BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	)))	DOCKET NO. 20210015-EI

FLORIDA RISING'S, LEAGUE OF UNITED LATIN AMERICAN CITIZENS', & ENVIRONMENTAL CONFEDERATION OF SOUTHWEST FLORIDA'S PREHEARING STATEMENT

Florida Rising, League of United Latin American Citizens of Florida (LULAC), and Environmental Confederation of Southwest Florida (ECOSWF), by and through their undersigned counsel, and pursuant to Order No. PSC-2021-0116-PCO-EI, Order Establishing Procedure, hereby submit their Prehearing Statement:

I. Witnesses

All Known Witnesses:

FL Rising, LULAC, & ECOSWF Direct Witnesses:	Subject Matter:	Issue Nos.:
Karl Rábago	Appropriateness of FPL's capital structure, ROE, hydrogen project, gas investments, FPL bills, FPL capital generation, proposed changes to energy efficiency/demand response programs, recovery of association dues.	16-17, 25-29, 40, 42-43, 45, 47, 50, 64, 67-68, 70-73, 120, 126, 130, 137
FL Rising Witnesses:		
MacKenzie Marcelin	FL Rising standing, FPL performance/quality of service.	11, 25
Juanita Alvarez	FL Rising standing, FPL performance/quality of service.	11, 25
Leigh Ann Gustavus	FL Rising standing, FPL performance/quality of service.	11, 25

Viola Jerkins	FL Rising standing, FPL performance/quality of service.	11, 25
Elizabeth Mathis	FL Rising standing, FPL performance/quality of service.	11, 25
Andrea Mercado	FL Rising standing, FPL performance/quality of service.	11, 25
Karen Osses	FL Rising standing, FPL performance/quality of service.	11, 25
Noemi Salvador	FL Rising standing, FPL performance/quality of service.	11, 25

<u>LULAC Witnesses:</u>

Mari Corugedo	LULAC standing, FPL performance/quality of service.	25
Sarah Hernandez	LULAC standing, FPL performance/quality of service.	25
David Sinclair	LULAC standing, FPL performance/quality of service.	25
Johannes Werner	LULAC standing, FPL performance/quality of service.	25

<u>ECOSWF Witnesses:</u>

Becky Ayech	ECOSWF standing, FPL performance/quality of service.	25
Glenna Blomquist	ECOSWF standing, FPL performance/quality of service.	25
Bobbie Lee Davenport	ECOSWF standing, FPL performance/quality of service.	25
Sara Lewis	ECOSWF standing, FPL performance/quality of service.	25
Linda J. Wilson	ECOSWF standing, FPL performance/quality of service.	25

All witnesses listed or presented by any other party or intervenor

Impeachment and rebuttal witnesses as needed

Any witness revealed during continuing discovery or other investigation

Authentication witnesses or witnesses necessary to lay a predicate for the admissibility of evidence as needed

Standing witnesses as needed

II. Pre-filed Exhibits

Florida Rising, ECOSWF, and LULAC will sponsor the direct exhibits as set out below. However, Florida Rising, ECOSWF, and LULAC reserve the right to use other exhibits during cross examination of any other party's or intervenor's witnesses and will file a notice in accordance with the orders governing procedure identifying any documents that FPL claims to be confidential which Florida Rising, ECOSWF, and LULAC may use during cross examination.

Witness	Proffered By	Exhibit No.	Description	Issue Nos.
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-1	Karl Rábago Resume	
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-2	Karl Rábago Prior Testimony	
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-3	Florida Spotlight on Poverty and Opportunity	25, 70-72
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-4	NCLC – Utility Rate Design: How Mandatory Monthly Customer Fees Cause Disproportionate Harm - FL	25, 70-72
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-5	Excerpt from EEI 2020 Financial Review	70-72
Karl Rábago	FL Rising, LULAC, ECOSWF	KRR-6	ACEEE: Expanding Energy Efficiency Opportunities for Utility Customers in Florida	25, 120, 126
Becky Ayech	ECOSWF	BA-1	ECOSWF Articles of Incorporation	

All exhibits listed or introduced into evidence by any other party or intervenor

Standing documents as needed

Impeachment exhibits

Rebuttal exhibits

Exhibits determined necessary by ongoing discovery

All deposition transcripts, and exhibits attached to depositions

All documents produced in discovery

Blow ups or reproductions of any exhibit

Demonstrative exhibits

All pleadings, orders interrogatory answers, or other filings

All documents or data needed to demonstrate the admissibility of exhibits or expert opinion

Maps and summary exhibits

III. Statement of Basic Position

FPL's petition to increase rates should be denied in its entirety. The COVID pandemic has caused a year of unprecedented hardship for millions of Floridians. Rather than use its position of power and wealth to help the Floridians most in need, FPL has instead led the charge in cutting-off electricity to the most vulnerable Floridians for failure to keep up with their electric bills in this crisis. FPL does not even have a policy of suspending disconnections during the too-frequent heat waves that plague their customers. Many of FPL's low-income customers being cut-off from electricity by FPL have little access to shade, and temperatures can soar well-above outside temperatures. Cutting off power to the most vulnerable people and families is wrong and dangerous. And now, after disconnecting almost a million hardworking Florida families and small-businesses, FPL wants to increase electric rates by about 20%. This electric rate increase will not pay for things that customers actually need—like power plants to keep the lights on or a transmission system to bring the power from those power plants to the people. Instead, FPL wants to increase rates to increase its own profits—even though it is already one of the most profitable utilities in the nation—to bring back yet more money to its shareholders. The Commission should protect Floridians who are already struggling to pay their electric bills and say no to this proposed rate increase.

