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FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light Company for Base Rate Increase and Rate Unification	Docket No. 20210015-EI Filed: July 14, 2021

FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT

Florida Power & Light Company ("FPL" or the "Company"), pursuant to the Florida Public Service Commission's ("FPSC" or "Commission") Order Nos. PSC-2021-0116-PCO-EI, PSC-2021-0120-PCO-EI and PSC-2021-0233-PCO-EI, hereby files its Prehearing Statement.

I. FPL WITNESSES

Witness	Subject Matter	Issue Nos.
Direct		
Eric Silagy	Provides an overview of FPL's filing; introduces the witnesses who have filed testimony on FPL's behalf.	25
John J. Reed	Sponsors and describes a benchmarking study used to assess FPL's operational and financial performance over the past ten years and concludes that FPL's overall performance is superior; supports FPL's request for an ROE performance-based incentive. Describes how this performance has saved customers billions of dollars compared to average-performing utilities; comments on the proposed consolidation of FPL and Gulf's rate structures and how this unification is in the public interest.	25, 71, 108
Robert E. Barrett	Describes the core elements of FPL's four-year rate plan including the continued use of the Reserve Surplus Amortization Mechanism ("RSAM") and the Solar Base Rate Adjustment ("SoBRA") mechanism. Supports FPL's requested 11.0% ROE and the adoption of an ROE performance incentive of one-half percent and the continued use of the Storm Cost Recovery Mechanism. Explains why FPL's strategy to deliver superior customer value, including outstanding reliability, low emissions, and affordable bills, depends upon maintaining FPL's strong financial position and the continuation of its capital investment plan.	31, 67, 68, 70-73, 90, 130, 131, 133, 134, 137
James M. Coyne	Recommends an ROE range of 10.5 percent to 11.5 percent and that an ROE of 11.0 percent is just and reasonable for FPL. Provides an overview of the analyses conducted and explains the importance of taking into account the effects of current and expected economic and financial market conditions when setting an appropriate ROE.	70, 72

Witness	Subject Matter	Issue Nos.
Direct		
Scott R. Bores	Describes benefits realized through consolidation and FPL's proposal to unify rates to reflect a consolidated cost of service. Explains the process used for the preparation and approval of the forecast upon which FPL's projected MFRs are based, as well as the forecast that serves as the basis for FPL and Gulf Standalone Information in MFR format. Explains the major cost drivers that necessitate a base rate increase effective January 1, 2022 and a subsequent year adjustment ("SYA") effective January 1, 2023. Explains the Cumulative Present Value of Revenue Requirement ("CPVRR") benefit associated with the retirement of Scherer Unit 4. Discusses FPL's proposal for addressing any changes in tax law that may occur subsequent to the establishment of new base rates.	15-18, 23, 24, 37-39, 43, 48, 50, 51, 54, 56, 57, 63, 64, 69, 74-76, 95, 97, 99-101, 103-105, 107, 129, 130, 135, 136
Jun K. Park	Provides an overview of the processes used to develop the FPL system consolidated customer, energy sales, and peak demand forecasts for 2022 and 2023. Supports the inflation forecast, including the Consumer Price Index, used as part of the budgeting process and for computing the Commission's O&M Benchmark. Discusses the pandemic's effect on economic conditions and energy usage.	19, 20, 23, 24
Steven R. Sim	Addresses the appropriate new monthly incentive payment levels for the Commercial/Industrial Demand Reduction ("CDR") and Commercial/Industrial Load Control ("CILC") programs; describes the Manatee Modernization Project and the three-step approach used to perform resource planning analyses of the previous Gulf and FPL systems as well as the new integrated system. Discusses results of various analyses focusing on near-term changes/additions to the Gulf system, connecting Gulf and FPL systems with the NFRC and integrating the systems into a single utility system.	40-44, 46, 47, 120, 126, 133
Matthew Valle	Addresses new solar generation projects that will be placed into service between 2022 and 2025. Discusses property held for future use in connection with FPL's generation planning and development and the investments made and to be made under several pilot programs including EV charging, battery storage, and a green hydrogen project at the Okeechobee Clean Energy Center.	40, 41, 45, 57, 75, 133

Witness	Subject Matter	Issue Nos.
Direct		
Michael Spoor	Describes how the consolidation of Power Delivery for FPL and Gulf results in superior teamwork and operations that benefit customers. Discusses Power Delivery initiatives to strengthen and modernize the combined Transmission & Distribution ("T&D") infrastructure and to support customer growth. Explains the ongoing plan for capital investments that are making FPL's T&D infrastructure smarter, more reliable, secure and resilient. Supports the reasonableness of the combined Power Delivery capital costs and operating and maintenance ("O&M") expenses.	25, 40, 57, 88, 89, 113-115
Thomas Broad	Discusses FPL's fossil/solar generation industry-leading performance improvements in heat rate, reliability, emissions, and O&M costs and demonstrates how cost efficiency improvements produced billions of dollars in savings for customers. Supports the reasonableness of the fossil/solar generating fleet non-fuel O&M and maintenance/reliability capital costs for the integrated FPL fleet. Addresses FPL's fossil/solar fleet's aggressive cost management, which has reduced Steam and Other Production costs to well below the Commission's base O&M benchmark levels for both the 2022 Test Year and 2023 Subsequent Year. Explains that FPL is one of the most cost-efficient generating utilities in the nation, and that the combined FPL fossil/solar fleet will continue to provide customers with reliable and even more efficient and cost-effective service.	25, 43, 44, 58, 86, 87
Robert Coffey	Provides an overview of FPL's nuclear operations; describes how FPL's nuclear fleet performance has yielded significant benefits to customers and discusses the changes made to improve FPL's performance since 2016. Describes FPL's plan to file a request with the Nuclear Regulatory Commission for a subsequent license renewal of St. Lucie Units 1 and 2. Discusses nuclear O&M for the 2022 Test Year and the 2023 Subsequent Year and the capital investments from 2019 through 2023.	25, 87
Christopher Chapel	Describes how FPL continues to provide outstanding service to its customers while maintaining low-cost and efficient operations. Discusses FPL's national recognition for outstanding customer satisfaction and how continuous improvement in operations benefits customers and resulted in a reduction of Commission-logged complaints. Supports the reasonableness of projected O&M and capital costs for Customer Service. Provides details of FPL's proactive approach to assist customers experiencing hardship due to the pandemic.	25, 69, 97, 113

Witness	Subject Matter	Issue Nos.
Direct		
Jeffrey T. Kopp	Supports FPL's 2021 Dismantlement Study and describes the methodology used to develop the direct costs for dismantlement activities, as well as for contingency and indirect costs. Concludes that the estimated costs are reasonable and appropriate for developing dismantlement accruals for FPL's generating plants.	33
Ned W. Allis	Sponsors the results of FPL's 2021 Depreciation Study and explains the methods and procedures used to develop the study including current and proposed comparison schedules for depreciation parameters; discusses how the proposed decrease in FPL's depreciation rates is primarily due to the longer life span for the Turkey Point nuclear plant, largely offset by the net impact of service life and net salvage estimates for transmission, distribution and general plant accounts.	27, 28, 30, 31
Keith Ferguson	Provides an overview of the results of FPL's 2021 Depreciation Study prepared by Gannett Fleming and discusses the RSAM-adjusted depreciation rate impacts to depreciation expense from alternative depreciation parameters. Supports the request for recovery of retired assets with unrecovered balances through capital recovery schedules. Provides an overview of FPL's 2021 Dismantlement Study prepared by 1898 & Co.; supports the change in FPL's end of life materials and supplies and nuclear fuel last core accruals. Explains FPL's practices for shared corporate services at lower costs to FPL's customers while ensuring no subsidization of affiliate activities.	26, 29-35, 55, 83-85, 98, 100
Sam Forrest	Supports FPL's request to extend the Incentive Mechanism that was originally approved as part of FPL's 2012 Settlement Agreement and approved for continuation with certain modifications in FPL's 2016 Settlement Agreement and provides an overview of ongoing optimization costs. Explains the rationale behind FPL's decision to retire its ownership share in Scherer Unit 4. Describes the benefits that all customers will derive from the joint dispatch of the consolidated FPL and former Gulf Power systems.	40, 48, 58, 132
Kathleen Slattery	Presents an overview of the gross payroll and benefit expenses shown in MFR C-35, demonstrating the reasonableness of FPL's forecasted payroll and benefit expenses. Supports projected compensation and benefits expense for 2022 and 2023 as reasonable and necessary to serve FPL's customers and attract and retain the caliber of employees that create a high-performance organization and deliver superior value for customers.	91-94

Witness	Subject Matter	Issue Nos.
Direct		
Liz Fuentes	Supports the calculation of the revenue requirements that FPL proposes for the 2022 base rate increase and 2023 SYA. Supports the accounting treatment for the consummation payment associated with the retirement of Scherer Unit 4, recovery of the Gulf COVID-19 regulatory asset, and the calculation of revenue requirements for the proposed Solar Base Rate Adjustment ("SoBRA") mechanism. Supports the adjustments FPL proposes to rate base, net operating income and capital structure in order to properly represent the 2022 Test Year and 2023 Subsequent Year results for ratemaking purposes.	36, 49-51, 54, 56, 57, 59-69, 73, 74, 77-82, 88, 89, 94, 96, 100-102, 105-107, 133, 138
Tara B. DuBose	Explains load research and its use in the jurisdictional separation and cost of service studies, and how the projected load forecasts by rate class were developed; describes the process used in the development of FPL's jurisdictional separation studies, including line loss factors and resulting jurisdictional separation factors. Discusses FPL's preparation of its retail cost of service study and explains the proposed methodologies to allocate production, transmission and distribution plant to retail rate classes; explains the results of the consolidated FPL retail cost of service studies for 2022 and 2023, and describes the standalone FPL and Gulf studies.	108, 110, 111
Tiffany C. Cohen	Supports FPL's proposed unification of FPL's and Gulf's base retail rates and service charges that will produce revenues sufficient to recover the Company's jurisdictional revenue requirements in 2022 and 2023, including the proposal to implement a temporary declining transition rider for customers in the former Gulf service area with an offsetting temporary declining transition credit for customers in the former FPL service area. Discusses the methodology used to calculate the rate adjustments in 2024 and 2025 associated with the SoBRA mechanism.	19-22, 25, 108, 109, 112, 113, 116-119, 121-129

Witness	Subject Matter	Issue Nos.
Rebuttal		
Jun K. Park	Rebuts OPC witness Lawton's recommendation to limit the test year to 2022; demonstrates the economic projections incorporate assumptions regarding the recovery from the COVID-19 pandemic; demonstrates the reasonableness of the proposed forecasts as compared to historical trends and other forecasts.	19, 20, 23, 24
Steven R. Sim	Rebuts the testimony of intervenor witnesses: Pollock, Georgis, Rábago, Whited, and Wilson in regard to: misguided attempts to justify a higher monthly incentive payment for CDR and CILC; inappropriately attempting to turn this docket into a DSM goals proceeding; unsupported criticism of FPL's resource planning analyses that was largely based on the fact that the intervenors' favored resources were not always selected; and numerous inaccurate, misleading, and/or contradictory statements in their testimonies.	40, 42, 43, 46, 47, 120, 126
Matthew Valle	Rebuts the testimony of OPC witness Smith regarding property held for future use. Addresses arguments made by witness Rábago regarding FPL's proposed green hydrogen pilot.	45, 57
Michael Spoor	Rebuts the testimony of CLEO-Vote Solar witness Volkmann's contentions that FPL's proposed capital expenditures for reliability/grid modernization and growth are unsupported; addresses OPC witness Smith's comments concerning adjustment for vegetation management and Storm Protection Plan ("SPP") cost and provides clarification of T&D's Property Held for Future Use.	57, 81
Christopher Chapel	Rebuts the testimony of witness Whited suggesting that FPL/Gulf have disproportionately disconnected customers in an "aggressive" manner and that FPL/Gulf do not have policies for disconnections during extreme temperature and extreme weather. Rebuts the testimony of witness Volkmann that customers do not place a high premium on reliable electric service.	25
Keith Ferguson	Rebuts the recommendation of OPC witness Dunkel to change the discount rate used in the dismantlement accrual calculation; rebuts LULAC/ECOSWF/FL Rising witness Rábago's suggestions to disallow recovery of unrecovered net book values of retired plant as well as EEI dues.	33, 34
Sam Forrest	Rebuts intervenor's testimony relating to the proposed expansions of the incentive mechanism, the retirement of Scherer Unit 4, and the $100 million Consummation Payment to JEA necessary for that retirement.	48, 132
Kathleen Slattery	Rebuts the testimony of OPC witness Smith regarding executive and non-executive incentive compensation expense, and	93

Witness	Subject Matter	Issue Nos.
Rebuttal		
	expense associated with FPL's incentive program for project development and management.	
Liz Fuentes	Explains why FPL should be allowed to recover its rate case expenses and why the Commission should adhere to its policy to include Construction Work in Progress in rate base. Presents recalculated base revenue increases for the 2022 Test Year and 2023 Subsequent Year to incorporate FPL's previously identified adjustments and the removal of the COVID-19 regulatory asset and related amortization.	54, 96, 107
Tara DuBose	Rebuts intervenors' testimony relating to: the allocation of production costs to CILC/CDR customers' non-firm load; recommendations that FPL's demand-related production and transmission plant should be allocated using the 4 CP methodology; allocation of distribution costs to primary and secondary voltage level customers; and use of the MDS cost allocation method.	108, 110, 111
Tiffany C. Cohen	Rebuts intervenors' testimony relating to FPL's application of the Commission's policy on gradualism, FPL's proposed rate design for demand-metered customers, FPL's proposal to eliminate the Real Time Pricing rate schedule, and FPL's benchmark of the typical residential 1,000 kWh bill.	108, 112, 116, 123, 126
James M. Coyne	Responds to intervenor testimony regarding the appropriate ROE and capital structure for FPL for the 2022-2025 rate period, and provides updated results of four ROE models to incorporate market data through June 30, 2021.	70, 72
Scott R. Bores	Rebuts the testimony of several intervenor witnesses regarding the accuracy of the forecasts used in this proceeding. Explains that subsequent year adjustments are consistent with Commission policy and provide efficiency and cost savings. Demonstrates the revenue deficiency in 2024 and 2025 that shows the need for an RSAM and accelerated amortization of EADIT to earn a reasonable return. Explains the overall value the Scherer transaction brings to customers, clarifies FPL's proposal on potential tax reform, and supports the recovery of the full amount of Directors and Officers Liability insurance expense.	16, 17, 23, 24, 48, 95
John J. Reed	Rebuts the testimony of OPC witness Smith regarding the claim that RSAM is only used by FPL to maximize FPL's earnings and addresses the appropriateness of FPL's proposed ROE performance incentive.	71
Robert E. Barrett	Explains how intervenors' positions directly or indirectly: result in no four-year rate plan; result instead in a series of base rate cases with higher overall bills to customers; fail to recognize the value to customers of the RSAM mechanism and FPL's current	71, 130

Witness	Subject Matter	Issue Nos.
Rebuttal		
	and long-standing equity ratio; undermine the foundations of FPL's industry-leading performance and associated customer benefits; and fail to acknowledge FPL's performance.	

