FILED 9/16/2025
DOCUMENT NO. 10736-2025
FPSC - COMMISSION CLERK

Law Office of
William C. Garner,
PLLC

PHONE: (850) 320-1701 | 3425 BANNERMAN ROAD, UNIT 105 #414 | FAX: (850) 792-6011
TALLAHASSEE, FL. 32312
BGARNER@WCGLAWOFFICE.COM

September 16, 2025

Via Electronic Filing Portal

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

Re: Docket No. 20250001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket on behalf of the Southern Alliance for Clean Energy, please find the Pre-filed Direct Testimony of Ivan K. Urlaub, and Exhibits IKU-1 – IKU-11, thereto. Service of the foregoing is being made on the parties in accordance with the attached Certificate of Service.

Should you have any questions regarding this submission, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

/s/ William C. Garner
William C. Garner, *Attorney for the Southern Alliance for Clean Energy*
Florida Bar No. 577189

Encls.

cc: Counsel for parties, as shown on the attached Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on this 16th day of September, 2025 via electronic mail on:

Ryan Sandy
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
rsandy@psc.state.fl.us

Kenneth A. Hoffman
Florida Power and Light Company
134 W. Jefferson Street
Tallahassee, FL 32301
ken.hoffman@fpl.com

Maria Moncada, David Lee
Florida Power & Light Company
700 Universe Blvd.
Juno Beach, FL 33408-0420
maria.moncada@fpl.com
david.lee@fpl.com

Jon C. Moyle, Jr.
c/o Moyle Law Firm
118 North Gadsden Street
Tallahassee FL 32301
(850) 681-3828
(850) 681-8788
jmoyle@moylelaw.com

Mike Cassel
Florida Public Utilities Company
208 Wildlight Avenue
Yulee, FL 32097
mcassel@lpuc.com

Walt Trierweiler, Patty Christensen,
Charles Rehwinkel, Mary Wessling, Octavio
Ponce, Austin Watrous
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
trierweiler.walt@leg.state.fl.us
christensen.patty@leg.state.fl.us
Rehwinkel.charles@leg.state.fl.us
Wessling.mary@leg.state.fl.us
Ponce.octavio@leg.state.fl.us
Watrous.austin@leg.state.fl.us

J. Wahlen, M. Means, V. Ponder
Ausley McMullen
Tampa Electric Company
P.O. Box 391
Tallahassee, FL 32302
jwahlen@ausley.com
mmeans@ausley.com
vponder@ausley.com

Matthew R. Bernier, Robert Pickels,
Stephanie A. Cuello
106 E. College Avenue, Suite 800
Tallahassee FL 32301
matthew.bernier@duke-energy.com
stephanie.cuello@duke-energy.com
Robert.Pickels@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Ms. Paula K. Brown
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601
regdept@tecoenergy.com

Michelle D. Napier, Jowi Baugh
Florida Public Utilities Company
1635 Meathe Drive
West Palm Beach, FL 33411
mnapier@fpuc.com
jbaugh@chpk.com

Beth Keating
Gunster, Yoakley & Stewart, P.A.
Florida Public Utilities Company
215 South Monroe Street, Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

P. J. Mattheis/M. K. Lavanga/J. R. Briscar
Stone Mattheis Xenopoulos & Brew, PC
NUCOR
1025 Thomas Jefferson St. NW
Suite 800 West
Washington DC 20007
(202) 342-0800
(202) 342-0807
jrb@smxblaw.com
mkl@smxblaw.com
pjm@smxblaw.com

James W. Brew, Laura Wynn Baker,
Sarah B. Newman
c/o Stone Law Firm
PCS Phosphate-White Springs
1025 Thomas Jefferson Street NW
Suite 800 West
Washington DC 20007
jbrew@smxblaw.com
lwb@smxblaw.com
sbn@smxblaw.com

/s/ William C. Garner
Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SOUTHERN ALLIANCE FOR CLEAN ENERGY

TESTIMONY OF IVAN K. URLAUB

DOCKET NO. 20250001-EI

SEPTEMBER 16, 2025

Q. Please state your name, business address, employer and position.

A. My name is Ivan K. Urlaub. My business address is 104 Juniper Ct, Carrboro, North Carolina, 27510. I am Principal and founder of Urlaub Strategies LLC, a strategy consulting firm. In a consulting capacity, I currently serve as Director, Energy and Infrastructure for New Energy Economics.