FPL alleges that much of this rate increase is to pay for investments in Florida to increase reliability: new power plants and new transmission lines. However, FPL already has one of, if not the most, reliable networks in the nation. Their loss of load probability—the chance of having a rolling blackout due to lack of sufficient generation resources—is so low that by 2023 FPL expects a rolling blackout less than once every 100,000 years. The industry standard and the standard FPL allegedly plans for is once every 10 years. FPL's expenditures regarding transmission are similarly extreme—billions in spending for a few extra minutes of reliability per year.

The reason FPL is spending so many billions of dollars for almost nothing for customers in return is no mystery—the more FPL spends on capital projects, the more FPL makes. This has led to an enormous increase in rate base (amount of capital "in-service" of customers). From 2005-2023, FPL's rate base has more than quintupled (going from a little over $11 billion to almost $60 billion). The acquisition of Gulf, with a rate base of a little over $1 billion in 2005, and about $2.5 billion by the time it was acquired by FPL in 2019, does not explain this difference. Instead, FPL has continuously constructed power plants and transmission lines it does not need to serve customers. FPL's drive to add to rate base is evident in its acquisition of Gulf. With a rate base of $1.2 billion in 2003, it took until 2017—almost 15 years—for Gulf's rate base to double to $2.3 billion. Since acquiring Gulf in 2019, FPL plans to almost double its rate base as a standalone entity by 2023 to over $5.1 billion. FPL, by its own admission, asked many folks who have directly benefited from these investments to testify at the service hearings. But most ratepayers are not CEOs or large developers—instead, they are simply ratepayers who have not benefited from this growth but are still expected to pay the bill. These millions of Floridians do not have time to take off several hours in order to address the Commission at the customer service hearings, the vast majority of which were held during working hours and were filled many days before they were held. The fact that many CEOs and developers spoke in favor of FPL spending is not a sign of prudent and careful investing to serve customers. The Commission need look no further than FPL's capital expenditures sprees—unmatched in the electric industry—for proof that its relentless spending to balloon the rate base is meant to increase its own profits, to the detriment, not benefit, of its customers.

Nor are FPL's quests for ever-increasing profits limited only to spending. FPL, at the same time of trying to increase profits through spending, proposes to increase service lives through a "Reserve-Surplus Amortization Mechanism." First, the service lives proposed as part of this mechanism have no basis in rationality. FPL proposes to use service lives of 50-years for combined-cycle power plants. FPL has not shown any evidence to support the idea that it is going to start making its power plants last longer, not shorter, as has been its actual practice. FPL continues to retire plants early—and still plans to recover all of the money associated with those plants through capital recovery schedules. Lower depreciation amounts going toward those powerplants just means there will be a higher likelihood of stranded assets and higher undepreciated costs still expected from ratepayers, even when units are retired and no longer contributing any benefit to customers. Second, this mechanism will be used by FPL to ensure that FPL will continue to earn at the top of its allowed return on equity, which FPL asks to be 12.5%. Given today's market conditions and what other, much smaller, less financially stable electric utilities are earning throughout the nation, 12.5% is gratuitously exorbitant, unsupported, and extractive from those least able to afford it.

FPL's proposed rate increase amounts to about $6.5 billion more dollars for FPL over the next four years. This money is not needed to serve customers to keep the lights on, to invest in solar, or to prepare for hurricanes. Instead, it is a ploy to increase profits. Setting a reasonable capital structure in line with other utilities throughout the nation and removing unneeded items from FPL's rate base, while still allowing for reasonable growth in rate base since FPL's last rate case, would result in FPL significantly decreasing rates for its customers. Since FPL has not received approval for projects driving its increases in rate base, and since these increases are not reasonable and prudent, nor even meant to serve FPL's existing customers, the Commission should order FPL to adopt a more reasonable capital structure with a more reasonable rate base and cut its rates to customers. This would bring financial relief to millions of Floridians while still allowing FPL a more-than-generous, guaranteed profit. Nevertheless, as a show of good faith, Florida Rising, ECOSWF, and LULAC will settle for a simple rejection of FPL's request to increase rates.

IV. Statement of Issues and Positions

As discovery is ongoing and the evidentiary hearing has not yet occurred, all positions are initial positions that are subject to change based on the evidence produced. If a separate position for the 2022 test year and the 2023 subsequent projected test year is not stated, then the position is the same.

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

POSITION: No. The statutory scheme for storm cost recovery is set forth in section 366.8260, Florida Statutes.

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

POSITION: No. No statutory authority exists for the RSAM.

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

POSITION: No. No statutory authority exists for SoBRA adjustments for 2024 and 2025 to be approved through this proceeding.

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

POSITION: No. While authority does exist under section 366.041, Florida Statutes, to consider FPL's services/performance in fixing rates, no statutory authority exists for the Commission to adjust FPL's authorized return on equity based on FPL's performance as proposed by FPL in this proceeding.

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

POSITION: No. Cost recovery is only permissible for costs arising from generation, transmission, or distribution of electricity.

<u>ISSUE 6</u>: Does the Commission have the statutory authority to grant FPL's requested four year plan?

POSITION: No. No statutory authority exists to grant FPL's requested four year plan as proposed by FPL.

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

POSITION: Yes.