II. PREFILED EXHIBITS

Witness	Proffered By	Exhibit No.	Description	Issue Nos.
Direct				
Eric Silagy	FPL	ES-1	Eric Silagy Biography	25
Eric Silagy	FPL	ES-2	Value Provided to FPL Customers	25
Eric Silagy	FPL	ES-3	Typical Residential 1,000 kWh Bill Comparisons	25
Eric Silagy	FPL	ES-4	Gulf Power Operational Improvements	25
Eric Silagy	FPL	ES-5	Gulf Power Adjusted O&M Improvements	25
Robert E. Barrett	FPL	REB-1	Consolidated MFRs Sponsored or Co-sponsored by Robert E. Barrett	107
Robert E. Barrett	FPL	REB-2	Supplemental FPL and Gulf Standalone Information in MFR Format Sponsored or Co-Sponsored by Robert E. Barrett	107
Robert E. Barrett	FPL	REB-3	FPL's Virtuous Circle	71
Robert E. Barrett	FPL	REB-4	Average Annual Capital Expenditures by Industry	70, 72
Robert E. Barrett	FPL	REB-5	PP&E Replenishment Profile	70, 72
Robert E. Barrett	FPL	REB-6	Historical Hurricane Probabilities by State	90, 134
Robert E. Barrett	FPL	REB-7	Annual Average Number of Storms by Decade	90, 134
Robert E. Barrett	FPL	REB-8	Regional Comparison: Key Performance Metrics	71
Robert E. Barrett	FPL	REB-9	Non-Fuel O&M per Retail MWh	71
Robert E. Barrett	FPL	REB-10	Storm Cost Recovery Mechanism	90, 134
Robert E. Barrett, Keith Ferguson	FPL	REB-11	Reserve Surplus Amortization Mechanism	130
Robert E. Barrett, Liz Fuentes, Matthew Valle, Tiffany C. Cohen	FPL	REB-12	Solar Base Rate Adjustment Mechanism	133

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Direct				
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Scott R. Bores	FPL	SRB-2	Supplemental FPL and Gulf Standalone Information in MFR Format Sponsored or Co-sponsored by Scott R. Bores	107
Scott R. Bores	FPL	SRB-3	Gulf Power O&M Performance 2018 vs. 2022	99
Scott R. Bores	FPL	SRB-4	2021 Planning and Budgeting Process Guidelines	23, 24
Scott R. Bores	FPL	SRB-5	MFR F-5 Forecasting Flowchart and Models	23, 24
Scott R. Bores	FPL	SRB-6	MFR F-8 Major Forecast Assumptions	23, 24
Scott R. Bores	FPL	SRB-7	Drivers of the Increase in Revenue Requirements 2018 vs. 2022	107
Scott R. Bores	FPL	SRB-8	Summary of CPVRR Analysis for Generation Upgrade Projects	43
Scott R. Bores	FPL	SRB-9	FPL's Adjusted O&M Benchmark	99
Scott R. Bores	FPL	SRB-10	Drivers of the Increase in Revenue Requirements 2023 vs. 2022	17, 107
Scott R. Bores	FPL	SRB-11	Summary of CPVRR Analysis for Scherer Unit 4 Retirement	48
Liz Fuentes	FPL	LF-1	Consolidated MFRs Sponsored or Co-sponsored by Liz Fuentes	107
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Liz Fuentes	FPL	LF-3	MFR A-1 with RSAM for the 2022 Test Year and 2023 Subsequent Year	107
Liz Fuentes	FPL	LF-4	List of Proposed Company Adjustments for the 2022 Test Year and 2023 Subsequent Year	107
Liz Fuentes	FPL	LF-5	2022 and 2023 ROE Calculation Without Rate Adjustment	107
Liz Fuentes	FPL	LF-6	MFR A-1 without RSAM for the 2022 Test Year and 2023 Subsequent Year	107

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Direct				
Liz Fuentes	FPL	LF-7	ADIT Proration Adjustment to Capital Structure for 2022 Test Year and 2023 Subsequent Year	65
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Liz Fuentes	FPL	LF-9	Schedule A-1 for Gulf as a Separate Ratemaking Entity for the 2022 Test Year and 2023 Subsequent Year	108
James M. Coyne	FPL	JMC-1	Resume and Testimony Listing of James M. Coyne	70, 72
James M. Coyne	FPL	JMC-2	Comprehensive Summary of ROE Results	72
James M. Coyne	FPL	JMC-3	Proxy Group Screening Analysis	70, 72
James M. Coyne	FPL	JMC-4	Constant Growth DCF Analysis	70, 72
James M. Coyne	FPL	JMC-5.1	Market Risk Premium	70, 72
James M. Coyne	FPL	JMC-5.2	CAPM Analysis	70, 72
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James M. Coyne	FPL	JMC-7	Expected Earnings Analysis	70, 72
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Michael Spoor	FPL	MS-1	Consolidated MFRs Co-Sponsored by Michael Spoor	107
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Michael Spoor	FPL	MS-3	FPL and Gulf's FPSC T&D SAIDI	25
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Thomas Broad	FPL	TB-1	Consolidated MFRs Sponsored or Co-sponsored by Thomas Broad	107
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Direct				
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Thomas Broad	FPL	TB-3	FPL Fossil/Solar Fleet MW Capability and Technology Changes	25
Thomas Broad	FPL	TB-4	FPL Fleet Performance Improvements	25
Thomas Broad	FPL	TB-5	FPL 15 Year NFOM, NHR & EFOR Performance Comparison	25
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Thomas Broad	FPL	TB-7	FPL's/Gulf's Fleet Level O&M, Heat Rate and EFOR Performance Comparisons	25
Thomas Broad	FPL	TB-8	FPL's/Gulf's CC & PV Plant Level O&M Performance Comparisons	87
Thomas Broad	FPL	TB-9	FPL's/Gulf's Total O&M and CAPEX Maintenance Expenditure, Heat Rate & EFOR Comparisons	25, 87
Christopher Chapel	FPL	CC-1	Consolidated MFRs Sponsored or Co-Sponsored by Christopher Chapel	107
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Christopher Chapel	FPL	CC-3	FPL Customer Service Awards and Recognition	25
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Christopher Chapel	FPL	CC-5	Florida Public Service Commission Logged Complaints	25
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Robert Coffey	FPL	RC-1	Consolidated MFRs Sponsored or Co-sponsored by Robert Coffey	107
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Witness	Proffered By	Exhibit No.	Description	Issue Nos.
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Sam Forrest	FPL	SAF-1	Incentive Mechanism Comparison for Period 2013-2020	132
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Dr. Steven R. Sim	FPL	SRS-1	With Programs and Without Programs Resource Plans for CDR and CILC Incentive Payment Analysis	120, 126
Dr. Steven R. Sim	FPL	SRS-2	Analysis of the Current and Proposed Monthly Incentive Levels for the CDR & CILC Programs	120, 126
Dr. Steven R. Sim	FPL	SRS-3	Comparison of Resource Plans: W/ 2022 Manatee Changes and W/ 2029 Manatee Changes	44
Dr. Steven R. Sim	FPL	SRS-4	Load Forecasts Used in the Current Analyses	40, 41, 120, 126, 133
Dr. Steven R. Sim	FPL	SRS-5	Fuel Cost Forecasts Used in the Current Analyses	40, 41, 120, 126, 133
Dr. Steven R. Sim	FPL	SRS-6	CO_2 Compliance Cost Forecast Used in the Current Analyses	40, 41, 120, 126, 133

Witness	Proffered By	Exhibit No.	Description	Issue Nos.
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Dr. Steven R. Sim	FPL	SRS-7	Results of the Initial Step 1 and Step 2 Analyses	40, 41, 42, 43, 46, 47
Dr. Steven R. Sim	FPL	SRS-8	Results of the Current Step 1 Analysis	40, 41
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Dr. Steven R. Sim	FPL	SRS-11	FPL Stand-Alone Resource Plan Developed in the Current Step 2 Analyses	40, 41
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John J. Reed	FPL	JJR-7	2019 Assessment and Efficiency Tables	25, 71
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John J. Reed	FPL	JJR-11	Consumer Price Index and Producer Price Index	25
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Jun K. Park	FPL	JKP-2	Supplemental FPL and Gulf Standalone Information in MFR Format Sponsored or Co-sponsored by Jun K. Park	19, 20, 23, 24
Jun K. Park	FPL	JKP-3	Historical and Forecasted Consolidated FPL Customers	19, 20, 23, 24
Jun K. Park	FPL	JKP-4	Historical and Forecasted Consolidated FPL Retail Delivered Sales	19, 20, 23, 24
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Witness	Proffered By	Exhibit No.	Description	Issue Nos.
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Keith Ferguson	FPL	KF-5[1]	Proposed Dismantlement Company Adjustments for Base vs. Clause	34
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Keith Ferguson	FPL	KF-7	2021 Cost Allocation Manual	83
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Ned W. Allis	FPL	NWA-1	2021 Depreciation Study	27, 28, 30
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[1] Corrected exhibit filed May 7, 2021.

Witness	Proffered By	Exhibit No.	Description	Issue Nos.
Direct				
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Jeffrey T. Kopp, Keith Ferguson	FPL	JTK-1[2]	2021 Dismantlement Study	33
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Robert E. Barrett	FPL	REB-13	Business Risk Comparison	70, 72
Robert E. Barrett	FPL	REB-14	Effect of Intervenors' Recommendations on Moody's Credit Rating Triggers	70, 72
Scott R. Bores	FPL	SRB-12	2024 and 2025 High-Level Revenue Requirements	17
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Liz Fuentes, Scott R. Bores, Kathleen Slattery, Christopher Chapel, Keith Ferguson, Michael Spoor, Tara B. DuBose, Matthew Valle	FPL	LF-10	FPL's Notice of Identified Adjustments filed May 7, 2021 and Witness Sponsorship	107
Liz Fuentes, Tara B. DuBose, Kathleen Slattery	FPL	LF-11	FPL's Second Notice of Identified Adjustments filed May 21, 2021 and Witness Sponsorship	107
Liz Fuentes	FPL	LF-12	2022 Test Year and 2023 Subsequent Year Recalculated Revenue Requirements with RSAM	107
Liz Fuentes	FPL	LF-13	2022 Test Year and 2023 Subsequent Year Recalculated Revenue Requirements without RSAM	107
Liz Fuentes	FPL	LF-14	2022 Test Year and 2023 Subsequent Year Recalculated Revenue Requirements for FPL as a Separate Ratemaking Entity	108

[2] Corrected 2021 Dismantlement Study filed May 7, 2021

Witness	Proffered By	Exhibit No.	Description	Issues Nos.
Rebuttal				
Liz Fuentes	FPL	LF-15	2022 Test Year and 2023 Subsequent Year Recalculated Revenue Requirements for Gulf Power as a Separate Ratemaking Entity	108
James M. Coyne	FPL	JMC-12	Comprehensive Summary of ROE Results	72
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James M. Coyne	FPL	JMC-16	Expected Earnings Analysis	70, 72
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Michael Spoor	FPL	MS-7	T&D Property Held for Future Use	57
Keith Ferguson	FPL	KF-9	Comparison of Dismantlement Accruals at Different Discount Rates	33, 34
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Sam Forrest	FPL	SAF-3	2013-2020 Aggregate Incentive Mechanism Comparison	132
Steven R. Sim	FPL	SRS-14	Inaccurate, Misleading, and/or Contradictory Statements Made by Intervenor Witnesses	40, 42, 43, 46, 47, 120, 126
John J. Reed	FPL	JJR-16	Combined Situational Assessment and Cost Efficiency Rankings	25, 71
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Tara B. DuBose	FPL	TBD-10	FERC Three Peak Ratios Test	111
Tara B. DuBose	FPL	TBD-11	Target Revenue Requirements Comparison 4 CP to 12 CP	111
Matthew Valle	FPL	MV-9	Property Held for Future Use – Forecasted COD	57

III. STATEMENT OF BASIC POSITION

FPL, representing the merged and consolidated operations of FPL and the former Gulf, requests approval of: (a) base rate increases pursuant to a four-year rate plan modeled after the series of multi-year plans that have served customers exceptionally well over the last 22 years and (b) unified rates for all customers in both peninsular and Northwest Florida, subject to a transition rider and credit intended to reflect initial cost of service differences that will diminish as the FPL and Gulf systems are combined.

FPL has achieved industry-leading performance under a series of six Commission-approved multi-year rate settlements. Each multi-year plan has allowed the Company to focus on providing and improving upon FPL's outstanding customer value, while also maintaining the strong credit rating and balance sheet that are essential to ensuring customer needs can be met even during periods of capital market volatility. FPL's proposal in this case is designed to meet the same objectives and, to that end, contains elements common to various prior rate orders that have proven beneficial to customers. The four-year rate plan, accounting for the Company's Notice of Identified Adjustments (Exhibit LF-12), consists of: (i) rates and charges sufficient to generate additional total annual revenues of $1,075 million to be effective January 1, 2022; (ii) a subsequent year adjustment of $605 million to be effective January 1, 2023 ("2023 SYA"); (iii) a Solar Base Rate Adjustment ("SoBRA") mechanism that authorizes FPL to recover costs associated with the installation and operation of up to 1,788 MW[3] of cost-effective solar generation in 2024 and 2025; (iv) a mechanism to address the possibility that corporate tax laws might change during the four-year plan; (v) a reserve surplus amortization mechanism ("RSAM"); (vi) a storm cost recovery mechanism; and (vii) the authority to accelerate amortization of unprotected excess accumulated deferred income taxes resulting from the 2017 Tax Cuts and Jobs Act.

Also in line with prior successful rate plans, FPL requests continued use of its historical capital structure. Consistent with current capital market conditions, FPL requests an authorized ROE range of 10.5% to 12.5%, with a midpoint of 11.5%. The requested ROE includes an ROE incentive of one-half percent that recognizes FPL's strong track record of superior performance and encourages continued future strong performance. If the plan is approved as proposed, FPL will not seek a general increase in base rates to be effective in 2024 or 2025.