Q. Have you previously testified before this Commission?

A. No.

Q. On whose behalf are you testifying in this docket?

A. New Energy Economics was asked by Southern Alliance for Clean Energy to present testimony in this proceeding. I am testifying on behalf of Southern Alliance for Clean Energy.

Q. Please discuss your relevant experience, professional expertise, and educational background.

A. I founded Urlaub Strategies LLC in 2022, where I collaborate with non-profit and private clients on market research and analysis, resource economics and planning, utility tariff and program design, data centers and other large loads, carbon, and business strategies where they intersect with state, federal, and global energy policy and regulation.

Recently I have provided written comments and expert testimony in integrated resource planning proceedings involving multiple investor owned utilities in Kansas, Missouri, North Carolina, and Georgia. I have contributed to New Energy Economics publication on economic risks presented by natural gas fuel

use for electric generation and economic solutions to mitigate such risks. Prior to founding Urlaub Strategies LLC, I served in a full-time capacity in various roles including Policy Director and Executive Director for the North Carolina Sustainable Energy Association from 2005-2020.

As an Energy Security Fellow with Securing America's Future Energy in 2021, I focused on the impacts of geopolitics and global energy market dynamics on domestic energy markets, infrastructure, and resource planning.

Prior to 2005, I was a NNEMS Fellow with the U.S. Environmental Protection Agency, an Environmental Scientist with PCCI Inc. where I conducted compliance review of worst-case scenario emergency response plans of U.S. domestic oil pipeline operators and U.S. military installations. Prior to that I worked in various capacities including Junior Water Resource Economist for Development Alternatives Inc. on resolution of water resource conflicts in Jordan, Lebanon, West Bank and Gaza, Egypt, and Morocco including leading and supporting teams and projects focused in financial and tariff solutions in country.

I hold a Bachelor of Arts degree from George Washington University in both Political Science and Environmental Studies. I hold both a Master of Public Policy and a Master of Environmental Management degrees from Duke University. I also hold an Energy Resilience Certificate from the George Washington University School of Engineering and Applied Science.

Q. Have you prepared or caused to be prepared under your supervision, direction and control any exhibits or schedules in this proceeding?

A. Yes, I am sponsoring the following exhibits:

- Exhibit IKU-1 – Florida Power & Light Energy by Source from 2025 Ten-Year Site Plan
- Exhibit IKU-2 - Duke Energy Florida Energy by Source from 2025 Ten-Year Site Plan
- Exhibit IKU-3 - Natural Gas Use in South Atlantic Power Sector
- Exhibit IKU-4 - Fuel Cost for Natural Gas Power Plants (Electric Utilities only)

- Exhibit IKU-5 - Premium Paid by Floridians for Natural Gas
- Exhibit IKU-6 - Acute Spikes in Natural Gas Prices
- Exhibit IKU-7 - the Florida gas pipeline network and relevant upstream supply
- Exhibit IKU-8 - Venture Global Gator Express Flow Plot (Receipt)
- Exhibit IKU-9 - Midcontinent Express Flows Shift to Support Plaquemines Feedgas
- Exhibit IKU-10 - Florida Gas Transmission Flow Plot (Receipt)
- Exhibit IKU-11 - Gulfstream, Sabal Trail, and Destin Flow Plots (Receipts)

Q. What is the purpose of your testimony?

A. This docket is concerned with fuel costs over the period 2024 through 2026, which is a relative snapshot view of costs and potential cost savings, precluding robust identification of fuel risks and risk mitigating solutions that could yield greater annual and multi-year cost avoidance than identified in the current docket, primarily through resource diversification.

The purpose of my testimony is to show that this docket could identify and realize greater fuel cost savings and avoided future costs to the benefit of ratepayers by a) identifying and quantifying the natural gas fuel price and volatility risks utility ratepayers are increasingly exposed to, b) identifying and quantifying the opportunities for greater cost savings to the benefit of ratepayers if these natural gas fuel price and volatility risks are mitigated, and c) recommendations that could be adopted by the Commission to enable more robust fuel cost savings to be quantified and realized.