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

POSITION: No impact.

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

POSITION: No position.

<u>ISSUE 10</u>: 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?

POSITION: No position.

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

POSITION: Yes. Florida Rising has demonstrated individual standing by being an undisputed customer of FPL that faces increasing costs due to the proposed rate increase. Florida Rising has also demonstrated associational standing by having a substantial number of customers substantially affected by the proposed rate increase, and by showing how the interests Florida Rising is trying to protect are well within its mission and the scope of this proceeding. (Alvarez, Gustavus, Jerkins, Marcelin, Mathis, Mercado, Osses, Salvador)

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

POSITION: None. Florida Rising has already been granted unconditional intervention with individual standing as a customer of FPL. The determination regarding Florida Rising's associational standing does not impact its ability to take positions on issues or otherwise impact Florida Rising's ability to take the case as it finds it.

<u>*ISSUE 13</u>: Has Smart Thermostat Coalition demonstrated individual and/or associational standing to intervene in this proceeding?

POSITION: No position.

<u>*ISSUE 14[1]</u>: What impact, if any, does the determination regarding Smart Thermostat 's associational standing have on its ability to participate in this proceeding?

POSITION: No Position.

TEST PERIOD AND FORECASTING

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

POSITION: Yes, with appropriate adjustments.

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

POSITION: No. Given the proper capital structure and rate base for FPL, the petition for an increase in rates should be denied. If FPL, in the future, projects a new need for rate relief, it can petition the Commission at that time. (Rábago)

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

POSITION: No. FPL has failed to prove any financial need for a rate increase at any time. (Rábago)

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

POSITION: No. If FPL projects a need in 2022 for a rate increase in 2023, it should petition the Commission for relief at that time.

<u>ISSUE 19</u>: 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?

[1] *Issues 13 and 14 may be dropped after an order granting/denying Smart Thermostat Coalition's Petition to Intervene is issued but are listed here as place-holders.

POSITION: No.

<u>ISSUE 20</u>: 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?

POSITION: No.

<u>ISSUE 21</u>: 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?

POSITION: No.

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

POSITION: No.

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

POSITION: It is FPL's burden to demonstrate that the factors it used for forecasting are appropriate and FPL has not shown that the factors it used are appropriate and reasonable.

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

POSITION: It is FPL's burden to demonstrate that the factors it used for forecasting are appropriate and FPL has not shown that the factors it used are appropriate and reasonable.

<u>QUALITY OF SERVICE</u>

<u>ISSUE 25</u>: 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.

POSITION: No. FPL continues to undervalue energy conservation and the efficient use of alternative energy resources, and continues to make imprudent investments in gas power plants. Additionally, there are issues with FPL's service. FPL disconnected hundreds of thousands of residential customers—likely over a million Floridians—who were not able to pay their electricity bill during the COVID-19 pandemic, and it has cut customers' power without giving adequate notice in advance. Many customers struggle to pay their current electric bill and would not be able to afford the rate increase without having to spend less on other necessities, like food. FPL customers are concerned about the impacts of climate change and do not want to pay more in their electric bill so that FPL can continue to invest in fossil fuel generation. FPL already relies on natural gas, a nonrenewable energy source, for about 70% of its energy generation. Rising temperatures will force FPL customers to spend more on electricity to cool their homes. Customers want FPL to invest in rooftop solar programs so that they can generate their own power and save money on electricity. Additionally, FPL has one of the lowest energy efficiency achievements compared to other utilities nationwide and does not provide adequate energy efficiency aid to its customers to help them lower their usage and monthly bills.

DEPRECIATION AND DISMANTLEMENT STUDIES

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

POSTION: Significantly less than as proposed by FPL. FPL has retired many assets that are no longer useful to customers but still asks that FPL fully recover not only its costs, but an unreasonably high return on equity for these poorly made investments. Most, if not all, of the capital recovery schedules are inappropriate and should not be approved. (Rábago)

<u>ISSUE 27</u>: **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?**

POSITION: Any changes to support the RSAM should be denied. Further, the adjustments of depreciation rates through the extension of asset depreciation lives using the RSAM should be denied. The depreciation parameters and depreciation rates for the accounts and subaccounts related to each production unit will depend on whether investments FPL is seeking to add to rate base are deemed prudent and reasonable. Many of the investments currently being depreciated should not be approved for recovery. Additionally, FPL has the burden to support its proposed life span estimates in the 2021 Depreciation Study for Scherer Unit 3 and FPL's combined cycle turbines, and it has failed to do so. FPL has also not carried its burden for the depreciation parameters and rates for at least the following accounts: 341 (Structures and Improvements – Solar); 343 (Prime Movers – General – Solar); and 348 (Energy Storage Equipment). (Rábago).