Achievements Since 2017

The 2016 Rate Order fostered FPL's ability to continue to improve its customer value

FPL currently operates under a rate settlement approved by this Commission by Order No. PSC-16-0560-AS-EI, dated December 15, 2016 ("the 2016 Rate Order"). Among other terms, FPL agreed not to file for additional rate increases for a four-year period in exchange for general base rate increases effective 2017 and 2018, a SoBRA mechanism that allowed FPL to seek cost recovery when 1,200 MW of cost-effective solar generation was placed into service, and a storm cost recovery mechanism that also had been included in earlier rate orders. Central to FPL's ability to avoid a general base rate increase after 2018 was the $1.2 billion reserve that FPL was permitted to amortize flexibly over the term.

[3] All references to capacity are measured in alternating current.

In its 2016 Rate Order, the Commission appropriately recognized that FPL had been providing excellent service at comparatively low rates and it appropriately recognized that "[t]he Settlement Agreement will allow FPL to maintain the financial integrity necessary to make the capital investments over the next four years required to sustain this level of service while providing rate stability and predictability for FPL's customers." Order No. PSC-16-0560, at 4.

Able to focus on ways to improve the business and drive out unnecessary costs over multiple years rather than devoting time to prosecuting rate cases, FPL not only realized those objectives but exceeded them. During the term of the 2016 Rate Order, FPL has been able to *improve* its already high levels of service and operational performance. For example, FPL's non-fuel O&M cost position improved 16 percent in 2019 compared to 2016. FPL also maintained or continued to improve its performance in several key categories both nationally and statewide: (1) made important infrastructure investments to support growth and maintain reliability; (2) worked to reduce future costs, as demonstrated by the planned retirement of its interests in Plant Scherer Unit 4 coal generating facility; (3) lowered emissions even further; (4) continued to make improvements in system fuel efficiency; and (5) continued to strengthen or "harden" the system to better withstand and restore service due to bad weather and improve reliability.

The Company achieved this superior performance while maintaining a typical residential 1,000 kilowatt hour ("kWh") customer bill that today is about 15% *lower* than it was 15 years ago and 40% below the average bill among the 20 largest investor-owned utilities in the country (ranked by number of customers). In 2019 alone, FPL's annual non-fuel O&M expense was $2.6 billion *less* than an "average" utility. Had FPL operated as an average company, the typical residential bill would have been $24 higher per month, adding nearly 25% or almost $300 more per year approaching $1,200 over a four-year period. And, FPL used the flexibility afforded by the combination of elements that comprise the 2016 Rate Order to avoid more than $1.8 billion in storm surcharges and extending its stay out through 2021 representing an additional year of rate stability beyond the Order's minimum term.

Some intervenors would have this Commission believe that achieving a superior level of performance is a "routine" matter and even required as a regulatory standard. Intervenors cite no legal support for the latter assertion and both contentions are contradicted factually. FPL's superior results compared to groups of comparable utilities, as revealed in benchmarking studies, objectively belie the intervenors' arguments. Indeed, had the Commission adopted the intervenors' ostensible preference for routine or average results and repeated rate cases, today's FPL typical 1000 kWh residential bill would be $300 higher annually.

Employing FPL's philosophies has driven improvements at Gulf

Gulf was acquired by NextEra Energy, Inc. (FPL's parent) on January 1, 2019 and merged into FPL on January 1 of this year. Following the acquisition and prior to the legal combination, FPL and Gulf began to consolidate their operations. Fewer than two years after joining the FPL family, Gulf already had realized significant operational progress, improving its service reliability (SAIDI) metric by 50 percent, improving the generation reliability Equivalent Forced Outage Rate metric by approximately 90 percent, and substantially reducing its carbon emission rate.

In 2022 and beyond, FPL and Gulf will be operationally and legally combined and will function as one company in all respects, with a common set of generation resources and common operational and staff support. FPL projects that combining the two utilities will produce more than $2.8 billion of Cumulative Present Value of Revenue Requirement ("CPVRR") savings. More than $1.5 billion of the total CPVRR value is being achieved through generation upgrades, addition of solar generating facilities, construction of the North Florida Resiliency Connection ("NFRC") and the resulting ability to plan and jointly dispatch a combined fleet. The remaining $1.3 billion of savings is due to annual O&M expense reductions of approximately $86 million. These annual O&M savings are a result of strong cost management and enhancements made to Gulf's operations since the acquisition. In fact, execution of FPL's business plan has reduced Gulf's projected O&M by more than 30 percent compared to its 2018 pre-acquisition level.

FPL's Four-Year Rate Plan

As in prior years, FPL's rate request seeks to continue the track record of success and the policies and strategies on which that success has been built. FPL must continue to make smart, long-term capital investments to maintain and even further improve upon its excellent service, while keeping customer bills low. From the end of 2018 through 2022, on a total company basis, we will have invested $29 billion in infrastructure, or more than $7 billion annually. Obtaining an appropriate ROE and recovering prudently incurred costs are crucial to the Company's ability to sustain such levels of investment cost-effectively.

The four-year rate proposal once again offers customers base rate stability and certainty until at least January 2026 and is expected to produce a typical 1,000-kWh residential customer bill that will remain below the national average. The four-year period of certainty also will allow FPL management and employees to focus on continuing to improve the Company's service and realizing further operational efficiencies, rather than devoting significant resources to more frequent base rate cases.

2022 Test Year

The main drivers of FPL's need for an increase in 2022, accounting for the NOIAs reflected in Exhibit LF-12, are:

1. Capital investment initiatives necessary to support system growth, increase reliability, storm hardening not included as part of the Storm Protection Plan Cost Recovery Clause, generation investments that provide long-term economic benefits to customers, and regulatory compliance
2. Change in the weighted average cost of capital
3. Inflation and customer growth
4. Reserve amortization (2018)
5. O&M productivity (net of costs to achieve)
6. RSAM depreciation parameters
7. Revenue Growth

As identified above, FPL will continue to make investments in all aspects of its generation, transmission and distribution systems to realize further operating, cost-efficiency and service and reliability improvements. The revenue requirements also include a suite of next generation projects representative of FPL's philosophy of innovation and continuous improvement, such as: a "green hydrogen" fuel generation pilot that will allow FPL to determine how a green hydrogen fuel-producing facility can be effectively used with gas-fired units to produce a supplemental, carbon-free fuel source; ten battery storage applications that are providing customer benefits and valuable information on how batteries can further increase the performance of FPL's grid and the deployment of renewable energy; and investments in electric vehicle ("EV") charging ports which allow FPL to efficiently plan, adapt and react to the growing use of EVs by our customers.

Based on FPL's investments in capital improvements and the other drivers listed above and accounting for the adjustments identified by FPL (see Exhibit LF-12), the total resulting base revenue deficiency in 2022 is $1,075 million. Absent rate relief, the resulting adjusted jurisdictional rate of return on average rate base is projected to be 8.45%.

2023 Subsequent Year Adjustment

FPL's retail rate base is projected to continue to increase from 2022 to 2023. Even if the Commission grants FPL's 2022 base rate increase in full, FPL's 2023 ROE is expected to drop more than 100 basis points absent the 2023 SYA, putting it below the bottom of the ROE range. FPL's proposed 2023 SYA reflects the increase in revenue requirements from 2022 to 2023. The primary drivers of this increase are:

1. Capital investments for solar generating facilities, system growth, increased reliability and fleet enhancements
2. Inflation and customer growth
3. Change in the weighted average cost of capital
4. Revenue growth that partially offsets the growth in base revenue requirements
5. Other

Accounting for the adjustments identified in Exhibit LF-12, FPL's resulting base revenue deficiency for 2023 is $602 million. With no rate increase in 2022 or 2023, FPL's ROE in 2023 is projected to be 7.12%, substantially below an appropriate return.

Transition Rider and Credit

To address initial cost of service differences between FPL and Gulf, FPL proposes a five-year declining transition rider that would be applied to customers in Northwest Florida with an offsetting declining transition credit that would be applied to peninsular Florida customers. A transition rider, which would decline to zero ratably over a five-year period, represents the difference in the overall system average costs between FPL and Gulf for base rates and all clauses in 2021. A total of $197.3 million would be charged to Northwest Florida customers and credited to peninsular FPL customers beginning in 2022 under unified rates. The diminishing transition rider and credit will reflect the reality that customers are receiving service from one functionally integrated company and from a common set of assets and employees, without geographical distinction through payment of consolidated, equally applicable rates.

Solar Base Rate Adjustments

Like the SoBRA approved as part of the 2016 Rate Order, the SoBRA mechanism requested under the four-year rate plan provides for recovery of the incremental base revenue requirements of up to a total of 1,788 MW of new cost-effective solar generation in 2024 and 2025, which is essential to deferring the need for a general base rate increase in those years. The cost of the components, engineering and construction to be recovered for any solar project constructed pursuant to this SoBRA mechanism must be reasonable, and the total cost eligible for SoBRA recovery will be capped at $1,250 per kW, which is 30% lower than the cap established under FPL's 2016 Rate Settlement.

Implementation of SoBRAs requested under FPL's current proposal would be the same as the process approved as part of its 2016 Rate Settlement. FPL will file its request in the Fuel and Purchased Power Costs Recovery Clause Docket, where the Company must demonstrate cost-effectiveness, that the project is below the cost cap, and the appropriate calculation of revenue requirement and associated increase in base rates which will be subject to true-up. FPL also would be authorized to include battery storage paired with solar, subject to demonstrating that the total project cost cap was not exceeded and that solar plus storage was cost effective compared to solar without storage.

Return on Equity and Capital Structure

Fundamental to FPL's value proposition is the maintenance of a strong credit rating and balance sheet that support the execution of its capital programs, manage its liquidity needs, and provide the flexibility to respond rapidly to unexpected changes in the external environment. There is no reason to make a major change to the underpinnings of FPL's financial policies after more than 15 years of demonstrated success in delivering the best customer value proposition in the industry.

To that end, FPL proposes a continuation of the successful policies of the past, updated to reflect today's market conditions. Specifically, FPL seeks the continued use of its historical capital structure of 59.6% equity based on investor sources. FPL requests that the Commission authorize an ROE range of 10.5% to 12.5%, with a midpoint of 11.5%. This range is reasonable and is consistent with capital market conditions. The requested ROE includes an incentive of one-half percent that recognizes FPL's strong track record of superior performance and encourages continued future strong performance. FPL's proposal for an ROE performance incentive is consistent with the Commission's authority as well as its past policy and practice.

Potential Change in Tax Law

FPL requests that if a new tax law is passed during the pendency of or after this proceeding, the impact of tax reform be handled through subsequent base rate adjustments. Within 90 days of the enactment of the new tax law, FPL would submit the calculation of the required change in base rates to the Commission for review. The impact of the tax law change would be measured as the difference in revenue requirements calculated using current tax laws compared to the new tax law.

Any resulting deficient or excess deferred income taxes would be deferred to a regulatory asset or liability on the balance sheet and included within FPL's capital structure. FPL would flow back or collect the protected deferred income taxes as required by law. Absent specification in the new tax law regarding unprotected deferred income taxes, FPL proposes to flow back or collect those amounts over a 10-year period consistent with Order No. PSC-2019-0225-FOF-EI.

Reserve Surplus Amortization Mechanism

FPL proposes an RSAM that follows the same framework as the mechanism approved in its 2016 Rate Order, updated for the assumptions and projections reflected in the current filing. As with the prior multi-year settlements, FPL will use the RSAM to respond to changes in its underlying revenues and expenses in order to maintain an FPSC Adjusted ROE within the authorized range. Contrary to intervenor contentions, FPL's ability to earn at or near the top end of the range during prior multi-year plans was primarily based on FPL's productivity improvements. Likewise, FPL projects that it will be necessary to use approximately 90% of the proposed reserve amount to reach the mid-point in 2024 and 2025, leaving only about $135 million to address uncertainty and risk in the business (only 0.4% of total base revenues over the four-year rate plan time period).

FPL proposes a depreciation reserve amount of $1.48 billion be available for use in the RSAM until base rates are reset following FPL's next general base rate proceeding. Consistent with how the mechanism has worked in the current agreement, and key to the Company's ability to have deferred the need for rate increases by an additional year beyond the original term of the 2016 agreement, FPL would have discretion to record increases to expense (debits) to its depreciation reserve or decreases to expense (credits) to its depreciation reserve, provided that FPL would be subject to certain limitations in the use and amortization of the amount to maintain earnings within the authorized ROE range.

Opposition to the RSAM is opposition to FPL's four-year plan: without the RSAM, FPL would be forced to return in 2023 with a request for an incremental rate increases to be effective in 2024 and 2025, resulting in cash revenue increases approximating $2 billion.

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

Capital Recovery Schedules

FPL has retired certain assets that are not yet fully depreciated. Pursuant to Rule 25-6.0436, F.A.C. and consistent with Commission practice, FPL requests approval of capital recovery schedules that would recover the remaining investment for those specific assets over a 10-year period[4] as specified in Exhibit KF-4 to the testimony of FPL witness Ferguson.

Storm Cost Recovery

FPL proposes to continue to recover prudently incurred storm costs under the framework prescribed by the 2016 Rate Order. If FPL incurs storm costs related to a named tropical storm, the Company may begin collecting up to $4 per 1,000 kWh (roughly $400 million annually) beginning 60 days after filing a petition for recovery with the FPSC. If costs to FPL related to named storms exceed $800 million in any one year, the Company also can request that the Commission increase the $4 per 1,000 kWh charge accordingly.

Excess Accumulated Deferred Income Taxes

FPL is currently amortizing unprotected excess accumulated deferred income taxes (EADIT) generated by the 2017 TCJA over a 10-year period pursuant to Order No. PSC-2019-0225-FOF-EI, with the last two years of amortization falling in 2026 and 2027. Under the four-year rate plan, FPL requests authority to accelerate the amortization of the remaining amount of unprotected EADIT that would be amortized in 2026 and 2027 (totaling $163 million) such that those amounts would instead be amortized in 2024 ($81 million) and 2025 ($81 million). This acceleration is necessary under the four-year plan to support FPL's ability to manage the uncertainty over that length of time given the deferral of a cash rate increase in 2024 and 2025.