Q. Are Florida ratepayers uniquely exposed to natural gas price volatility?

A. Yes. As a whole, Florida utilities are more dependent on natural gas for generation than ratepayers in other southeast states, Florida's pipeline delivery premiums above Henry Hub pricing are higher, and Florida is served by some of the same pipelines that will face growing competition from international natural gas export markets.

Q. Would Florida ratepayers benefit from improved long-term fuel cost management?

A. Yes, the evidence in this docket shows that fuel costs are a significant and volatile share of ratepayer bills. But a one-year lookback or projection is inadequate for strategically reducing exposure to fuel costs.

Q. Does the 10-Year Site Plan process provide an adequate process to develop sound long-term fuel cost management policies?

A. As currently provided, no. The Commission accepts filed plans, but there is no resource planning docket in which evidence and expert testimony can be used to develop sound policies that apply to all jurisdictional electric utilities.

Q. Is the fuel docket the right place to address this issue?

A. On a going-forward basis, with adequate notice, yes. Florida is not merely unique in the southeast in its exposure to fuel cost volatility: it is also unique in that the Commission holds a single fuel cost docket providing an opportunity for evidence-based policy development applicable to all jurisdictional electric utilities. Indeed, the concept of just and reasonable rates would appear to include thoughtful development by the Commission of fuel cost management policy to implement in the fuel cost docket. Extending the "look forward" in the fuel docket to match the 10-year site plan would be an administratively efficient way to use an already-existing docket to incrementally develop evidence-based, improved fuel management policies.

<u>Current natural gas fuel risks ratepayers are exposed to</u>

Q. What is the anticipated energy generation portfolio in the Ten-Year Site Plans of FP&L and DEF?

A. Per the Florida PSC's requirements, both Florida Power & Light (FPL) and Duke Energy Florida (DEF or Duke) have produced Ten-Year Site Plans in 2025.[1]

According to FPL's 2025 Ten-Year Site Plan, FPL plans to add 17,433 MW of solar generation to "generate reliable energy using no fuel, which mitigates the commodity price risk to customers, enhances fuel diversity and helps secure Florida's energy independence." Significant storage additions are planned to store solar generation for dispatch as "a key resource that improves system reliability and resource adequacy by addressing the evening peak cost-effectively."[2]

FPL notes it already has 469 MW of large-scale, grid-connected battery storage installed on its system, including 460 MW across three installations that are charged by solar facilities. FPL plans include more than doubling this storage output in 2025 with an additional 521.5 MW, before adding a further 3,431 MW of storage from 2026 through 2029. In total, FPL aims to add 7,603 MW nameplate battery storage by 2034 for a total installed capacity of 8,072 MW.

Lastly, FPL is planning to add 475 MW of combustion turbine gas capacity in 2032 to address longer term load growth. Exhibit IKU-1 – Florida Power & Light Energy by Source from 2025 Ten-Year Site Plan shows an increase in combined nuclear and solar generation from 28% in 2023 to a projected 53% by 2034, and a commensurate reduction in natural gas generation.[3]

Over the next three years DEF is planning to add 900 MW of DEF-owned solar, the first 300 MW of which was recently approved by the Commission, and a total of 4,400 MW over the ten-year planning horizon,

[1] Florida Public Service Commission. Electric Utility Ten-Year Site Plan: Information and Data Requirements. Form PSC/ENG 043-E (11/97).
[2] Florida Power & Light. 2025 Ten-Year Site Plan. At page 5.
[3] Florida Power & Light. 2025 Ten-Year Site Plan. At page 6.

including approximately 1,038 MW that will be paired with storage.[4] Battery Energy Storage plans include six small projects ranging between 2.4 MW and 17.2 MW of maximum power output.

Duke notes in discussion of its projected energy sources that "although DEF's fuel mix continues to rely on an increasing amount of natural gas to meet its generation needs, DEF continues to maintain alternate fuel supplies including long term operation of some coal fired facilities, adequate supplies of oil for dual fuel back up and increasing amounts of renewable generation particularly from solar generation."[5]

While DEF's plan is to moderately increase solar energy generation and add a small amount of battery storage over the next 3 to 5 years, Exhibit IKU-2 – Duke Energy Florida Energy by Source from 2025 Ten-Year Site Plan shows that DEF's plan is to reduce natural gas generation from its currently very high 80% of total energy generation down to 70% by 2034. Continuing this concentrated dependence on natural gas exposes DEF customers to intensifying natural gas fuel price and supply risks. There are risks that are not clearly discernable when reviewing a forecast limited to only the next year.