<u>ISSUE 28</u>: **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?**

POSITION: Any changes to support the RSAM should be denied. Further, depreciation parameters and rates regarding the construction of the NFRC transmission project and the proposal to replace the 500 kV transmission and distribution system should be denied. The depreciation parameters and depreciation rates for transmission, distribution, and general plant accounts will depend on whether investments FPL is seeking to add to rate base are deemed prudent and reasonable. Many of the investments currently being depreciated should not be approved for recovery. Additionally, FPL has the burden to support its proposed depreciation parameters and rates, and it has failed to do so for at least the following accounts: 354 (Towers and Fixtures); 355 (Poles and Fixtures); 364.1 (Poles, Towers and Fixtures – Wood); 364.2 (Poles, Towers and Fixtures – Concrete); 365 (Overhead Conductors and Devices); 370 (Meters); and 370.1 (Meters – AMI); 390 (Structures and Improvements). (Rábago)

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?**

POSITION: Any changes to support the RSAM should be denied. Even if the Commission were to approve the RSAM, it should deny the extension of asset depreciation lives using the RSAM. Additionally, FPL has the burden to support its proposed life span estimates in the 2021 Depreciation Study for Scherer Unit 3 and FPL's combined cycle turbines, and it has failed to do so. The depreciation parameters and depreciation rates will depend on whether investments FPL is seeking to add to rate base are deemed prudent and reasonable. Many of the investments currently being depreciated should not be approved for recovery. Additionally, FPL has the burden to support its proposed depreciation parameters and rates, and it has failed to do so for at least the following accounts: 341 (Structures and Improvements – Solar); 343 (Prime Movers – General – Solar); 318 (Energy Storage Equipment); 354 (Towers and Fixtures); 355 (Poles and Fixtures); 364.1

(Poles, Towers and Fixtures – Wood); 364.2 (Poles, Towers and Fixtures – Concrete); 365 (Overhead Conductors and Devices); 370 (Meters); and 370.1 (Meters – AMI); 390 (Structures and Improvements). (Rábago)

<u>ISSUE 30</u>: 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?

POSITION: Significantly lower than proposed by FPL. High reserve imbalances indicate that current and past ratepayers have paid and will pay more than their fair share of depreciation expenses than future ratepayers. Additionally, the imbalances resulting from the parameters and assumptions using the RSAM should be denied. Any resulting imbalance will depend on whether investments FPL is seeking to add to rate base are deemed prudent and reasonable. Many of the investments currently being depreciated should not be approved for recovery. The reserves for these investments can help resolve any imbalance. (Rábago)

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

POSITION: Any excess reserve should be amortized to customers reducing depreciation expense.

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

POSITION: January 2022.

<u>ISSUE 33</u>: Should FPL's currently approved annual dismantlement accrual be revised?

POSITION: Yes, to consider investments that FPL has not shown to be reasonable and prudent.

<u>ISSUE 34</u>: What, if any, corrective dismantlement reserve measures should be approved?

POSITION: Any excess reserve should be amortized to customers reducing dismantlement expense.

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?

POSITION: FPL has the burden to show that its annual dismantlement accrual and reserve for dismantlement are reasonable and appropriate. To date, FPL has not met this burden.

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?

POSITION: FPL has the burden of demonstrating that only utility-related costs are properly recorded on its books and records and reflected in the 2022 and 2023 MFRs. Florida Rising, LULAC, and ECOSWF have outstanding discovery on this question. To date, FPL has not met this burden.

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?

POSITION: FPL has the burden of demonstrating that the Dania Beach Clean Energy Center Unit costs are properly recorded on its books and reflected in the MFRs. Additionally, given that Dania Beach Clean Energy Center Unit 7 was not truly needed to meet FPL's load, these costs should be given extra scrutiny. Although Florida Rising, ECOSWF, and LULAC believe that Dania Beach Clean Energy Center Unit 7 is not needed, they do not challenge whether its existence is reasonable and prudent given the prior Commission proceedings on this issue. We understand that some costs may be appropriate, but all require extra scrutiny and justification from FPL, which FPL has not provided.

<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?

POSITION: Given that FPL has repeatedly maintained that subscribers pay for the entirety of the SolarTogether Centers (see FPL Post-Hearing Brief and Statement of Positions (http://www.psc.state.fl.us/library/filings/2020/00705-2020/00705-2020.pdf) at 2 ("The participants' payments are designed to cover slightly more than the total net fixed costs of the SolarTogether solar facilities and program administrative costs [and] the general body of customers . . . are projected to share in the savings")), and there has been no demonstration that these plants are reasonable and prudent for the general body of ratepayers, the appropriate amount is zero.

<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?

POSITION: The 2017 Settlement Agreement mandates that parties to that agreement do not contest the prudency of the battery storage pilot in this proceeding. LULAC, ECOSWF, and Florida Rising are not parties to that agreement, and hereby contest the reasonableness and prudency of these investments—they are not reasonable, prudent, and in customer interests. The appropriate amount of Plant in Service for FPL's Battery Storage Pilot projects associated with Paragraph 18 of the 2017 Settlement Agreement is zero, as FPL has not met its burden to prove the prudency of these investments.

ISSUE 40: **Is the North Florida Resiliency Connection reasonable and prudent?**

POSITION: No. Gulf Power Customers have had reliable service without this investment. FPL has failed to show that this investment is reasonable and prudent. (Rábago)

ISSUE 41: **Are FPL's 2020 through 2023 solar generation additions reasonable and prudent?**

POSITION: Although FL Rising, LULAC, and ECOSWF support utility-scale solar investments, FPL has failed to show that it has bid out these projects at the least-cost, and therefore has failed to prove that these investments are reasonable and prudent.