Asset Optimization

FPL requests authority to implement as an ongoing program the Asset Optimization Program that was approved as a pilot as part of FPL's 2012 and 2016 Rate Orders. Since 2012, customers have benefitted from the expanded opportunities for FPL to create gains on short-term wholesale economy sales and economy purchases and optimization of other assets to provide increased value. The Program should be continued in order to allow customers to continue to benefit from it. As further described in FPL's filing, FPL seeks to update the assets that may be optimized to reflect the modernization and transformation of FPL's generation fleet. FPL would optimize all fuel sources when it is reasonable and in the best interests of customers to do so based on the system requirements, market demand, and market price of the fuel or capacity at the time. FPL also seeks to change the per-MWh rate for variable power plant O&M from $0.65/MWh to $0.48/MWh. Following the four-year term of FPL's base rate request, FPL would seek review of certain parameters of the Program.

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

Conclusion

FPL has consistently delivered residential customer bills that have been well below the national average and among the lowest in Florida at the same time it has delivered improvements in reliability, customer service and emissions. If the Commission approves the proposed four-year rate plan, FPL projects that customers will continue to enjoy the best energy value in America. Multi-year rate plans approved by this Commission over the past two decades have served customers well. Like the successful plans of the past, the four-year rate plan FPL proposes in this proceeding will allow the Company to continue focusing on ways to improve its operations and performance to better meet customer needs rather than devoting resources and focusing efforts on rate cases year after year. FPL's proposal will promote long-term rate stability for customers, is expected to result in typical bills that are well below the national average, and it should be approved by the Commission.

IV. ISSUES AND POSITIONS

Below are FPL's positions on the issues identified. Unless otherwise indicated, FPL's positions are based on its Four-Year Rate Proposal.

Note: There are disputes concerning the appropriateness of including certain issues. Those disputes are to be brought before the prehearing officer for resolution at the prehearing conference. Accordingly, FPL has not included and is not stating a position on the contested issues at this time but will do so following the prehearing conference for any issues that the prehearing officer decides are properly included.

LEGAL ISSUES

ISSUE 1: Does the Commission have the statutory authority to grant FPL's requested storm cost recovery mechanism?

Yes. The Commission has approved substantially the same mechanism in settlements of FPL's last three rate cases. The Florida Supreme Court has rejected challenges to the last two of those settlements and affirmed them as being in the public interest. The storm cost recovery mechanisms approved in those settlements have been implemented to provide prompt storm cost recovery for multiple hurricanes over the past several years, and they have worked effectively for that purpose. In addition, the Commission has legal authority to implement the proposed storm cost recovery mechanism based on the merits of the proposal, regardless of whether it was embodied in a prior settlement agreement. *Fla. Indus. Power Users Grp. v. Brown,* 273 So. 3d 926 (Fla. 2019); *Gulf Coast Elec. Co-op., Inc. v. Johnson*, 727 So. 2d 259 (Fla. 1999); *In re Petition to approve the 2020 settlement agreement by Tampa Electric Company et al.*, Order No. PSC-2020-0224-AS-EI, issued June 30, 2020 in Docket No. 20200092-EI.

There is substantial Commission precedent for prompt recovery of costs on an interim or projected basis, subject to true-up later. *See, e.g.*, *In re: General investigation of fuel adjustment clauses of electric companies*, Order No. 6357 at 7 (Nov. 26, 1974), Docket No. 74680-CI; *In re Florida Power & Light Company*, Order No. PSC-050937-FOF-EI at pp. 34-35 (Sept. 21, 2005), Docket No. 041291-EI. Further, the requested storm recovery mechanism is fully consistent with the Commission's rule on storm cost recovery. The calculation of amounts to be recovered under the requested storm cost recovery mechanism would be performed in accordance with the Incremental Cost and Capitalization Approach methodology specified in Rule 25-6.0143, F.A.C. Moreover, subsection (1)(j) of that rule specifically permits utilities to petition for "recovery of a debit balance in Account No. 182.3 discussed in paragraph (1)(i) plus an amount to replenish the storm reserve through a surcharge, securitization or other cost recovery mechanism." This is exactly what FPL would seek to recover under its proposed mechanism.

ISSUE 2: Does the Commission have the statutory authority to approve FPL's requested Reserve Surplus Amortization Mechanism (RSAM)?

Yes. The Commission has approved substantially the same mechanism in settlements of FPL's last three rate cases. The Florida Supreme Court has affirmed the settlements in the last two of those cases as being in the public interest. *Sierra Club v. Brown*, 243 So. 3d 903 (Fla. 2018) (approving FPL's 2016 rate settlement which included an RSAM supported by OPC); *Citizens v. Fla. Pub. Serv. Comm'n*, 146 So. 3d 1143, 1149 (Fla. 2014) (approving FPL's 2012 rate settlement which included an RSAM). In its order affirming FPL's 2012 rate case settlement, the Court specifically considered OPC's contention that the variable-amortization mechanism at issue there was not reasonable and would result in unfair rates. The Court rejected OPC's contention, finding that there was substantial, competent evidence in the record supporting the reasonableness of that mechanism.

One of the Commission's fundamental and overriding statutory rate-setting responsibilities is to ensure that rates and just and reasonable for services rendered. *See* Section 366.06(2), Florida Statutes (2020). The Commission's earnings surveillance process monitors each rate-regulated electric utility's earned ROE, to ensure that it remains within the ROE range last approved for that utility. By its terms, the RSAM provides that FPL would be permitted to use variable amortization only to stay within its Commission-approved ROE range. Thus, the RSAM is entirely consistent – and, in fact, helps to ensure FPL's continued compliance – with a fundamental element of the Commission's rate-setting process.

In the Florida Supreme Court order affirming FPL's 2012 rate case settlement, the Court specifically considered OPC's contention that the variable-amortization mechanism at issue there was not reasonable and would result in unfair rates. The Court rejected OPC's contention, finding that there was substantial, competent evidence in the record supporting the reasonableness of that mechanism. FPL's prepared testimony in this case likewise contains an abundance of competent, substantial evidence supporting the reasonableness of the RSAM.

ISSUE 3: Does the Commission have the statutory authority to approve FPL's requested Solar Base Rate Adjustment mechanism for 2024 and 2025?

Yes. The Commission approved a substantially identical Solar Base Rate Adjustment ("SoBRA") mechanism in the settlement of FPL's 2016 rate case. It approved a similar Generation Base Rate mechanism in the settlement of FPL's 2012 rate case. The Florida Supreme Court affirmed the settlements in both of those cases as being in the public interest.

The Commission's statutory obligation is to ensure that rates are set on the basis of actual costs a utility prudently incurs for facilities that are used and useful in serving the public. *See* Section 366.06(1), Florida Statutes (2020). Solar projects, which are not dependent on fossil fuels and provide emission-free energy to FPL's customers, clearly are "used and useful in serving the public." And, because FPL may only recover the costs for such facilities if they are demonstrated to be cost-effective, they are likewise prudent investments. The SoBRA mechanism contains specific requirements that FPL must meet in order to recover any costs for 2024 and 2025 solar projects. Among those requirements are that the project costs are below established cost caps and that the projects can be demonstrated to be cost-effective. If these tests are met, then FPL is permitted to recover the actual costs of the projects.

ISSUE 4: Does the Commission have the statutory authority to adjust FPL's authorized return on equity based on FPL's performance?

Yes. In setting rates, the Commission may "give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and **the value of such service to the public**." Section 366.041 (l), Florida Statutes (emphasis added); see also Order No. PSC-02-0787-FOF-EI at 3 (Commission awarded Gulf a 25-basis point ROE adder in recognition of its past performance and as incentive for future performance.)

ISSUE 5: Does the Commission have the statutory authority to include non-electric transactions in an asset optimization incentive mechanism?

Yes. The Commission has authority to include non-electric transactions in FPL's optimization incentive mechanism. As proposed, FPL seeks incentives for transactions that bring customers value by optimizing the use of assets that are already being recovered through the fuel and capacity clauses. The Commission has had an incentive mechanism in place since 2001 to encourage FPL and other utilities to minimize their costs for wholesale electric power, which are recovered through the fuel adjustment clause. As part of the settlement of FPL's 2012 rate case, the Commission authorized FPL to expand the incentive mechanism to include other forms of asset optimization, including but not limited to gas storage utilization, delivered city-gate gas sales using existing transportation, production (upstream) gas sales, capacity release of gas transportation and electric transmission, and asset management agreements. OPC appealed the Commission's order approving the 2012 rate case settlement, specifically objecting to the expanded incentive mechanism. The Florida Supreme Court affirmed the Commission order, finding that there was competent, substantial evidence that the expanded incentive mechanism was in the public interest. With minor modification, the expanded incentive mechanism was incorporated into the settlement of FPL's 2016 rate case, which the Commission approved and the Florida Supreme Court affirmed.

In 2016, the Florida Supreme Court specifically confirmed the Commission's "authority to examine fuel cost expenditures and approve cost recovery to compensate for utilities' fuel expenses through the fuel clause." The incentive mechanism relates to ways in which FPL can help to reduce and offset fuel expenses that are currently being recovered through the fuel adjustment clause. It does not involve cost recovery for the ownership of any non-electric assets.

ISSUE 6: Does the Commission have the statutory authority to grant FPL's requested four-year plan?

Yes. The Commission has approved a series of six Commission-approved multi-year rate settlements in resolution of FPL's rate cases over the last 22 years. As discussed above, one of the Commission's most fundamental and overriding statutory rate-setting responsibilities is to ensure that rates are just and reasonable for services rendered. *See* Section 366.06(2), Florida Statutes (2020). The Commission uses its earnings surveillance process to monitor each rate-regulated electric utility's earned ROE, to ensure that it remains within the ROE range last approved for that utility. So long as that is the case, then the utility's rates are presumptively within the parameters contemplated by Section 366.06(2) and do not need to be adjusted up or down.

FPL's requested four-year plan does not interfere with that authority. By its terms, the plan remains in effect only so long as FPL (through effective management and with the assistance of the RSAM) is able to maintain its ROE within the range authorized by the Commission. Should FPL be able to "stay within the boundaries" of the authorized ROE range, there would be no reason for the Commission to exercise its statutory rate setting authority. On the other hand, should FPL be unable to keep its ROE within the authorized range during the four-year plan, then a rate review in accordance with the Commission's existing statutory authority and policies would be appropriate and unfettered by the plan.

ISSUE 7: Has CLEO Institute, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?

No. In its pre-filed testimony in this matter, the CLEO Institute has admitted that it is not an FPL customer, thereby making it impossible for it to have individual standing. *See Agrico Chemical Co. v. Department of Environmental Regulation*, 406 So. 2d 478 (Fla. 2d DCA 1981). The CLEO Institute has also failed to provide evidence to establish associational standing to intervene in this proceeding. As an organization primarily focused on environmental advocacy and education, the subject matter of this proceeding is neither within CLEO's general scope of interest and activity nor is the relief requested by CLEO on behalf of its members appropriate. *See Fla. Home Builders Ass'n v. Dep't of Labor & Employment Sec.*, 412 So. 2d 351, 353-54 (Fla. 1982).

ISSUE 8: What impact, if any, does the determination regarding the CLEO Institute Inc.'s associational standing have on its ability to participate in this proceeding?

None, given that the issue of CLEO's associational standing will be determined after the hearing in this proceeding.

ISSUE 9: Has Floridians Against Increased Rates, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?

No. Floridians Against Increased Rates ("FAIR") is not an FPL customer, nor has it alleged that it is, and thus it cannot prove that it has individual standing in this matter. *See Agrico Chemical Co. v. Department of Environmental Regulation*, 406 So. 2d 478 (Fla. 2d DCA 1981). FAIR also has not provided evidence to establish associational standing to intervene in this proceeding. FAIR has failed to demonstrate that it is an association with members who possess all of the indicia of membership in an organization. *See Hunt v. Washington State Apple Advertising Com'n,* 432 U.S. 333, 344-345 (1977).

ISSUE 10: What impact, if any, does the determination regarding Floridians Against Increased Rates, Inc.'s associational standing have on its ability to participate in this proceeding?

None, given that the issue of FAIR's associational standing will be determined after the hearing in this proceeding.

ISSUE 11: Has Florida Rising, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?

No position.

ISSUE 12: What impact, if any, does the determination regarding Florida Rising, Inc.'s associational standing have on its ability to participate in this proceeding?

None, given that the issue of Florida Rising's associational standing will be determined after the hearing in this proceeding.

***ISSUE 13**[6]**:** Has Smart Thermostat Coalition demonstrated individual and/or associational standing to intervene in this proceeding?

No. Smart Thermostat Coalition (STC) has failed to provide any evidence to meet the three-prong test for associational standing to intervene in this proceeding. *See Fla. Home Builders Ass'n v. Dep't of Labor & Employment Sec.*, 412 So. 2d 351, 353-54 (Fla. 1982). Additionally, STC's request for "standing jointly for its individual corporate participants" is prohibited, as a matter of law, because STC seeks to participate in this proceeding in a representative capacity. STC also has failed to demonstrate that it has the legal capacity to intervene in this proceeding because it is an "*ad hoc* coalition," and therefore, does not meet the definition of a legal person. *See Palm Beach County Envtl Coalition v. Dept. of Community Affairs*, 2010 WL 3638076, *2 (Fla. Div. of Admin. Hearings Sept. 16, 2010).

STC has also failed to demonstrate individual standing to intervene in this proceeding because STC has not alleged an "injury in fact" for STC or its corporate participants. *See Agrico Chemical Company v. Department of Environmental Regulation*, 406 So. 2d 478 (Fla. 2d DCA 1981). The Commission has found that indirect impacts to economic interests – in this case, the potential impact to STC's sales of smart thermostats as a result of FPL's proposal to cancel a Gulf tariff – are too remote and speculative to constitute an "injury in fact" and are not intended to be protected by this proceeding. *See e.g.* Order No. PSC-2021-0126-PCO-EI, issued April 12, 2021, in Docket Nos. 20190110-EI, 20190222-EI, 20210016-EI.

***ISSUE 14**[5]**:** What impact, if any, does the determination regarding Smart Thermostat's associational standing have on its ability to participate in this proceeding?

STC should not be allowed to participate in this proceeding. Unlike other intervenors that have been granted provisional standing subject to satisfying their burden of proof of associational standing during the hearing in this matter, STC's petition for intervention fails as a matter of law and should be denied.

TEST PERIOD AND FORECASTING

ISSUE 15: Is FPL's projected test period of the 12 months ending December 31, 2022, appropriate?

Yes. The Company's petition requests an increase in base rates effective January 1, 2022. Accordingly, 2022 is the most appropriate year to evaluate the Company's projected revenue requirements to afford the appropriate match between revenues and revenue requirements for 2022. (Bores)

[5] Issues 13 and 14 should be dropped given the July 13, 2021 order denying Smart Thermostat Coalition's Petition to Intervene.