Q. How does the energy mix and related fuel use differ between FPL and DEF's Ten-Year Site Plans?

A. FPL is proactively managing the fuel costs that are the subject of this docket by adding resources that drive dependence on gas below fifty percent.[6] As FPL notes in its Ten-Year Site Plan "New cost-effective solar will also provide fuel diversity and energy independence by reducing the amount of natural gas FPL will use to generate electricity compared to the present day and adding battery storage will provide cost-effective capacity to help maintain system reliability. This diversity will also help to act as a hedge against swings in natural gas price volatility, providing additional savings to FPL customers during these periods."[7]

[4] Duke Energy Florida, LLC. 2025 Ten-Year Site Plan. At pages 3-59 to 3-66.
[5] Duke Energy Florida, LLC. 2025 Ten-Year Site Plan. At pages 2-27 to 2-30.
[6] Florida Power & Light. 2025 Ten-Year Site Plan. At page 12
[7] Florida Power & Light. 2025 Ten-Year Site Plan. At page 6.

By contrast DEF's planned addition of 200 MW natural gas combined cycle capacity in 2025 and 940 MW of natural gas peaking capacity by 2034 maintains a high ratepayer exposure to gas price volatility far into the future.[8]

Q. Are there methodological and policy differences that underpin these contrasting fuel cost management strategies?

A. Yes. FPL assesses reliability using a stochastic loss of load probability (LOLP) analysis.[9] This approach helps FPL map out a plan to meet systemwide reliability requirements while strategically reducing volatile fuel costs.

DEF, however, relies on an Effective Load Carrying Capability Study (ELCC) that isolates the reliability contribution of certain resources. Under DEF's analysis, the firm reliability contribution of solar to its system diminishes as its modest solar capacity additions are made.[10]

These seemingly unrelated methodological differences will likely lead to materially different ratepayer outcomes in the annual fuel dockets, as I explore further in my testimony below.

Q. You said there were methodological and policy differences, but you only mentioned the methodological differences.

A. Yes. It appears to me that, as a matter of policy, ratepayers would benefit from requiring utility companies to manage fuel cost risk more like what FPL is doing, but in this regard, the Commission has not fully developed an approach that applies to all regulated electric utilities. The lack of a policy on this

[8] Duke Energy Florida, LLC. 2025 Ten-Year Site Plan. At pages 3-2.
[9] Duke Energy Florida, LLC. 2025 Ten-Year Site Plan. At pages 3-2.
[10] Duke Energy Florida, LLC. 2025 Ten-Year Site Plan. At pages 3-2.

issue is essentially leading to differing levels of fuel cost management for ratepayers in different service territories.

Q. What is the current state of natural gas fuel use for power generation in Florida and the Southeast?

A. Natural gas use for power generation has grown rapidly across the Southeast since the early 2000s, driven by the retirement of coal plants and a reduction in overall gas prices following the introduction of fracking. Consumption follows a seasonal pattern, with demand peaking during the summer months. Within the region, Florida consistently stands out: in most years over the past two decades, its natural gas use has exceeded that of Georgia, North Carolina, South Carolina, and Virginia combined, as shown in Exhibit IKU-3 - Natural Gas Use in South Atlantic Power Sector. While other states have seen steady growth, their consumption remains modest compared to Florida's, underscoring the state's outsized dependence on natural gas for electricity generation.

Q. How much are Floridians paying for natural gas power generation compared to the Southeast regional average?

A. Exhibit IKU-4 - Fuel Cost for Natural Gas Power Plants (Electric Utilities only) compares the cost of natural gas delivered to electric utility power plants in Florida and the broader Southeast with the national benchmark price at Henry Hub from 2019 through 2025.[11] It shows that the Henry Hub spot price (green dashed line) is consistently the lowest series, while both Florida and the Southeast average sit above it, reflecting transportation charges, regional basis differences, and delivery constraints. The graph is based solely on electric utility data and does not include independent power producers, due to limited availability of consistent reporting.