ISSUE 42: **Are FPL's 938 MW Northwest combustion turbine additions in 2022 reasonable and prudent?**

POSITION: Absolutely not. These combustion turbine additions are the epitome of wasteful capital spending in an attempt to enlarge rate base. Completely redundant to the NFRC, rejected by FPL's own models in 2022 and 2023, and not expected to be used more than a small percentage of the time, these investments are not meant to serve customers, but are only meant to enlarge rate base. (Rábago)

ISSUE 43: **Are FPL's combined cycle generation upgrade projects reasonable and prudent?**

POSITION: No, FPL has not met its burden to show that these projects are in customer interests and are reasonable and prudent. (Rábago)

ISSUE 44: **Are FPL's proposed 469 MW of battery storage projects reasonable and prudent?**

POSITION: No. FPL has showed no need for these investments at this time. They should be denied. (Rábago)

ISSUE 45: **Should the Commission approve FPL's proposed hydrogen storage project?**

POSITION: No. This project is simply an additional project to increase rate base and greenwash FPL's other gas (and otherwise imprudent) investments. (Rábago)

ISSUE 46: **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?**

POSITION: No. Although Plant Crist should have been retired, it should have been done in an equitable fashion that did not burden ratepayers with paying for the full costs of this stranded asset. Although customers surrounding Crist now benefit from the reduced pollution and the ceasing of uneconomic generation, customers should not be forced to pay the full costs of ended uneconomic generation and paying FPL for stranded assets. The early closure of Crist provides a warning against FPL's continued construction of other new fossil generating units that are also likely to become stranded assets well before the end of their useful lives, for which ratepayers should not be saddled paying for FPL's reckless/imprudent investment decisions.

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

POSITION: No. These gas investments are unneeded to meet the needs of Gulf customers. Not only are the additional gas investments bad for ratepayers (increasing dependency on a single fuel source) and are bad for the environment by doubling-down on fossil fuels, they also are not needed and FPL has failed to demonstrate any need for these units to adequately serve customers. FPL has also failed to show, to the extent that there is any capacity need, that renewable energy sources, energy efficiency, and energy conservation could not be used to diversify fuel sources and meet that need. (Rábago)

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

POSITION: Although the retirement may be reasonable and prudent, the related transactions were not, nor are FPL's plans to continue to include these costs in capital schedules and continue to earn an ROE. These costs were not prudently incurred and should be removed from rate base.

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

POSITION: The Consummation Payments made to JEA should not be included in rates or charged to FPL customers.

<u>ISSUE 50</u>: 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?

POSITION: Appropriate level of Plant in Service would remove all of the imprudent investments noted in this section, along with additional imprudent transmission and distribution investments, along with any other investments that FPL has not proven to be reasonable and prudent. FPL has failed to meet its burden that the appropriate level of Plant in Service is reflected in the MFRs.

<u>ISSUE 51</u>: 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?

POSITION: Significantly lower than proposed by FPL for the reasons discussed above. Further, any changes to support the RSAM should be denied. (Rábago)

<u>ISSUE 52</u>: This issue has been dropped.

<u>ISSUE 53</u>: This issue has been dropped.

<u>ISSUE 54</u>: 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?

POSITION: Construction Work in Progress (CWIP) should not be afforded rate base treatment. CWIP is plant that is not completed and thus has not provided service to customers. Therefore, the appropriate CWIP to be included in rate base is zero.

<u>ISSUE 55</u>: 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?

POSITION: FPL has the burden to show that its proposed reserves are appropriate.

<u>ISSUE 56</u>: 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?

POSITION: FPL has the burden to show that the appropriate level of Nuclear Fuel is included.

<u>ISSUE 57</u>: 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?

POSITION: FPL has failed to meet its burden to show that its projections and currently held property for property held for future use are appropriate. Much of the property is held with no date of intended future use.

<u>ISSUE 58</u>: 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?

POSITION: FPL has the burden of demonstrating that its proposed level of fossil fuel inventories are reasonable and prudent and that the costs are properly recorded on its books and records and reflected in the MFRs.

<u>ISSUE 59</u>: **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

POSITION: No. Because there is no need for a rate case, ratepayers should not be forced to pay for rate case expenses, let alone pay a return on the costs incurred by FPL in this case when they are being used to attempt to increase customer rates.

<u>ISSUE 60:</u> **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?

POSITION: FPL has the burden of demonstrating that its proposed level of deferred pension debit in working capital is reasonable and prudent and that the costs are properly recorded on its books and records and reflected in the MFRs.

<u>ISSUE 61</u>: **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?

POSITION: FPL has the burden of demonstrating that its proposed level of unbilled revenues to be included in working capital is reasonable and prudent and that the costs are properly recorded on its books and records and reflected in the MFRs.

<u>ISSUE 62</u>: **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?

POSITION: The appropriate method of calculating working capital is the balance sheet method.

<u>ISSUE 63</u>: **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?

POSITION: Working capital should be reduced by the full amount of the unamortized balance of rate case expense. Other adjustments to working capital may also be appropriate, based on the evidence adduced at hearing.