ISSUE 16: Do the facts of this case support the use of a subsequent test year ending December 31, 2023 to adjust base rates?

Yes. The facts of this case support the use of a subsequent test year ending December 31, 2023 to adjust base rates. Without a subsequent year adjustment, FPL projects that its earned ROE will fall more than 100 basis points below the 2022 requested ROE, thus necessitating a subsequent year adjustment. (Bores)

ISSUE 17: Has FPL proven any financial need for rate relief in any period subsequent to the projected test period ending December 31, 2022?

Yes. FPL has proven financial need for rate relief for the subsequent year ending December 31, 2023. Without a subsequent year adjustment, FPL's ROE is expected to drop more than 100 basis points, putting it below the bottom of the requested ROE range. (Bores)

ISSUE 18: Is FPL's projected test period of the 12 months ending December 31, 2023, appropriate?

Yes. The Company has requested an additional increase in base rates effective January 1, 2023 to avoid the need for a lengthy and costly additional base rate proceeding in 2022 and to mitigate a significant decline in the Company's financial performance. Without the additional rate adjustment, the Company's return on equity is projected to decline more than 100 basis points from the midpoint ROE. The Company's forecast of 2023 revenue requirements was developed, reviewed and approved using the same rigorous process as was used for the 2022 test year. It is reasonable and reliable for setting rates. (Bores)

ISSUE 19: Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class (including but not limited to forecasts of energy efficiency, conservation, demand-side management, distributed solar and electric vehicle adoption), for the 2022 projected test year appropriate?

Yes. FPL's forecast of customers, kWh and kW by Rate Schedule and Revenue Class for the 2022 projected test year are appropriate. FPL relies on statistically sound forecasting methods and reasonable input assumptions. Consistent with Commission precedent, FPL's forecast assumes normal weather conditions. Additionally, the forecast of customers, kWh, and kW by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Park, Cohen)

ISSUE 20: Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class (including but not limited to forecasts of energy efficiency, conservation, demand-side management, distributed solar and electric vehicle adoption), for the 2023 projected test year appropriate, if applicable?

Yes. FPL's forecast of customers, kWh and kW by Rate Schedule and Revenue Class for the 2023 subsequent test year are appropriate. FPL relies on statistically sound forecasting methods and reasonable input assumptions. Consistent with Commission precedent, FPL's forecast assumes normal weather conditions. Additionally, the forecast of customers, kWh, and kW by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Park, Cohen)

ISSUE 21: Are FPL's projected revenues from sales of electricity by rate class at present rates for the 2021 prior year and projected 2022 test year appropriate?

Yes. FPL has correctly estimated the 2021 and 2022 revenues from sales of electricity at present rates. The revenue calculations for 2021 are detailed in Test Year MFRs E-13b, E-13c, and E-13d and summarized in E-13a. (Cohen)

ISSUE 22: Are FPL's projected revenues from sales of electricity by rate class at present rates for the projected 2023 test year appropriate, if applicable?

Yes. FPL has correctly estimated the 2023 revenues from sales of electricity at present rates. The revenue calculations for 2023 are detailed in Subsequent Year MFRs E-13b, E-13c, and E-13d and summarized in E-13a. (Cohen)

ISSUE 23: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2022 test year budget?

The appropriate inflation factor for forecasting the 2022 test year budget is a 1.7% increase in the consumer price index ("CPI") for 2022. This projected CPI increase incorporates assumptions regarding economic recovery and is reasonable compared to projections by leading industry experts. The appropriate customer growth and trend factors are those included in the MFRs. These represent reasonable expectations regarding projected customer growth and other trend factors. (Park, Bores)

ISSUE 24: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2023 test year budget, if applicable?

The appropriate inflation factor for forecasting the 2023 test year budget is a 0.8% increase in the consumer price index (CPI) for 2023. This projected CPI increase incorporates assumptions regarding economic recovery and is reasonable compared to projections by leading industry experts. The appropriate customer growth and trend factors are those included in the MFRs. These represent reasonable expectations regarding projected customer growth and other trend factors. (Park, Bores)

QUALITY OF SERVICE

ISSUE 25: Is the quality of the electric service provided by FPL adequate taking into consideration: a) the efficiency, sufficiency and adequacy of FPL's facilities provided and the services rendered; b) the cost of providing such services; c) the value of such service to the public; d) the ability of the utility to improve such service and facilities; e) energy conservation and the efficient use of alternative energy resources; and f) any other factors the Commission deems relevant.

Yes, it is far better than adequate. FPL has delivered superior reliability and excellent customer service. Distribution and Transmission reliability has been the best among Florida IOUs for the fifteenth consecutive year and in 2020 FPL was the first IOU in Florida to achieve FPSC T&D SAIDI of less than 50 minutes. In 2020, FPL received PA Consulting's ReliabilityOne® National Reliability Excellence Award for the fifth time in six years. FPL's Customer Service continues to be recognized nationally with several awards for outstanding customer satisfaction and providing superior customer service. In 2020, FPL received the National Key Accounts award for outstanding customer service from Edison Electric Institute (EEI) and was ranked No. 1 for omnichannel (cross-channel strategy) experience in the Verint Experience Index for electric utilities. Also, among large electric utility fossil/solar fleets over the last 15 years, FPL's performance has been best-in-class in non-fuel O&M and heat rate, and essentially top decile or better in Equivalent Forced Outage Rate representing reliability. FPL's performance improvements for this non-nuclear generating fleet provides substantial cost benefits and value to customers. Finally, the overwhelming majority of the testimony from customers throughout the 12 quality of service hearings was positive concerning FPL's customer service, customer satisfaction and rate request. Relatively few participants expressed concern with the proposed rate increase. And, of those that did, many acknowledged FPL's exemplary quality of service and superior reliability. In fact, of the nearly 400 customers who spoke, only 14 had service-related complaints. (Chapel, Spoor, Broad, Coffey, Reed, Silagy, Cohen)

DEPRECIATION AND DISMANTLEMENT STUDIES

ISSUE 26: What, if any, are the appropriate capital recovery schedules?

The appropriate capital recovery schedules are reflected on FPL's Exhibit KF-4. (Ferguson)

ISSUE 27: Based on FPL's 2021 Depreciation Study, what are the appropriate depreciation parameters (e.g., service lives, remaining lives, net salvage percentages, and reserve percentages) and resulting depreciation rates for the accounts and subaccounts related to each production unit?

Based on FPL's 2021 Depreciation Study, the appropriate depreciation parameters and resulting rates for each production units are reflected on FPL's Exhibit NWA-1. (Allis)

ISSUE 28: Based on FPL's 2021 Depreciation Study, what are the appropriate depreciation parameters (e.g., service lives, remaining lives, net salvage percentages, and reserve percentages) and resulting depreciation rates for each transmission, distribution, and general plant account, and subaccounts, if any?

Based on FPL's 2021 Depreciation Study, the appropriate depreciation parameters and resulting rates for each transmission, distribution, and general plant account are reflected on FPL's Exhibit NWA-1. (Allis)

ISSUE 29: If the Commission approves FPL's proposed Reserve Surplus Amortization Mechanism (Issue 130), what are the appropriate depreciation parameters (e.g., service lives, remaining lives, net salvage percentages, and reserve percentages) and depreciation rates?

The appropriate depreciation parameters and resulting rates to be used in conjunction with the Reserve Surplus Amortization Mechanism are reflected on FPL's Exhibit KF-3(B). (Ferguson)

ISSUE 30: Based on the application of the depreciation parameters and resulting depreciation rates that the Commission deems appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances, if any?

If the Commission adopts the RSAM as part of the Company's four-year rate proposal, then the appropriate theoretical reserve imbalance is a surplus of approximately $1,480,203,000 as reflected in Exhibit KF-3(B). If the Commission does not approve the RSAM, the theoretical reserve imbalances from FPL's 2021 Depreciation Study are reflected on NWA-1, which totals a net deficit of $436,529,000 (total system). (Allis, Ferguson)

ISSUE 31: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 30?

If the Commission adopts the RSAM as part of FPL's four-year rate proposal, then the corrective reserve measures outlined in FPL's Exhibit REB-11 should be taken. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, then the remaining life technique should be used, and no other corrective reserve measures should be taken. (Allis, Ferguson, Barrett)

ISSUE 32: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

The implementation date should be January 1, 2022. (Ferguson)

ISSUE 33: Should FPL's currently approved annual dismantlement accrual be revised?

Yes. The current-approved annual dismantlement accrual is $26,840,000 (total system). The accrual should be increased to $51,915,000 (total system) based on

FPL's 2021 Corrected Dismantlement Study made as part of FPL's Notice of Identified Adjustments filed on May 7, 2021. (Ferguson, Kopp)

ISSUE 34: What, if any, corrective dismantlement reserve measures should be approved?

The Commission should approve FPL's request to transfer the Scherer ash pond dismantlement reserve balance of $62,822,000 as of January 1, 2022, and proposed annual accrual of $8,275,000 as reflected on Exhibit KF-5 – Corrected, beginning on January 1, 2022 from base rates to the ECRC. In addition, FPL has proposed transfers of reserve balances from the units that either had excess reserves or were the furthest from retirement to the units that are closest to retirement or are in the process of being dismantled. In doing so, FPL minimized the calculated incremental dismantlement accrual. The proposed reserve reallocations are reflected in FPL's 2021 Corrected Dismantlement Study as part of FPL's Notice of Identified Adjustments filed on May 7, 2021 and should be approved. (Ferguson)

ISSUE 35: What is the appropriate annual accrual and reserve for dismantlement
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate annual provision for dismantlement is $38,399,000 (jurisdictional adjusted) for the 2022 projected test year and $38,387,000 (jurisdictional adjusted) for the 2023 projected test year based on FPL's 2021 Corrected Dismantlement Study made as part of FPL's Notice of Identified Adjustments filed on May 7, 2021, which is included in FPL witness Fuentes' Exhibit LF-10. The total dismantlement reserve is $144,409,000 (jurisdictional adjusted) for the 2022 projected test year and $145,873,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Ferguson)

RATE BASE

ISSUE 36: Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. All non-utility activities have been appropriately removed from rate base. (Fuentes)

ISSUE 37: What is the appropriate amount of Plant in Service for the Dania Beach Clean Energy Center Unit 7
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate amount of plant in-service for FPL's Dania Beach Clean Energy Center Unit 7 is $438,055,000 (jurisdictional adjusted) for the 2022 projected test year and $831,104,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

<u>ISSUE 38:</u> What is the appropriate amount of Plant in Service for the SolarTogether Centers
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate amount of plant in-service for FPL's SolarTogether Centers is $1,659,770,000 (jurisdictional adjusted) for the 2022 projected test year and $1,659,391,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

<u>ISSUE 39:</u> What is the appropriate amount of Plant in Service for FPL's Battery Storage Pilot projects associated with Paragraph 18 of the 2017 Settlement Agreement approved by Order No. PSC-2016-0560-AS-EI?
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate amount of plant in-service for FPL's Battery Storage Pilot is $92,018,000 (jurisdictional adjusted) for the 2022 projected test year and $92,116,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

<u>ISSUE 40:</u> Is the North Florida Resiliency Connection reasonable and prudent?

Yes. The North Florida Resiliency Connection ("NFRC") will enhance electric service reliability and resiliency in North and Northwest Florida. The NFRC allows FPL and Gulf systems to be integrated into a single utility system allowing economic dispatch of the combined fleet of generation assets providing cleaner, more reliable, and lower cost energy for all customers. NFRC is prudent as its projected cost is $722 million CPVRR which is $560 million CPVRR lower than the next alternative of wheeling through existing transmission lines. (Sim, Spoor, Forrest, Valle)

<u>ISSUE 41:</u> Are FPL's 2020 through 2023 solar generation additions reasonable and prudent?

Yes. As discussed by FPL's witnesses, these fuel-free solar additions will provide significant savings to customers in addition to contributing to improvements in EFOR, O&M, fuel efficiency, and fleet emission rates. (Valle, Sim, Broad)

<u>ISSUE 42:</u> Are FPL's 938 MW Northwest combustion turbine additions in 2022 reasonable and prudent?

Yes. The four new CTs were selected as cost-effective capacity options by the AURORA optimization model in both the initial Step 1 (Gulf stand-alone system) and Step 2 (Gulf stand-alone system with NFRC connection to the stand-alone FPL system) analyses. In addition, the four new CTs will greatly assist in maintaining reliable electric service in the Gulf area once that area is no longer part of the Southern Company system. (Sim)

<u>ISSUE 43:</u> Are FPL's combined cycle generation upgrade projects reasonable and prudent?

Yes. These upgrade projects across nine combined cycle units, primarily involving 26 General Electric and 9 Mitsubishi CTs, are projected to result in approximately $780 million in CPVRR savings over their operating life. Besides an incremental generating fleet efficiency improvement, the total projected peak capacity addition from these upgrades through 2022 is more than 1,000 MW. (Broad, Sim, Bores)

<u>ISSUE 44:</u> Are FPL's proposed 469 MW of battery storage projects reasonable and prudent?

Yes. Approximately 470 MW of battery energy storage capacity charged by fuel-free solar generation will be added to FPL's system, with the largest 409 MW battery facility in 2021 to partially offset the retirement of Manatee Units 1 and 2. This 409-megawatt Manatee Energy Storage Center will be the world's largest integrated solar powered battery system. As demonstrated by FPL witness Sim, all of these projects are cost effective and provide customers significant fuel savings. (Broad, Sim)

<u>ISSUE 45:</u> Should the Commission approve FPL's proposed hydrogen storage project?

Yes. This proposed pilot would allow FPL to assess how its combustion turbine units operate with a hydrogen fuel mix and also will allow FPL to learn how a hydrogen fuel production and storage facility can be effectively used on site with combustion turbine units. With the successful addition of green hydrogen, less natural gas will be needed for the combined cycle unit to produce power; the total carbon dioxide emissions of the unit will be reduced; and fuel diversity will be increased, which can help mitigate the impacts of supply shortages and disruptions. (Valle)

<u>ISSUE 46:</u> Is FPL's proposed early retirement of the coal assets at Plant Crist on October 15, 2020, as compared to (Original Retirement Date), reasonable and prudent?

Yes, as demonstrated by the economic evaluation for Crist Units 6 and 7. (Sim)

<u>ISSUE 47:</u> Is FPL's conversion of Plant Crist Units 4-7 from coal to gas reasonable and prudent?

Yes. The projected net cost savings to customers from the coal-to-gas conversion project is $236 million CPVRR. (Sim)

<u>ISSUE 48:</u> Is FPL's proposed early retirement of the Plant Scherer Unit 4 and related transactions reasonable and prudent?

