634	11	($4,562,009)	11	($974,954)	11	($465,842)	11.23	($137,189)	11.5	$1,164,297	11.5
May	$0	11.28	$1,272,599	11	$3,189,695	11	$5,586,240	11	($1,092,527)	11.24	$770,859	11.5	($816,936)	11.5
June	$0	11.43	$0	11	($230,480)	11	($2,073,105)	11	$1,349,852	11.28	$1,989,041	11.5	$291,404	11.5
July	$0	11.68	$270,726	11	$1,201,056	11	$1,384,685	11.25	($132,897)	11.29	$1,911,755	11.5	($873,703)	11.5
August	$0	11.79	($1,859,964)	11	$1,558,932	11	($1,275,249)	11.25	$1,674,176	11.31	$149,672	11.5	$945,790	11.5
September	$0	11.34	$166,407	11	($408,337)	11	$5,246,048	11.07	($4,731,138)	11.41	($8,103,108)	11.5	$3,411,086	11.5
October	$0	11.16	($1,417,652)	11	$3,150,553	11	($204,394)	10.99	($230,173)	11.48	$1,124,569	11.5	$1,452,192	11.5
November	$2,750,485	11	$1,810,361	11	$1,963,360	11	($1,705,320)	10.99	$3,835,545	11.48	$11,447,439	11.5	($2,234,224)	11.5
December	$6,708,711	11	$2,567,982	11	($2,597,625)	11	($3,421,126)	10.96	$2,726,781	11.5	($315,641)	11.5	$2,182,310	11.5

[1] Schedule 2, Page 2 of 3, Other Rate Case Adjustments (Depreciation and Amortization)