<u>ISSUE 64:</u> 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

POSITION: To arrive at the appropriate level of rate base, the following projects to be removed include, but are not limited to: CWIP ($4,068,961,000 in jurisdictional rate base in 2022, and $3,232,998,000 in jurisdictional rate base in 2023), 938 MW Northwest Florida CT ($401,245,181 in jurisdictional rate base in 2022, and $384,811,931 in jurisdictional rate base in 2023), conversion of Crist to gas (including Crist pipeline, which is $116,281,289 in jurisdictional rate base in 2022, and $111,318,249 in jurisdictional rate base 2023), North Florida Resiliency Connection ($307,421,634 in jurisdictional rate base in 2022, and $517,011,065 in jurisdictional rate base in 2023) other transmission and distribution projects to further increase reliability/grid modernization (including 500kV improvement ($1,347,514,008 in jurisdictional rate base in 2022, and $1,592,199,140 in jurisdictional rate base in 2023), Pensacola UG Modernization ($6,522,450 in jurisdictional rate base in 2022, and $78,088,606 in jurisdictional 2023) and other transmission and distribution projects to increase reliability ($4,121,012,300 in jurisdictional rate base in 2022, and $4,975,582,107 in jurisdictional rate base in 2023)), hydrogen projects, battery projects (including Manatee Battery storage which adds $310,997,096 to jurisdictional rate base in 2022, and $278,387,389 to jurisdictional rate base in 2023), consummation payment for Scherer Unit 4 ($84,493,000 added to jurisdictional rate base in 2022 and $82,309,000 added in 2023), SolarTogether projects ($1,465,422,986 in jurisdictional rate base in 2022, and $1,411,680,801 in jurisdictional rate base in 2023), and other generation upgrades that are not reasonable and prudent ($843,632,069 in jurisdictional rate base in 2022, and $802,510,192 in rate base in 2023). FPL has also failed to make any showing that several transmission and distribution projects for growth are reasonable and prudent, and has failed to show that these projects should be included in general rate base rather than paid for by those developments requiring those costs to be expended. This represents an enormous cross-subsidy to new customers from existing customers. Major projects for transmission and distribution for growth purposes during the period add another $4,818,303,752 to jurisdictional rate base in 2022, and $5,933,469,771 to jurisdictional rate base in 2023. Removal of these projects will result in at least $17,891,806,765 being removed from rate base in 2022, and at least $19,400,366,251 being removed from rate base in 2023. A determination regarding a more precise level of appropriate rate base will follow the completion of discovery and the evidentiary hearing. Even with these deductions, FPL's rate base would still be billions higher than approved in its last rate case. (Rábago)

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?

POSITION: It is FPL's burden to show that the amount of accumulated deferred taxes it has included in its capital structure is appropriate and reasonable.

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?

POSITION: It is FPL's burden to show that the amount and cost rate of the unamortized investment tax credits it included in its capital structure is appropriate and reasonable.

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?

POSITION: It is FPL's burden to show that the cost of short-term debt included in the capital structure is appropriate and reasonable. However, more debt as a ratio to equity should be included. (Rábago)

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?

POSITION: It is FPL's burden to show that the long-term debt cost rate that it has included is appropriate and reasonable. Given that Gulf's long-term debt cost rate has been significantly lower, FPL, so far, has failed to meet its burden. Furthermore, more debt as a ratio to equity should be included. (Rábago)

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?

POSITION: It is FPL's burden to show that the amount and cost rate of customer deposits are appropriate and reasonable.

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?

POSITION: The appropriate equity ratio is no higher than 52.93%. (Rábago)

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

POSITION: No. FPL does nothing to tie this "performance incentive" to any proposed enhanced "performance." It appears to be nothing more than an attempt by FPL to increase its profits without delivering any additional benefits to customers, at the cost of hundreds of millions of dollars to customers over the next 4 years. (Rábago)

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?

POSITION: The appropriate ROE is that suggested by the Office of Public Counsel—8.75%, and even that number is conservatively high. Under no circumstances is there any justification for an ROE to exceed 10%. (Rábago)

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?

POSITION: Given Florida Rising's, ECOSWF's, and LULAC's suggested ROE and capital structure, the weighted average cost of capital should be no more than 5.24% in the 2022 projected test year (as noted, the debt costs seem high). For the 2023 subsequent projected test year, the weighted average cost of capital should be no more than 5.33% (as noted, the debt costs seem high, and FPL has not met its burden to show their reasonableness).

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?

POSITION: FPL has the burden of demonstrating that the amounts of its Other Operating Revenues are appropriate for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has appropriately accounted for SolarTogether Program subscription charges for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that the amounts of its Other Operating Revenues are appropriate for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause for the 2022 and 2023 test years.

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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove revenues and expenses recoverable through the Storm

Protection Plan Cost Recovery Clause from operating revenues and operating expenses for the 2022 and 2023 test years.

<u>ISSUE 82</u>: **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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to remove all non-utility activities from operating revenues and operating expenses for the 2022 and 2023 test years.

<u>ISSUE 83</u>: **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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to reflect the appropriate percentage value (or other assignment value or methodology basis) to allocate FPL shared corporate services costs and/or expenses to its affiliates for the 2022 and 2023 test years.

<u>ISSUE 84</u>: **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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to reflect the appropriate amount of FPL shared corporate services costs and/or expenses (including executive compensation and benefits) to be allocated to affiliates for the 2022 and 2023 test years.

<u>ISSUE 85</u>: **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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate test year adjustments to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies for the 2022 and 2023 test years.

<u>ISSUE 86</u>: 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?

POSITION: FPL has the burden of demonstrating that it has made the appropriate level of generation overhaul expenses for the 2022 and 2023 test years.

<u>ISSUE 87</u>: 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?

POSITION: FPL has the burden of demonstrating that its production plant O&M expenses are reasonable for the 2022 and 2023 test years.

<u>ISSUE 88</u>: 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?

POSITION: FPL has the burden of demonstrating that its transmission O&M expenses are reasonable for the 2022 and 2023 test years.

<u>ISSUE 89</u>: 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?

POSITION: FPL has the burden of demonstrating that its distribution O&M expenses are reasonable for the 2022 and 2023 test years.