Yes. Scherer Unit 4 is no longer economical to dispatch and maintain given FPL's modern and efficient generation fleet. FPL's economic analysis projects $583 million of CPVRR benefit for customers, inclusive of recovery of the remaining net book value and the Consummation Payment to JEA. However, Unit 4 can only be retired with the consent of its co-owner JEA. (Forrest, Bores)

ISSUE 49: What is the appropriate ratemaking treatment for Consummation Payments made to JEA?

The appropriate rate making treatment for the Consummation payment to JEA is to establish a regulatory asset with amortization over ten years consistent with the recovery of the related unrecovered retired plant at Scherer Unit 4 beginning in February 2022. This treatment recognizes FPL's proposal to defer and recover these costs in FPL's base rates to be established in this proceeding. (Fuentes)

ISSUE 50: What is the appropriate level of Plant in Service (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Plant in Service is $65,723,258,000 (jurisdictional adjusted) for the 2022 projected test year and $71,075,660,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

ISSUE 51: What is the appropriate level of Accumulated Depreciation (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Accumulated Depreciation with RSAM is $14,812,367,000 (jurisdictional adjusted) for the 2022 projected test year and $16,013,887,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of Accumulated Depreciation without RSAM is $14,924,962,000 (jurisdictional adjusted) for the 2022 projected test year and $16,363,035,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

ISSUE 52: This issue has been dropped.

ISSUE 53: This issue has been dropped.

ISSUE 54: What is the appropriate level of Construction Work in Progress to be included in rate base
A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of CWIP is $1,724,135,000 (jurisdictional adjusted) for the 2022 projected test year and $1,469,296,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

ISSUE 55: Are FPL's proposed reserves for Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL's proposed accruals for Nuclear End of Life ("EOL") Material and Supplies and Last Core Nuclear Fuel for both the 2022 projected test year and 2023 subsequent projected test year is in accordance with Commission Order No. PSC-2021-0232-PAA-EI. The appropriate amount of EOL material and supplies reserve is ($31,786,000) (jurisdictional adjusted) for the 2022 projected test year and ($33,376,000) (jurisdictional adjusted) for the 2023 subsequent projected test year. The appropriate amount of EOL last core nuclear fuel reserve is ($153,016,000) (jurisdictional adjusted) for the 2022 projected test year and ($156,440,000) (jurisdictional adjusted) for the 2023 subsequent projected test year. (Ferguson)

ISSUE 56: What is the appropriate level of Nuclear Fuel (NFIP, Nuclear Fuel Assemblies in Reactor, Spent Nuclear Fuel less Accumulated Provision for Amortization of Nuclear Fuel Assemblies, End of Life Materials and Supplies, Nuclear Fuel Last Core)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Nuclear Fuel for the 2022 projected test year is $679,666,000 (jurisdictional adjusted) and $676,128,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. Note, these amounts do not include EOL materials and supplies or nuclear fuel last core as these items are reflected in different FERC Accounts and included in working capital. See Issue 55 for the requested balances for EOL materials and supplies and nuclear fuel last core reserves. (Bores, Fuentes)

ISSUE 57: What is the appropriate level of Property Held for Future Use
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Property Held for Future Use is $367,949,000 (jurisdictional adjusted) for the 2022 projected test year and $601,291,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Valle, Spoor, Bores, Fuentes)

ISSUE 58: What is the appropriate level of fossil fuel inventories
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate level of FPL's fossil fuel inventories is $159,059,000 (jurisdictional adjusted) for the 2022 projected test year and $148,788,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. FPL's fossil fuel inventories are appropriate and reflect the necessary levels FPL must maintain at each plant to sustain operations during transit time and to cover contingencies that may delay delivery, such as weather, port delays, and plant-specific delivery infrastructure risks. (Forrest, Broad)

ISSUE 59: Should the unamortized balance of Rate Case Expense be included in Working Capital and, if so, what is the appropriate amount to include
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year

Yes. The inclusion of the unamortized balance of rate case expenses of $4,523,000 (jurisdictional) for the 2022 projected test year and $3,231,000 (jurisdictional) for the 2023 subsequent projected test year in Working Capital is appropriate in order to avoid a disallowance of reasonable and necessary costs. Full recovery of necessary rate case expenses is appropriate but will not occur unless FPL is afforded the opportunity to earn a return on the unamortized balance of those expenses. (Fuentes)

ISSUE 60: What is the appropriate amount of deferred pension debit in working capital for FPL to include in rate base
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Based on the identified adjustment listed on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of deferred pension debit in working capital for FPL to include in rate base is $1,635,380,000 (jurisdictional adjusted) for the 2022 projected test year and $1,726,477,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Fuentes)

ISSUE 61: Should the unbilled revenues be included in working capital
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL incurs costs to deliver energy to customers, all of which have been accrued or paid. Delivery of that energy gives rise to both customer accounts receivables and a receivable for unbilled revenues. FPL must finance the costs of delivering energy, whether or not the energy sales have yet been billed. For this reason, the Commission has a long-standing practice of including unbilled revenues in working capital. (Fuentes)

ISSUE 62: What is the appropriate methodology for calculating FPL's Working Capital
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The balance sheet approach is the appropriate methodology for calculating Working Capital for the 2022 projected test year and 2023 subsequent projected test year. The Commission authorized this methodology in the early 1980s and it has been consistently applied since then. This approach reasonably measures the investment in current operations that FPL must make to deliver electric service and is therefore appropriate for calculating working capital. No witness has presented a viable, internally consistent calculation of working capital using an alternative methodology. (Fuentes)

ISSUE 63: What is the appropriate level of Working Capital (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of working capital with RSAM for the 2022 projected test year is $1,741,287,000 (jurisdictional adjusted) and for the 2023 subsequent projected test year is $1,694,238,000 (jurisdictional adjusted). If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of working capital without RSAM for the 2022 projected test year is $1,741,289,000 (jurisdictional adjusted) and for the 2023 subsequent projected test year is $1,694,247,000 (jurisdictional adjusted). (Bores, Fuentes)

ISSUE 64: What is the appropriate level of rate base (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of rate base with RSAM for the 2022 projected test year is $55,423,929,000 (jurisdictional adjusted) and for the 2023 subsequent projected test year is $59,502,725,000 (jurisdictional adjusted). If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of rate base without RSAM for the 2022 projected test year is $55,311,335,000 (jurisdictional adjusted) and for the 2023 subsequent projected test year is $59,153,587,000 (jurisdictional adjusted). (Bores, Fuentes)

COST OF CAPITAL

ISSUE 65: What is the appropriate amount of accumulated deferred taxes to include in the capital structure and should a proration adjustment to deferred taxes be included in capital structure
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of accumulated deferred taxes with RSAM included in capital structure for the 2022 projected test year is $5,884,833,000 (jurisdictional adjusted) and $6,253,783,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. A proration adjustment to deferred taxes has been included in capital structure in order to comply with treasury regulations when calculating rates using a projected test year. In addition, as reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of FAS 109 deferred income taxes included in capital structure for the 2022 projected test year is $3,369,030,000 (jurisdictional adjusted) and $3,398,407,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of accumulated deferred taxes without RSAM included in capital structure for the 2022 projected test year is $5,876,059,000 (jurisdictional adjusted) and $6,226,697,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. In addition, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of FAS 109 deferred income taxes without RSAM included in capital structure for the 2022 projected test year is $3,362,188,000 (jurisdictional adjusted) and $3,378,473,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Fuentes)

ISSUE 66: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of unamortized investment tax credits and cost rate with RSAM included in capital structure for the 2022 projected test year is $1,040,494,000 (jurisdictional adjusted) and 8.38%, respectively, and $1,200,022,000 (jurisdictional adjusted) and 8.45%, respectively, for the 2023 subsequent projected test year. The determination of the cost rate should include only the long-term sources of capital, common and preferred stock and long-term debt. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of unamortized investment tax credits and cost rate without RSAM included in capital structure for the 2022 projected test year is $1,040,707,000 (jurisdictional adjusted) and 8.38%, respectively, and $1,200,326,000 (jurisdictional adjusted) and 8.45%, respectively, for the 2023 subsequent projected test year. (Fuentes)

ISSUE 67: What is the appropriate amount and cost rate for short-term debt to include in the capital structure
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for short-term debt with RSAM for the 2022 projected test year is $654,283,000 (jurisdictional adjusted) and 0.94%. As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for short-term debt with RSAM in the 2023 subsequent projected test year is $750,229,000 (jurisdictional adjusted) and 0.97%. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for short-term debt without RSAM for the 2022 projected test year is $652,880,000 (jurisdictional adjusted) and 0.94%. As reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for short-term debt without RSAM in the 2023 subsequent projected test year is $745,604,000 (jurisdictional adjusted) and 0.97%. (Barrett, Fuentes)

ISSUE 68: What is the appropriate amount and cost rate for long-term debt to include in the capital structure
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for long-term debt with RSAM for the 2022 projected test year is $17,391,478,000 (jurisdictional adjusted) and 3.61%. As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for long-term debt with RSAM in the 2023 subsequent projected test year is $18,706,686,000 (jurisdictional adjusted) and 3.77%. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for long-term debt without RSAM for the 2022 projected test year is $17,354,004,000 (jurisdictional adjusted) and 3.61%. As reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for long-term debt without RSAM in the 2023 subsequent projected test year is $18,590,357,000 (jurisdictional adjusted) and 3.77%. (Barrett, Fuentes)

ISSUE 69: What is the appropriate amount and cost rate for customer deposits to include in the capital structure

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for customer deposits with RSAM for the 2022 test year is $454,851,000 (jurisdictional adjusted) and 2.03%. As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount and cost rate for customer deposits with RSAM for the 2023 subsequent projected test year is $490,182,000 (jurisdictional adjusted) and 2.04%. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for customer deposits without RSAM for the 2022 test year is $453,875,000 (jurisdictional adjusted) and 2.03%. As reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount and cost rate for customer deposits without RSAM for the 2023 subsequent projected test year is $487,147,000 (jurisdictional adjusted) and 2.04%. (Chapel, Bores, Fuentes)

ISSUE 70: What is the appropriate equity ratio to use in the capital structure for ratemaking purposes

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

FPL's equity ratio should remain at 59.6 percent based on investor sources. FPL has maintained its equity ratio generally around the 59-60 percent level for more than two decades, and this has been an important underpinning of the overall financial strength that has served customers well. (Barrett, Coyne)

ISSUE 71: Should FPL's request for a 50-basis point performance incentive to the authorized return on equity be approved?

Yes. FPL is asking the Commission to increase the authorized ROE established in this case by one-half percent, to reflect FPL's superior value proposition for its customers and as an incentive to promote further efforts to improve the customer value proposition. Across almost every metric, FPL stands among the best in the industry in delivering value for its customers and has continued to improve over the course of this most recent settlement agreement. While all utilities have access to the same technology and the same financial capital (dependent upon their financial strength), human capital differentiates superior performance from merely average performance. (Barrett, Reed)

ISSUE 72: What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

The Commission should authorize 11.5%, inclusive of the 50-basis point performance incentive, as the return on common equity. Granting FPL's requested return on equity will appropriately take into account FPL's unique risk profile and the Company's commitment to a strong financial position. The requested rate also addresses the risk of the Company's proposed multi-year stay-out. Granting FPL's requested return on common equity is critical to maintaining FPL's financial strength and flexibility and will help FPL attract capital necessary to serve its customers on reasonable terms. (Coyne, Barrett)

ISSUE 73: What is the appropriate weighted average cost of capital to use in establishing FPL's revenue requirement? (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The associated components, amounts and cost rates with RSAM are reflected on FPL witness Fuentes's Exhibit LF-12 for the 2022 projected test year and 2023 subsequent projected test year. Based on those amounts, the appropriate after-tax weighted average cost of capital for the 2022 projected test year is 6.84% and 6.93% for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate after-tax weighted average cost of capital without RSAM for the 2022 projected test year is 6.84% and 6.93% for the 2023 subsequent projected test year. (Fuentes, Barrett)

NET OPERATING INCOME

ISSUE 74: What are the appropriate projected amounts of Other Operating Revenues
A. For the 2022 projected test year
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Other Operating Revenues is $231,990,000 (jurisdictional adjusted) for the 2022 projected test year and $226,049,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

ISSUE 75: Has FPL appropriately accounted for SolarTogether Program subscription charges?
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has appropriately included $120,534,000 of subscription charge revenues within its net operating income for the 2022 projected test year and $120,640,000 for the 2023 subsequent projected test year. (Bores, Valle)

ISSUE 76: What is the appropriate level of Total Operating Revenues
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Total Operating Revenues is $7,947,229,000 (jurisdictional adjusted) for the 2022 projected test year and $8,005,469,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

ISSUE 77: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove fuel revenues and expenses recoverable through the Fuel Adjustment Clause. (Fuentes)

ISSUE 78: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause. (Fuentes)

ISSUE 79: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause. (Fuentes)

ISSUE 80: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove conservation revenues and expenses recoverable through the Energy Conservation Cost Recovery Clause. (Fuentes)

ISSUE 81: Has FPL made the appropriate adjustments to remove all revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove Storm Protection Plan revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause. (Fuentes)

ISSUE 82: Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes. All non-utility activities have been appropriately removed from operating revenues and expenses. (Fuentes)

ISSUE 83: What is the appropriate percentage value (or other assignment value or methodology basis) to allocate FPL shared corporate services costs and/or expenses to its affiliates
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Corporate Services Charges are allocated using specific drivers and the Massachusetts Formula, pursuant to which 35% of FPL Corporate Service Charges are forecasted to be allocated to affiliates for the 2022 projected test year and 36% for the 2023 subsequent projected test year. (Ferguson)

ISSUE 84: What is the appropriate amount of FPL shared corporate services costs and/or expenses (including executive compensation and benefits) to be allocated to affiliates
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate amount of FPL Corporate Service Charges to be allocated to affiliates is $113,677,000 for the 2022 projected test year and $120,614,000 for the 2023 subsequent projected test year. (Ferguson)

ISSUE 85: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

No adjustments are required to be made to FPL's forecasted operating revenues or operating expenses for the effects of transactions with affiliated companies for either the 2022 projected test year or 2023 subsequent projected test year. (Ferguson)

ISSUE 86: What is the appropriate level of generation overhaul expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate level of generation overhaul expense is $37,876,000 (jurisdictional adjusted) for the 2022 projected test year and $39,490,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Broad)

ISSUE 87: What is the appropriate amount of FPL's production plant O&M expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