[11] Form EIA-857: Monthly Report of Natural Gas Purchases and Deliveries to Consumers. EIA, July 2025, Online September 8, 2025.

Florida's delivered costs are often higher than the Southeast average, especially during periods of market stress such as 2021 through 2023. The most dramatic divergence occurred in 2022, when Florida's delivered gas price exceeded $12/MMBtu, compared with about $8/MMBtu at Henry Hub. Even as national prices eased beginning in 2023, Florida's costs remained more volatile, while the Southeast average showed somewhat lower and steadier levels.

These results highlight how Florida's heavy reliance on natural gas for power generation makes it more directly exposed to higher and more volatile delivered fuel costs. The persistent gap between Henry Hub and delivered prices underscores Florida's structural disadvantage: its geographic location and dependence on pipelines increase the cost of serving its market with natural gas. When fuel costs surge, as they did in 2021–2022, these added costs flow directly onto customer bills, amplifying the financial burden on Florida consumers compared to the regional average.

Exhibit IKU-5 - Premium Paid by Floridians for Natural Gas shows that both Florida and the Southeast have consistently paid premiums above Henry Hub prices, often ranging from 20% to 60%, with several periods of extreme spikes.[12] Florida's premiums generally move in line with the Southeast average, but they more often sit at the higher end of the range, potentially underscoring the state's exposure to pipeline constraints and local energy market conditions. The most dramatic surges occurred between 2021 and 2023, when premiums exceeded 100%, meaning Florida power plants were paying more than double the Henry Hub benchmark. This volatility illustrates the risks of Florida's heavy reliance on natural gas: consumers are particularly vulnerable when national natural gas prices rise or when delivery bottlenecks amplify regional costs. By contrast, while other Southeast states also face premiums, their more balanced generation mix lessens their overall exposure to these high and unpredictable fuel costs.

[12] Form EIA-923 Power Plant Operations Report. EIA, June 2025, Online September 8, 2025; and Henry Hub Natural Gas Spot Price. EIA & Thomson Reuters, Online September 8, 2025.

Q. How is the risk of natural gas price volatility changing?

A. Florida's heavy reliance on natural gas leaves the State especially vulnerable to price volatility and supply disruptions. For consumers, the fuel cost risks are amplified during price spikes. Exhibit IKU-6 - Acute Spikes in Natural Gas Prices tracks the frequency of acute price spikes in the Henry Hub natural gas market, defined as trading days where prices increased by more than 10% compared to the previous day.[13]

From 2003 through the mid-2010s, such spikes were relatively rare, averaging only a handful of days per year. Beginning around 2019, however, the number of spikes rose sharply, and by 2022–2024 exceeded 15 to 25 trading days annually. The chart distinguishes between all months and the summer season, showing that while volatility is most visible during periods of high demand, it is now a year-round phenomenon. This sharp increase in volatility shows how significantly natural gas markets have grown more volatile in recent years. For Florida, where natural gas dominates electricity generation, each price spike translates into heightened cost uncertainty and increased risk for consumers. By contrast, regions or portfolios with a more diversified resource mix are less exposed to sudden daily swings in fuel costs.

The graph (Exhibit IKU-6) therefore highlights the danger of over-reliance on natural gas. Florida's dependence leaves customers particularly vulnerable to unpredictable fuel price shocks, while a diversified portfolio—including renewables, storage, and demand-side management—would help buffer customers from volatility and deliver greater long-term price stability.

[13] Henry Hub Natural Gas Spot Price. EIA & Thomson Reuters, Online September 8, 2025.

Q. Are there any other recent dynamics in the economics of natural gas for power generation that further increase overall cost risk for ratepayers?

A. Yes, there are two additional dynamics, including 1) rising regional natural gas demand for power generation, and 2) increased competition between Florida power plants and LNG export facilities for upstream gas supply that has historically served Florida's electricity sector.

Rising regional natural gas demand for power generation

Rising regional demand for natural gas power generation capacity and fuel may add upward price pressure on downstream gas deliveries statewide. While the U.S. achieved record domestic natural gas production in 2024, electric power generation accounted for about 40% of domestic gas consumption[14] and the Southeast power sector's demand for natural gas is expected to continue to rise. For the period 2025 through 2030, the Southeast region has over 10,000 MW of planned natural gas power plant capacity additions in some stage of planning, approval, or partially complete construction.[15] Even if only a portion of those planned new natural gas power plants come online, supply of gas in the region will tighten. Florida is dependent on upstream gas supply from other states that also supply the Southeast region.