<u>ISSUE 90</u>: 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?

POSITION: FPL has the burden of demonstrating that its storm damage reserve is reasonable for the 2022 and 2023 test years.

<u>ISSUE 91</u>: 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?

POSITION: FPL has the burden of demonstrating that its Other Post Employment Benefits expenses are reasonable for the 2022 and 2023 test years. The Commission should pay particularly strict scrutiny to FPL's Post Employment Benefits for its executive leadership, particularly following a pandemic in which it disconnected more than half a million Floridian households for being unable to afford their bills during an economic crisis.

<u>ISSUE 92</u>: 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?

POSITION: FPL has the burden of demonstrating that its Salaries and Employee Benefits expenses are reasonable for the 2022 and 2023 test years. The Commission should pay particularly strict scrutiny to FPL's excessive executive compensation, particularly following a pandemic in which it disconnected more than half a million Floridian households for being unable to afford their bills during an economic crisis.

<u>ISSUE 93</u>: 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?

POSITION: FPL has the burden of demonstrating that the amount of Incentive Compensation expenses included in O&M expense are reasonable for the 2022 and 2023 test years. The Commission should pay particularly strict scrutiny to FPL's Incentive

Compensation Expenses following a pandemic in which it disconnected more than half a million Floridian households for being unable to afford their bills during an economic crisis.

<u>ISSUE 94</u>: 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?

POSITION: FPL has the burden of demonstrating that the amount of Pension expenses for the 2022 and 2023 test years are appropriate.

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

POSITION: Yes, it should be reduced to zero. Directors and Officers Liability Insurance protects shareholders from decisions they made when they hired FPL's Board of Directors and when the Board in turn hired FPL's officers. Because this liability insurance is expressly for the benefit of shareholders, not FPL's customers, FPL rate payers should not be charged for these premiums.

<u>ISSUE 96</u>: 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?

POSITION: Zero dollars. FPL ratepayers should not be made to bear the costs FPL has incurred in preparing and litigating this unreasonable and unsupported request for increased rates.

<u>ISSUE 97</u>: 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?

POSITION: FPL has the burden of demonstrating that its uncollectible expense and bad debt rate are reasonable for the 2022 and 2023 test years.

<u>ISSUE 98</u>: 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?

POSITION: FPL has the burden of demonstrating that its expense accruals for: (1) end of life materials and supplies and (2) last core nuclear fuel are reasonable for the 2022 and 2023 test years.

<u>ISSUE 99</u>: 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?

POSITION: FPL has the burden of demonstrating that its level of O&M expense for the 2022 and 2023 test years is appropriate. FPL's claimed O&M expense is excessive and should be reduced per the adjustments in OPC witness Smith's testimony to $1,330,302,000 in 2022 and $1,348,365,000 in 2023. (Smith)

<u>ISSUE 100</u>: 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?

POSITION: FPL has the burden of demonstrating that its amount of depreciation, amortization, and fossil dismantlement expenses for the 2022 and 2023 test years is appropriate. FPL's level of depreciation amortization and fossil dismantlement expense is excessive and should be reduced per the adjustments in OPC witness Smith's testimony to $2,288,846,000 in 2022 and $2,484,066,000 in 2023. (Smith)

<u>ISSUE 101</u>: 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?

POSITION: FPL has the burden of demonstrating that its level of Taxes Other Than Income for the 2022 and 2023 test years is appropriate.

<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?

POSITION: FPL has the burden of demonstrating that its level of Income Taxes for the 2022 and 2023 test years is appropriate.

<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?

POSITION: FPL has the burden of demonstrating that its level of (Gain)/Loss on Disposal of utility property for the 2022 and 2023 test years is appropriate.

<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?

POSITION: FPL has the burden of demonstrating that its level of Total Operating Expenses for the 2022 and 2023 test years is appropriate. FPL's claimed Total Operating Expenses are excessive and should be reduced per the adjustments in OPC witness Smith's testimony to $4,968,054,000 in 2022 and $5,157,082,000 in 2023. (Smith)

<u>ISSUE 105</u>: 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?

POSITION: FPL has the burden of demonstrating that its level of Net Operating Income for the 2022 and 2023 test years is appropriate. FPL's claimed Net Operating Income is understated and should be changed per the adjustments in OPC witness Smith's testimony to $2,979,176 in 2022 and $2,848,387,000 in 2023. (Smith)

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?

POSITION: Expansion factor and resulting income multiplier from Sched. C-44 is based on the assumption that FPL pays full Florida and Federal tax rates, receiving no investment credits or discounts. FPL has the burden to appropriately calculate the revenue expansion factor and the appropriate net operating income multiplier, alongside correctly accounting for their tax rates in these calculations.

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?

POSITION: It is FPL's burden to show the appropriate annual operating revenue increase or decrease.

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?**

POSITION: Yes. The consolidate cost of service and unified rate structure should be approved, although not as proposed by FPL (as rate increase should be denied and any issues with cost of service study addressed).

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

POSITION: Yes, although adjusted to reflect that no rate increase has been approved.

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?

POSITION: It is FPL's burden to show that the proposed separation of costs and revenues between the wholesale and retail jurisdictions is appropriate.

<u>ISSUE 111</u>: 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?

POSITION: For production, although other methods may be preferable, for the purposes of this case, the 12 CP and 1/13th methodology is a reasonable compromise. For transmission, the 12 CP method should be used.