FPL's production plant O&M expense of $584,849,000 (jurisdictional adjusted) for the 2022 projected test year and $596,724,000 (jurisdictional adjusted) for the 2023 subsequent projected test year are appropriate. The non-nuclear O&M request in 2022 ($271,716,000) and in 2023 ($277,233,000) is commensurate with the continuing technology transformation to a cleaner, more efficient generating fleet that includes approximately 8,400 MW of new generating capacity from 2017 to 2023 with more than 50 percent renewable Solar PV/Battery Storage capacity versus natural gas CC/GT capacity. The nuclear O&M expense is $313,134,000 (jurisdictional adjusted) for the 2022 projected test year and $319,491,000 (jurisdictional adjusted) for 2023 subsequent projected test year are necessary to maintain nuclear facilities in order to maximize fuel savings, enhance system fuel diversity, and permit the safe and reliable operation of its nuclear units into their renewed license terms. (Broad, Coffey)

ISSUE 88: What is the appropriate amount of FPL's transmission O&M expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

FPL's transmission O&M expense of $48,087,000 (jurisdictional adjusted) for the 2022 projected test year is appropriate. FPL's transmission O&M expense of $46,458,000 (jurisdictional adjusted) for the 2023 projected subsequent year is appropriate. (Fuentes, Spoor)

ISSUE 89: What is the appropriate amount of FPL's distribution O&M expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

FPL's distribution O&M expense of $200,419,000 (jurisdictional adjusted) for the 2022 projected test year is appropriate. FPL's distribution O&M expense of $206,409,000 (jurisdictional adjusted) for the 2023 projected subsequent year is appropriate. (Fuentes, Spoor)

ISSUE 90: What is the appropriate annual storm damage accrual and storm damage reserve
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

FPL requested a storm reserve replenishment amount of $150 million, representing approximately the amount of reserves reflected in the former FPL settlement agreement ($112.3 million) and the Gulf settlement agreement ($40.8 million), and has not requested an annual storm damage accrual. FPL is requesting that if FPL incurs storm costs related to a named tropical storm or hurricane, the Company may begin collecting up to $4 per 1,000 kWh beginning 60 days after filing a petition for recovery as set forth in Exhibit REB-10. (Barrett)

ISSUE 91: What is the appropriate amount of Other Post Employment Benefits expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on MFR C-35 and adjusted by FPL's Second Notice of Identified Adjustments reflected in Exhibit LF-11, the appropriate amount of Other Post Employment Benefit expense for the 2022 projected test year is $4,978,000 (jurisdictional adjusted), and $7,799,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Slattery)

ISSUE 92: What is the appropriate amount of Salaries and Employee Benefits expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

One hundred percent of the 2022 and 2023 projected test year level of Salaries and Employee Benefits expense is appropriate, and reflects portions of executive and non-executive incentive compensation already excluded. The reasonableness of salary and benefit expense is demonstrated in a number of ways, including comparison of: FPL's salaries, annual pay increase program, and non-executive variable incentive pay to the relevant comparative market; FPL's salary cost and efficiency to those of similar utilities; and the relative value of benefits programs to other utility and general industry companies. (Slattery)

ISSUE 93: What is the appropriate amount of Incentive Compensation Expense to include in O&M expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The amount of incentive compensation expense included in 2022 and 2023 is $75,459,000 (jurisdictional adjusted) and $78,993,000 (jurisdictional adjusted), respectively. These amounts are the remaining portion of non-executive stock-based incentive compensation and one hundred percent of non-executive cash incentive compensation O&M expense. One hundred percent of the 2022 and 2023 projected test year level of executive incentive compensation has been removed from O&M expense. (Slattery)

ISSUE 94: What is the appropriate amount of Pension Expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on MFR C-17 and adjusted by FPL's Second Notice of Identified Adjustments in Exhibit LF-11, the appropriate amount of Pension Credit for the 2022 projected test year is ($85,739,000) (jurisdictional adjusted) and ($94,812,000) (jurisdictional adjusted) for the 2023 subsequent projected test year. (Fuentes, Slattery)

ISSUE 95: Should an adjustment be made to the amount of the Directors and Officers Liability ("DOL") Insurance expense that FPL included in the 2022 and, if applicable, 2023 projected test year(s)?

No. The Directors and Officers Liability insurance is an essential and prudent cost of attracting and retaining executive talent that historically has been included within FPL's cost of service. (Bores)

ISSUE 96: What is the appropriate amount and amortization period for Rate Case Expense
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate amount of FPL's rate case expense is $5,170,000, and the appropriate amortization period is four years. (Fuentes)

ISSUE 97: What is the appropriate amount of uncollectible expense and bad debt rate
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Based on the identified adjustments listed on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of uncollectible expense is $8,968,000 for the 2022 projected test year and $7,798,000 for the 2023 subsequent projected test year. The appropriate bad debt rate is 0.072% for the 2022 projected test year and 0.066% for the 2023 subsequent projected test year, as reflected on FPL witness Fuentes's Exhibit LF-12. (Chapel, Bores)

ISSUE 98: What are the appropriate expense accruals for: (1) end of life materials and supplies and 2) last core nuclear fuel
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

FPL's proposed accruals for Nuclear End of Life ("EOL") Material and Supplies and Last Core Nuclear Fuel for both the 2022 projected test year and 2023 subsequent projected test year is in accordance with Commission Order No. PSC-2021-0232-PAA-EI. The appropriate amount of expense accruals for the 2022 test year for the EOL M&S and last core nuclear fuel is $1,579,000 and $3,418,000 (jurisdictional adjusted), respectively. The appropriate amount of expense accruals for the 2023 Subsequent Year for the EOL M&S and last core nuclear fuel is $1,579,000 and $3,417,000 (jurisdictional adjusted), respectively. (Ferguson)

ISSUE 99: What is the appropriate level of O&M Expense (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of O&M Expense is $1,355,010,000 (jurisdictional adjusted) for the 2022 projected test year and $1,369,270,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

ISSUE 100: What is the appropriate amount of depreciation, amortization, and fossil dismantlement expense (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of depreciation and amortization expense with RSAM is $2,230,378,000 (jurisdictional adjusted) for the 2022 projected test year and $2,416,758,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of depreciation and amortization expense without RSAM is $2,457,657,000 (jurisdictional adjusted) for the 2022 projected test year and $2,662,649,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes, Ferguson)

ISSUE 101: What is the appropriate level of Taxes Other Than Income (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Taxes Other Than Income Taxes is $787,745,000 (jurisdictional adjusted) for the 2022 projected test year and $859,601,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

<u>ISSUE 102:</u> What is the appropriate level of Income Taxes
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Income Taxes with RSAM is $584,005,000 (jurisdictional adjusted) for the 2022 projected test year and $494,303,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of Income Taxes without RSAM is $515,675,000 (jurisdictional adjusted) for the 2022 projected test year and $421,059,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Fuentes)

<u>ISSUE 103:</u> What is the appropriate level of (Gain)/Loss on Disposal of utility property
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of (Gain)/Loss on Disposal of Plant is ($482,000) (jurisdictional adjusted) for the 2022 projected test year and ($239,000) (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

<u>ISSUE 104</u>: What is the appropriate level of Total Operating Expenses? (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Total Operating Expenses with RSAM is $4,956,657,000 (jurisdictional adjusted) for the 2022 projected test year and $5,139,693,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of Total Operating Expenses without RSAM is $5,115,606,000 (jurisdictional adjusted) for the 2022 projected test year and $5,312,340,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores)

ISSUE 105: What is the appropriate level of Net Operating Income (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate amount of Net Operating Income with RSAM is $2,990,573,000 (jurisdictional adjusted) for the 2022 projected test year and $2,865,776,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate amount of Net Operating Income without RSAM is $2,831,623,000 (jurisdictional adjusted) for the 2022 projected test year and $2,693,129,000 (jurisdictional adjusted) for the 2023 subsequent projected test year. (Bores, Fuentes)

REVENUE REQUIREMENTS

ISSUE 106: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the revenue expansion factor and net operating income multiplier for the 2022 projected test year is 0.74547 and 1.34143, respectively, and for the 2023 subsequent projected test year is 0.74552 and 1.34135, respectively. (Fuentes)

ISSUE 107: What is the appropriate annual operating revenue increase or decrease (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

As reflected on FPL witness Fuentes's Exhibit LF-12, the appropriate annual operating revenue increase with RSAM is $1,074,933,000 for the 2022 projected test year and $605,385,000 for the 2023 subsequent projected test year. If the Commission does not adopt the RSAM as part of FPL's four-year rate proposal, as reflected on FPL witness Fuentes's Exhibit LF-13, the appropriate annual operating revenue increase without RSAM is $1,277,474,000 for the 2022 projected test year and $599,521,000 for the 2023 subsequent projected test year. (Bores, Fuentes)

COST OF SERVICE AND RATE DESIGN ISSUES

ISSUE 108: Should FPL's proposal for a consolidated cost of service and unified tariffs and rates for FPL and the former Gulf Power Company's customers be approved?

Yes. FPL's proposed consolidated cost of service and unified tariffs and rates for FPL and the former Gulf Power Company should be approved. Because FPL and Gulf are operationally and legally combined, unified rates are the next logical step in the merger and integration process that is expected to be complete by year end 2021. If the Commission declines unification, it should adopt the tariffs and rates pursuant to the Supplemental FPL and Gulf Standalone Information in MFR Format, subject to the adjustments set forth in Exhibits LF-13 and LF-14. (Cohen, DuBose, Reed)

ISSUE 109: Should the proposed transition rider charges and transition rider credits for the years 2022 through 2026 be approved?

Yes. The proposed transition rider and credit for the years 2022 through 2026 should be approved. The transition rider, which will be phased out over five years, reflects initial differences in the cost to serve. FPL designed the transition rider to represent the difference in the overall system average costs between the two companies in 2021 for base rates and all clauses including fuel, capacity, environmental, conservation, and storm protection. The diminishing transition rider is intended to reflect the reality that customers are receiving service from one functionally integrated company and from a common set of assets and employees, without geographical distinction (in the same way FPL in communities with varying degrees of cost of service across disparate parts of the state are treated today) through payment of consolidated, equally applicable rates. (Cohen)

ISSUE 110: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

Yes, subject to the adjustments listed on FPL witness Liz Fuentes's Exhibit LF-11 – FPL's Second Notice of Identified Adjustments, the jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions filed by FPL is appropriate. The separation factors filed by FPL were developed consistent with the Commission guidance in prior rate cases and the instructions provided in MFR E-1 and with the method used in the Company's surveillance reports. (DuBose)

ISSUE 111: What is the appropriate methodology to allocate production, transmission, and distribution costs to the rate classes?

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

The 12 CP and 1/13th method should be approved by the Commission because it reflects how FPL's generation is planned and operated. The 12 CP and 1/13th is appropriate for FPL's system because: (1) recognizes that the type of generation unit selected is influenced by both demand and energy use throughout the year, and that these choices drive the level of total capital costs, operation and maintenance costs, and fuel costs; (2) reflects the influence of the summer reserve margin criterion; and (3) recognizes that capacity must be available throughout the year to meet FPL's winter reserve margin and the annual Loss of Load Probability criteria. The Commission should approve FPL's 12 CP method for allocating transmission plant-related costs to rate classes because it reflects FPL's transmission planning criteria. The appropriate method to allocate distribution plant costs is that filed by FPL. FPL's allocation method reflects FPL's distribution planning criterion. Meters, pull-offs, and service drops are driven by the number of customers and therefore classified as customer-related. All other distribution plant is planned based on customer demand and therefore classified as demand-related. (DuBose)

ISSUE 112: How should the change in revenue requirement be allocated to the customer classes?

A. For the 2022 projected test year?

B. If applicable, for the 2023 subsequent projected test year?

The increase should be allocated as shown in MFR E-8. FPL followed Commission guidance and limited revenue increases to each class to no more than 150% of the system average in total including clauses. The result is all classes are moved closer to parity to the greatest extent practical. (Cohen)

ISSUE 113: What are the appropriate service charges (initial connection, reconnect for nonpayment, connection of existing account, field visit, temporary overhead and underground, late payment charge, meter tampering)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate service charges effective January 1, 2022 and January 1, 2023 are listed below. (Chapel, Cohen, Spoor)

	Effective **Jan. 1, 2022**	**Effective** **Jan. 1, 2023**
Initial Service Connect/ Disconnect New Premise	$12.00	$13.00
Service Connect/ Disconnect Existing Premise	$9.00	$9.00
Field Visit	$26.00	$26.00
Reconnect for Non-Payment	$5.00	$5.00
Late Payment	Greater of $5 or 1.5% applied to any past due unpaid balance of all accounts	Greater of $5 or 1.5% applied to any past due unpaid balance of all accounts
Return Payment	$25 if < or = $50; $30 if > $50 < or = $300; $40 if > $300 < or = $800; 5% if > $800	$25 if < or = $50; $30 if > $50 < or = $300; $40 if > $300 < or = $800; 5% if > $800
Unauthorized Use of Energy	Reimbursement of all extra expenses	Reimbursement of all extra expenses
Meter Tampering Charge (non-demand)	$500.00	$500.00
Meter Tampering Charge (demand)	$2,500.00	$2,500.00
Temporary Service-Overhead Charge[6]	$381.44	$390.98
Temporary Service-Underground Charge[7]	$186.04	$190.60

ISSUE 114: Should FPL's proposed revisions to the underground electric distribution tariffs for residential subdivisions and commercial customers be approved?

[6] These are revised numbers that will be included in errata that will be filed.
[7] *Id*.

Yes. The tariff revisions provide for underground service in new residential subdivisions and also apply to small commercial or industrial customers that request installation of underground electric distribution facilities. These revised charges represent the consolidated differential costs between underground residential/commercial facilities and their equivalent overhead design. (Spoor)

ISSUE 115: Should FPL's proposal to eliminate the Governmental Adjustment Factor (GAF) waiver (Tariff Sheet No. 6.300) be approved?

Yes. Subsequent to the Commission's approval of the GAF, FPL has obtained a considerable amount of additional data to calculate Avoided Storm Restoration Cost ("ASRC") as a result of experiencing numerous hurricanes and tropical storms. FPL's proposed revisions to the tariff adopt that same methodology such that any applicant seeking to convert overhead facilities to underground, provided they meet the requirements of the tariff, are afforded the same reductions in Contribution in Aid of Construction based upon the calculated ASRC. FPL's analysis suggests that the reduction in costs under the tariffs proposed in this proceeding are comparable to the credit provided under the GAF waiver. (Spoor)

ISSUE 116: Should FPL retain the existing Gulf Power Real-Time Pricing (RTP) rate for customers and expand it to be offered for customers in the combined FPL and Gulf Power systems?