[14] U.S. Energy Information Administration. Short-Term Energy Outlook: Natural Gas. September 9, 2025. Online on September 15, 2025.
[15] U.S. Energy Information Administration. Preliminary Monthly Electric Generator Inventory. July 2025 Report. August 25, 2025. Online on September 15, 2025.

Increased competition between Florida power plants and LNG export facility for Florida's upstream gas supply

Additional upward price pressure is possible as the U.S. is already the largest global LNG exporter and is working to increase total LNG export capacity about 53% from 2024 through 2026, primarily along the Gulf Coast.[16]

As shown on the map in Exhibit IKU-7 - the Florida gas pipeline network and relevant upstream supply, Florida is partially dependent upon gas flow from the Midcontinent Express pipeline (MEP) shown as blue to the Southeast Supply Header (SESH) shown as purple for delivery to the Florida Gas Transmission (FGT) shown as pink.[17] Florida additionally sources natural gas from pipelines including Transco, Gulf South, and Columbia Gulf (not depicted on the map).

On December 24, 2024, the Plaquemines LNG facility located in Louisiana shipped its first cargo and it recently reached its full LNG nominal production capacity. As shown in Exhibit IKU-8 - Venture Global Gator Express Flow Plot (Receipt),[18] the new Plaquemines LNG facility is now pulling 2.5 Bcf/d of feedgas. Feedgas is delivered through Venture Global's Gator Express lateral, sourced from the Tennessee Gas Pipeline (TGP), Texas Eastern Transmission (TETCO), and Columbia Gulf.

As Plaquemines LNG began pulling more gas from upstream systems including Midcontinent Express Pipeline (MEP), it created overlap with existing natural gas pipeline demand. Exhibit IKU-9 - Midcontinent

[16] U.S. Energy Information Administration. The United States remains the world's largest liquefied natural gas exporter in 2024. March 27, 2025. Online on September 15, 2025.
[17] East Daley Natural Gas Market Data. Showing Florida and the State's upstream natural gas pipeline system network. Online on September 15, 2025.
[18] East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad; U.S. Energy Information Administration. The eighth U.S. liquefied natural gas export terminal, Plaquemines LNG, ships first cargo. January 13, 2025. Online on September 15, 2025.

Express Flows Shift to Support Plaquemines Feedgas shows MEP started shifting gas deliveries to TGP while deliveries to Transco declined. [19]

Florida has seasonal gas demand driven by use in natural gas power plants to serve summer cooling loads. With MEP, TGP, and Columbia South capacity now redirecting gas volumes to rising LNG feedgas while MEP's pipeline capacity remains fixed, Florida's gas system has less flexibility to meet Florida's needs during peak periods. Exhibit IKU-10 - Florida Gas Transmission Flow Plot (Receipt) shows that gas receipts are highest during the summer peak demand months, significantly sourced by Transco. [20]

Assuming electricity demand growth will occur, this overlapping natural gas pipeline demand means DEF and FPL gas plants are increasingly competing with LNG exports for upstream natural gas supply. This competition is likely to lead to increased prices and volatility for Florida gas power plants. Exhibit IKU-11 - Gulfstream, Sabal Trail, and Destin Flow Plots (Receipts) shows that the other three lines that deliver gas to DEF and FP&L for power generation depend on upstream supply from SESH, Transco, and MEP, respectively. [21]

<u>Cost saving opportunities if natural gas fuel risks are mitigated</u>

Q. How are these risks impacting Florida utilities and their ratepaying customers?

A. The above findings are reinforced by filings by FPL and DEF in this docket. The Mohomed testimony for FPL that shows on page 6 that in 2024 FPL's final gas consumption (742,392,223 MMBtu) was 6% higher than estimated (703,079,884 MMBtu), so that even though the final unit cost ($3.8937/MMBtu) was 5% lower than FPL's estimated unit cost ($4.1178/MMBtu), the variance between FPL's estimated and final

[19] East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad.
[20] East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad.
[21] East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad.

total cost for gas was less than 1% (estimated was $2.895 billion, actual was $2.891 billion).[22] That means that FPL's increased use of gas offset the benefits to customers of lower than expected gas prices. It stands to reason that if FPL increases its use of solar and storage, it can decrease its overall use of gas generation to the benefit of customers.