<u>ISSUE 112</u>: 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?

POSITION: Although Florida Rising, LULAC, and ECOSWF believe there is no additional revenue requirement, the existing revenue requirement should be allocated to achieve parity between the rate classes. As proposed by FPL, the residential rate class will be overpaying as compared to other rate classes.

<u>ISSUE 113</u>: 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?

POSITION: The initial connection fee of $12, as proposed by FPL, is appropriate. To reconnect for nonpayment, the fee should be $0 if the customer is facing financial hardship. Otherwise, the $5 as proposed by FPL is appropriate. The $9 service charge for connection of existing account as proposed by FPL is appropriate. The field visit charge should be waived if the customer is facing financial hardship.

Furthermore, FPL's proposed changes to its terms of service regarding discontinuance of service (section 1.6) seem like an attempt to allow FPL to deny interconnection to net metering customers and should therefore be disapproved. The ability of FPL to unilaterally impose a $500 penalty (currently $200) on residential customers based on FPL's assessment of whether they tampered with a meter should be disapproved as a violation of due process. Many customers cannot afford such a penalty.

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

POSITION: It is FPL's burden to show that the revisions are reasonable.

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

POSITION: It is FPL's burden to show that the elimination of the waiver should be approved.

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?

POSITION: If the benefits for other customers are demonstrated, then yes.

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

POSITION: No. This proposed rider amounts to being a large subsidy from low-income customers to large developments and should be denied.

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?

POSITION: No.

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

POSITION: Only if FPL can show that Gulf made a good-faith effort to recruit customers, and that despite their efforts, no customers would subscribe.

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

POSITION: FPL's proposal to reduce the compensation rate should be denied and the Commission should order FPL to aggressively pursue program enrollment growth. (Rábago)

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

POSITION: Yes, although it is FPL's burden to show that the proposed maximum demand charge is reasonable.

<u>ISSUE 122</u>: 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?

POSITION: Although it would be appropriate for base charges to be decreased given the amount of rate base that should be denied as not reasonable and prudent and given the proper capital structure, the simplest thing for the Commission to do is maintain present rates.

<u>ISSUE 123</u>: 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?

POSITION: Although it would be appropriate for demand charges to be decreased given the amount of rate base that should be denied as not reasonable and prudent and given the proper capital structure, the simplest thing for the Commission to do is maintain present rates.

<u>ISSUE 124</u>: 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?

POSITION: Although it would be appropriate for energy charges to be decreased given the amount of rate base that should be denied as not reasonable and prudent and given the proper capital structure, the simplest thing for the Commission to do is maintain present rates.

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?

POSITION: No change from present rates.

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?

POSITION: No change from present rates. (Rábago)

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?

POSITION: No change from present rates.

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

POSITION: No.

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?

POSITION: Since the petition to increase rates should be denied, there should be no effective date.

OTHER ISSUES

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

POSITION: No. (Rábago)

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?**

POSITION: No. Almost the entirety of FPL's proposed capital recovery schedules should be denied. Ratepayers should not be paying for uneconomic assets that do not provide any value to ratepayers. (Rábago)

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

POSITION: No.

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

POSITION: No.

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

POSITION: No.

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?**

POSITION: No. If a change in tax law necessitates a change in rates, FPL should return to the Commission at that time to request such a change.

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?**

POSITION: No.

<u>ISSUE 137</u>: Should the Commission approve FPL's requested four year plan?

POSITION: No. (Rábago)

<u>ISSUE 138</u>: 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?

POSITION: Since FPL's petition for rate relief is due to be denied, no. If, however, the Commission does not outright deny the petition, then yes.

<u>ISSUE 139</u>: Should this docket be closed?

POSITION: After FPL's rate petition is denied, yes.

<u>CONTESTED ISSUES</u>

<u>OPC</u>

<u>ISSUE A</u>: 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?

POSITION: No.

<u>CLEO/VOTE SOLAR</u>

<u>ISSUE B</u>: This issue has been dropped.

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

POSITION: No. FPL's investments have ensured that its customers are overly reliant on natural gas and prone to rate shock with natural gas price increases.

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

POSITION: No. These capital expenditures are excessive and should be borne by customers causing the growth.

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

POSITION: No. FPL already has one of the most reliable grids in the nation. This capital expenditures are simply an attempt to drive rate base ever higher.

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)?**

POSITION: No.

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

POSITION: Yes.

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

POSITION: They should be denied and FPL should be made to show that the proposed additions are reasonable, prudent, and necessary at a later date.

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)?**

POSITION: Only if a showing is made that all customers would benefit.

V. Stipulated Issues

None.

VI. Pending Motions or Other Matters

None.

VII. Pending Request or Claims for Confidentiality

None.

VIII. Objections to Witness' Qualifications as an Expert

None, although given the time of filing this Prehearing Statement, Florida Rising, ECOSWF, and LULAC have not been able to review any rebuttal testimony. As such, Florida Rising, ECOSWF, and LULAC reserve the right to object to rebuttal witnesses' qualifications.

IX. Request for Sequestration of Witnesses

None.

X. Compliance with Order Establishing Procedure

Florida Rising, ECOSWF, and LULAC have complied with all applicable requirements of the order establishing procedure in this docket.

RESPECTFULLY SUBMITTED this 14th day of July 2021.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 14th day of July 2021, via electronic mail on:

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DATED this 14th day of July, 2021.

/s/ Bradley Marshall
Attorney