No. The RTP program is not functioning as intended. Customers are not responding or curtailing load in response to higher price signals. The 120 customers on the RTP rate schedule are significantly subsidized by the remaining general body of customers. FPL offers many alternative rate schedules that are appropriately priced for customers of various sizes and load shapes. (Cohen)

ISSUE 117: Should FPL's proposed new Economic Development Rider (Original Tariff Sheet Nos. 8.802 – 8.802-1) be approved?

Yes. The new Economic Development Rider "Large EDR" is intended to be a middle layer between the current EDR at 350 kW and the CISR at 2 MW. Adding one additional incentive rider will assist in attracting companies with higher demand than the regular EDR while encouraging job creation. (Cohen)

ISSUE 118: Should FPL's proposal to increase the cap from 300 to 1,000 megawatts and from 50 to 75 contracts for the Commercial/Industrial Service Rider (CISR) be approved?

Yes. This proposed increase appropriately reflects that the consolidated FPL is a larger company that will serve 8 additional counties, an additional population base of nearly 878,000, and 476,000 additional customers in the Northwest Florida region under one unified Economic Development program. (Cohen)

ISSUE 119: Should FPL's proposal to cancel Gulf's Community Solar (CS) rider be approved?

Yes. Under a consolidated tariff structure, the Gulf CS rider does not exist. This rider was a limited availability experimental rider and has never had any participating customers. (Cohen)

ISSUE 120: What is the appropriate monthly credit for Commercial/Industrial Demand Reduction (CDR) Rider customers effective January 1, 2022?

The appropriate monthly credit for Commercial/Industrial Demand Reduction (CDR) Rider is $5.80/kW. (Sim)

ISSUE 121: Should FPL's proposal to add a maximum demand charge to the commercial/industrial time-of-use rate schedules be approved?

Yes. Currently, most commercial/industrial time-of-use customers pay $0 for any demand consumed off-peak. FPL is the only investor owned utility in Florida without a maximum demand charge that is standard for all time-of-use rates. Paying a maximum demand charge recognizes there are off-peak distribution costs that should be paid by the cost-causer and correct and intra-class annual subsidy. (Cohen)

ISSUE 122: What are the appropriate base charges (formerly customer charges) (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate customer charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Cohen)

ISSUE 123: What are the appropriate demand charges (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate demand charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Cohen)

ISSUE 124: What are the appropriate energy charges (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate energy charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Cohen)

ISSUE 125: What are the appropriate charges for the Standby and Supplemental Services (SST-1, ISST-1) rate schedules (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate energy charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Cohen)

ISSUE 126: What are the appropriate charges for the Commercial Industrial Load Control (CILC) rate schedule (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate energy charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Sim, Cohen)

ISSUE 127: What are the appropriate lighting rate charges (Fallout Issue)
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The appropriate energy charges are those shown in 2022 Test Year and 2023 Subsequent Year MFR A-3. (Cohen)

ISSUE 128: Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges?

Yes. The Commission should approve tariffs reflecting the Commission's approved rates and charges effective January 1, 2022, January 1, 2023 and tariffs reflecting the commercial operation of the SoBRA facilities in 2024 and 2025. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Cohen)

ISSUE 129: What are the effective dates of FPL's proposed rates and charges?
A. For the 2022 projected test year?
B. If applicable, for the 2023 subsequent projected test year?

The effective dates for FPL's proposed rates and charges are as follows:
Test Year proposal: January 1, 2022
Subsequent Year proposal: January 1, 2023
Solar Base Rate Adjustments: 2024 and 2025 (concurrent with the in-service date of the projects)
(Cohen, Bores)

OTHER ISSUES

ISSUE 130: Should the Commission approve FPL's requested Reserve Surplus Amortization Mechanism (RSAM)?

Yes. The Reserve Surplus Amortization Mechanism ("RSAM") has been effectively used by FPL for more than ten years. The RSAM is a core element of FPL's four-year rate plan and should be approved as set forth in Exhibit REB-11. (Barrett, Bores)

ISSUE 131: Should the Commission approve FPL's request for variable capital recovery for retired assets such that the total amortization over the four-year period ended December 31, 2025 is equal to the sum of the amortization expense for 2022-2025?

Yes. FPL should be allowed to accelerate the amortization of capital recovery if a debit to depreciation expense would be required to prevent FPL from exceeding the top of the authorized range and such debit would result in the Reserve Amount exceeding the $1.48 billion. FPL will adjust prospective amortization in December of each year such that the total equates to $512 million over the 2022-2025 period. (Barrett)

ISSUE 132: Should the Commission approve FPL's requested asset optimization incentive mechanism?

Yes. The asset optimization incentive mechanism has been successful in delivering additional value for FPL's customers while also providing FPL the opportunity to share in the benefits when certain customer-value thresholds are achieved. The approval of the incentive mechanism as an ongoing program with periodic reviews in the annual Fuel and Purchased Power Cost Recovery Clause proceedings will maintain appropriate incentives for FPL to continue identifying and acting upon opportunities for gains that create substantial value for customers. (Forrest)

ISSUE 133: Should the Commission approve FPL's requested Solar Base Rate Adjustment mechanism in 2024 and 2025 for a total of 1,788 MW?

Yes. The approval of the Solar Base Rate Adjustment ("SoBRA") mechanism will permit FPL to petition to adjust base rates to recover the cost of up to approximately 1,788 MW_{AC} of new cost-effective solar facilities that enter commercial operation in 2024 and 2025. The SoBRA mechanism is a core element of FPL's four-year rate plan and should be approved as set forth in REB-12. (Barrett, Valle, Sim, Fuentes, Cohen)

ISSUE 134: Should the Commission approve FPL's requested Storm Cost Recovery mechanism?

Yes. FPL proposes to continue to have access to the storm cost recovery framework prescribed by the 2010 Rate Settlement and continued by the 2012 and 2016 Rate Settlements. The Storm Cost Recovery Mechanism should be approved as set forth in Exhibit REB-10. (Barrett)

ISSUE 135: Should the Commission approve FPL's proposal for addressing a change in tax law, if any, that occurs during or after the pendency of this proceeding?

Yes. FPL proposes a mechanism that will allow FPL to adjust base rates in the event tax laws change during or after the conclusion of this proceeding. Following enactment, FPL would calculate the impact of the change in tax law by comparing revenue requirements with and without the change, and submit the calculation of the rate adjustment needed to ensure FPL is not subject to tax expenses that are not reflected in the MFRs submitted with its base rate request. (Bores)

ISSUE 136: Should the Commission authorize FPL to accelerate unprotected accumulated excess deferred income tax amortization in the incremental amounts of $81 million in 2024 and $81 million in 2025 or for other amounts in the years 2022 through 2025?

Yes. FPL is requesting to accelerate the amortization of unprotected excess deferred income taxes that were to be amortized in 2026 and 2027 such that those amounts would instead be amortized in 2024 and 2025 ($81 million in each year). The acceleration of the remaining two years of unprotected excess deferred income tax amortization in 2024 and 2025 will help offset the increasing revenue requirements during those two years and is a core element of the four-year plan and FPL's ability to manage the uncertainty over that length of time. (Bores)

ISSUE 137: Should the Commission approve FPL's requested four-year plan?

Yes. FPL has operated under six multi-year rate plans over the past two decades and the results for customers have been nothing short of remarkable. The fact that these plans have resulted from settlement agreements does not invalidate a multi-year plan as an authorized ratemaking option for the Commission in establishing just and reasonable rates. Multi-year plans offer rate certainty and stability for customers, and importantly they allow the Company the opportunity to continue to improve the value delivered to customers during a period of regulatory stability. Over these many multi-year periods FPL has driven its performance to the top of the industry across a series of metrics that matter most to customers -- low bills, high reliability, low emissions, and excellent customer service. (Barrett)

ISSUE 138: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FPL has no objection to making such a filing. (Fuentes)

ISSUE 139: Should this docket be closed?

Yes.

CONTESTED ISSUES

OPC

ISSUE A: Has FPL proven any financial need for single-issue rate relief in 2024 and 2025, based upon only the additional costs associated with FPL's request for Solar Base Rate Adjustments in 2024 and 2025, and with no offsets for anticipated load and revenue growth forecast to occur in 20214 and 2025?

CLEO/VOTE SOLAR

ISSUE B: This issue has been dropped.

ISSUE C: Do FPL's proposed capital investments in natural gas ensure adequate fuel diversity and fuel diversity and fuel supply reliability of the electric grid, per F.S. 366.05?

ISSUE D: Are FPL's T&D growth-related capital expenditures of $5.86 billion between 2019-2023 reasonable and prudent?

ISSUE E: Are FPL's reliability/grid modernization-related T&D capital expenditures of $5.64 billion between 2019-2023 reasonable and prudent?

ISSUE F: This issue has been dropped.

ISSUE G: This issue has been dropped.

ISSUE H: Has FPL established fair, just and reasonable rates and charges, taking into consideration the cost of providing service to the class, as well as the rate history, value of service, and experience of FPL; the consumption and load characteristics of the various classes of customers; and public acceptance of rate structures, in compliance with F.S. 366.05(1)(a), 366.06(1) and (2)?

FIPUG
ISSUE I: Are the proposed SOBRA additions in years 2024 and 2025 piecemeal ratemaking?

ISSUE J: If so, how should the proposed SOBRA additions in years 2024 and 2025 be addressed?

WALMART
ISSUE K: If the Commission determines that it will not approve unified rates for FPL and Gulf, should Gulf's legacy customers be provided access to FPL's Commercial/Industrial Demand Reduction Rider (CDR)?

V. ISSUES TO WHICH THE PARTIES HAVE STIPULATED

No issues have been stipulated at this time.

VI. PENDING MOTIONS

No motions are pending.

VII. PENDING CONFIDENTIAL REQUESTS

The following Requests for Confidential Classification are pending:

1. FPL's Request for Confidential Classification of Materials Provided Pursuant to Audit No. 2021-096-1-1, filed July 1, 2021.

2. FPL's Request for Confidential Classification of certain information provided in testimony of FAIR witness Breandan T. Mac Mathuna, filed on June 25, 2021.

3. FPL's Request for Confidential Classification of certain information provided in exhibits RCS-2 and RCS-3 to the testimony of OPC witness Ralph Smith, filed on June 21, 2021.

4. FPL's Request for Confidential Classification of certain information provided in its response to OPC's Fourteenth Set of Interrogatories No. 246, filed on June 15, 2021.

5. FPL's Request for Confidential Classification of certain information provided in its response to FIPUG's Second Request for Production of Documents No. 55, filed on June 15, 2021.

6. FPL's Request for Confidential Classification of certain information provided in responses to Vote Solar's First Request for Production of Documents Nos. 9, 15, and 37, and First Set of Interrogatories No. 88, filed on June 14, 2021.

7. FPL’s Request for confidential classification of certain information provided in response to FAIR’s First Request for Production of Documents Nos. 4, 5, and 8, filed on June 14, 2021.

8. FPL’s Request for Confidential Classification of certain information provided in responses to OPC’s 11th Request for Production of Documents Nos. 128 and 129 and 13th Set of Interrogatories No. 236, filed on June 14, 2021.

9. FPL’s Request for Confidential Classification of certain information provided in fourth supplemental response to OPC’s First Request for Production of Documents No. 36, filed on June 14, 2021.

10. FPL’s Request for Confidential Classification of certain information provided in responses to Vote Solar's Second Request for Production of Documents Nos. 61 and 76, filed on June 14, 2021.

11. FPL’s Request for Confidential Classification of certain information provided in first supplemental response to OPC’s Third Set of Interrogatories No. 148, filed June 9, 2021.

12. FPL’s Request for Confidential Classification of certain information provided in responses to Vote Solar’s First Request for Production of Documents Nos. 10, 42, and 43, filed June 8, 2021.

13. FPL’s Request for Confidential Classification of certain information provided in responses to Staff's Third Request for Production of Documents Nos. 11 and 12 and Third Set of Interrogatories (No. 80), filed June 8, 2021.

14. FPL’s Request for Confidential Classification of certain information provided in first supplemental response to FIPUG’s First Request for Production of Documents No. 45, filed June 2, 2021.

15. FPL’s Request for confidential classification of certain information provided in second supplemental response to OPC’s First Request for Production of Documents No. 36, filed May 24, 2021.

16. FPL’s Request for Confidential Classification of certain information provided in response to SACE’s Second Request for Production of Documents No. 6, filed May 24, 2021.

17. FPL’s Request for Confidential Classification of certain information provided in responses to FIPUG’s First Request for Production of Documents Nos. 5, 8, 16, 35-37, 41-45, and 47-48, filed May 17, 2021.

18. FPL’s Request for Confidential Classification of certain information provided in responses to FL Rising, LULAC, and ECOSWF’s First Request for Production of Documents Nos. 4 and 18, filed May 17, 2021.

19. FPL's Request for Confidential Classification of certain information provided in responses to FRF's First Set of Interrogatories No. 3, filed May 11, 2021.

20. FPL's Request for Confidential Classification of certain information provided in responses to OPC's First Request for Production of Documents No. 36 and Fifth Request for Production of Documents No. 91, filed May 10, 2021.

21. FPL's Request for Confidential Classification of certain information provided in second supplemental response to OPC's First Request for Production of Documents No. 13, filed May 4, 2021.

22. FPL's Request for Confidential Classification of certain information provided in supplemental] responses to OPC's Third Set of Interrogatories No. 146 and Third Request for Production of Documents No. 76, filed April 26, 2021.

23. FPL's Request for Confidential Classification of certain information provided in second supplemental responses to OPC's First Request for Production of Documents Nos. 45 and 57 and First Set of Interrogatories s Nos. 93-96, filed April 26, 2021.

24. FPL's Request for Confidential Classification of certain information provided in supplemental responses to OPC's First Request for Production of Documents Nos. 12-17, 35, 36, 44, 45, 48-50, 52, 57, 64 and 67 and First Set of Interrogatories Nos. 48, 49, 54-56, 67, 68, 93-96, 111, 112 and 115, filed April 6, 2021.

25. FPL's Request for Confidential Classification of certain information contained in MFRs D-2, C-26, and C-28, filed March 12, 2021.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS AS AN EXPERT

At this time, FPL has no objections to any witness qualifications as an expert.

IX. SEQUESTRATION OF WITNESSES

FPL does not request that the witnesses in this proceeding be sequestered.

X. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

At this time, FPL is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 14th day of July 2021.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 14th day of July 2021 to the following parties:

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