The Dean testimony for DEF shows a variance of 56,958,753 MWh for gas, meaning Duke increased its use of gas for generation, which blunts the savings for customers seen in a lower than estimated price for gas: Dean calculated total gas cost would have been $106,308,685 lower than estimated if Duke had used the same amount of gas generation it estimated; instead customers only saw a total reduction in gas fuel cost of $40,349,622.[23]

Q. What potential streams of cost savings or avoidance could DEF and FPL pursue?

A. A more balanced resource mix—including renewable energy and other alternatives—would help shield customers from the financial impacts of natural gas price fluctuations. Both the premium being paid by Floridians for natural gas and the frequency and size of natural gas price spikes are likely to increase in the mid-term.

Resource diversification

FPL has analyzed and evidenced that it can maintain reliability while significantly diversifying its resource mix with solar and battery energy storage capacity additions in both the three year period covered by this docket and the ten-year site plan horizon. The Commission's approval of DEF's first phase SoBRA

[22] Testimony of Amin Mohomed filed by Florida Power & Light Company in Docket No. 2025001-EI on April 2, 2025.
[23] Testimony of Gary Dean with exhibits filed by Duke Energy Florida in Docket No. 20250001-EI on April 2, 2025.

application that is part of DEF's three-year solar expansion specifically states Duke's small but important resource diversification will also result in fuel savings.[24]

Capacity release

If DEF or FPL do not use or need all the Firm Transportation (FT) the utilities contracted for, the companies can get money back for the FT on capacity release. DEF and FPL have long-term firm transportation contracts on multiple interstate pipeline projects, and the monthly fixed cost of these contracts can be partially recovered through the capacity release market if the need for gas for electricity generation drops as the utilities diversify their portfolios. Currently, the firm transportation costs are passed on to ratepayers.

Q. What is your position on Issue 8 regarding the appropriate projected total fuel and purchased power cost recovery amounts for the one year period of 2026?

A. I recommend approval of projected total fuel cost recovery amounts for the one year period of 2026 contingent on the following requirements: that DEF develop and submit in this docket a fuel diversification plan and that FPL affirm to continue its current fuel diversification strategy.

<u>Recommendations to Commission for enabling greater natural gas cost savings</u>

Q. What do you recommend the Commission do to improve natural gas fuel cost savings and identify and realize any other natural gas-related savings to the benefit of Florida electric ratepayers?

A. The following recommendations would provide the Commission with a comprehensive, more wholly accurate and still current view of natural gas fuel and capital costs associated with maintaining reliable but more affordable electric service. These recommendations, if adopted, are likely to lead utilities and

[24] Florida Public Service Commission. News Release: Florida PSC Approves First Phase of Duke's Solar Expansion. Online on Sep 6, 2025.

the Commission to identify and then realize greater cost savings and other avoided costs to the benefit of Florida's ratepaying customers.

1. Continue this docket with a scope that is of valuable use to developing a cost-effective 10-year site plan

Issue 31 asks 'should this docket be closed?' My recommendation is no. Instead, the Commission should change the scope and requirements of the processes involved in this docket to still attain current purposes, but improve visibility to additional potential multi-year cost savings and better ensure accurate fuel price forecast assumptions. When there were only a few supply side resource options in the late 1990's to early 2000's and before LNG export became the second largest use of domestic natural gas consumption,[25] it made sense to look one year back and one year forward to ensure proper and accurate accounting and cost recovery. For this docket to be relevant going forward, more complete and robust analysis of actual and potential avoided costs can be done by expanding the time horizon both further back – possibly five years – and look forward ten years.

2. Expand TYSP requirements to include the expanded information from this docket

Again, this docket would be of significantly greater use and value in identifying potential cost savings and then developing site plans to realize those costs savings on a cyclical basis if this docket presented and vetted the utilities' multi-year fuel cost planning inputs to then be updated and used by utilities in development of the ten-year site plans.

Require using updated natural gas fuel price forecasting methodology that incorporates additional natural gas fuel price risks, including but likely not limited to:

[25] U.S. Energy Information Administration. The United States remains the world's largest liquefied natural gas exporter in 2024. March 27, 2025. Online on September 15, 2025.

- The impact of increasing domestic demand for natural gas for electric power generation across the Southeast region on natural gas fuel price, fuel supply, and natural gas capital costs;
- Increasing fuel price volatility related to acute weather and sometimes chronic geopolitical and international trade dynamics that can result in the pass through of additional hundreds of millions or billions in unplanned fuel costs to ratepayers;
- Utility fuel procurement competition with expanding LNG exports utilizing the same pipeline systems.

Q. Is there anything else you would like to say in conclusion of your testimony?

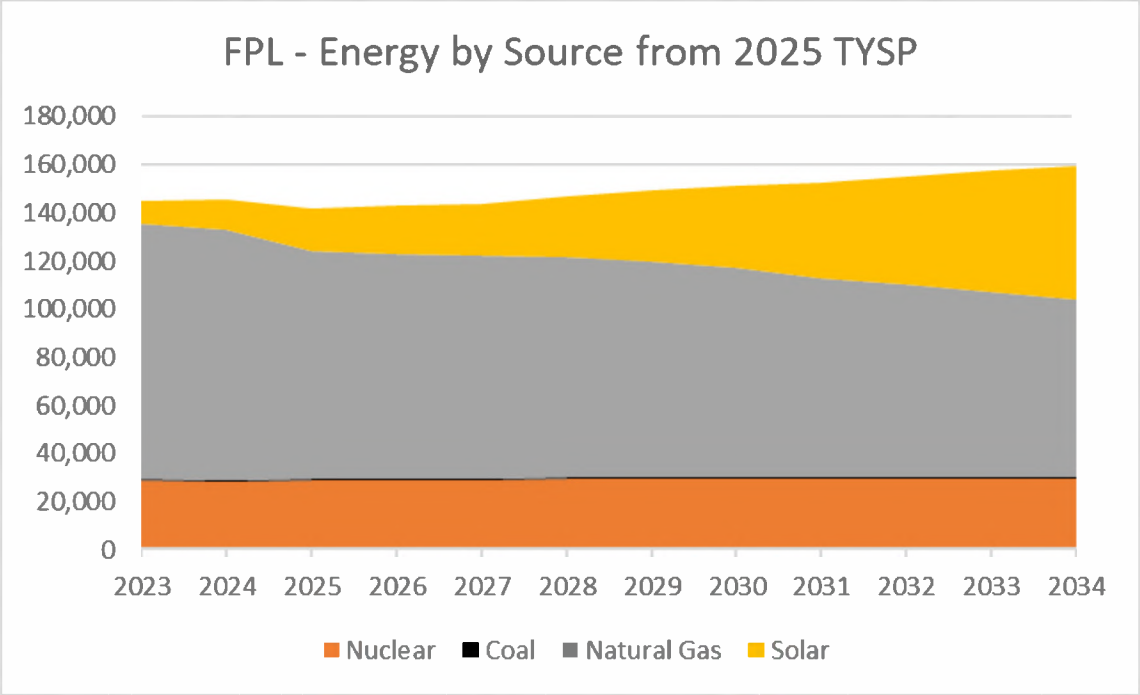
A. Including the information described above in both an expanded scope of this proceeding going forward and incorporation of same information into the utility TYSP information and data requirements going forward should improve the accuracy and completeness of cost inputs that incorporate fuel supply and cost risks, quantification of those risks, and if they remain high or intensify further, produce additional resource diversification results in TYSP's that will protect ratepayers from those fuel cost risks by mitigating them at the planning stage before multi-year capital and fuel cost commitments are made that must then be recovered from ratepayers.

Specifically, future inputs and outcomes of this docket and the utilities' ten-year site plans should have more robust risk mitigation and cost avoidance while maintaining reliability as fuel and resource diversification including hybrid resources is able to increasingly avoid higher fuel and capital costs, reducing utility and thereby ratepayer risk of paying for continued high or intensifying fuel price and supply volatility. The end product should be a more economic and efficient process resulting in a more resilient system that better insulates Florida ratepayers from the risks currently faced from the currently high and increasingly inflexible reliance on domestically produced natural gas for power generation.

Q. Does this conclude your testimony?

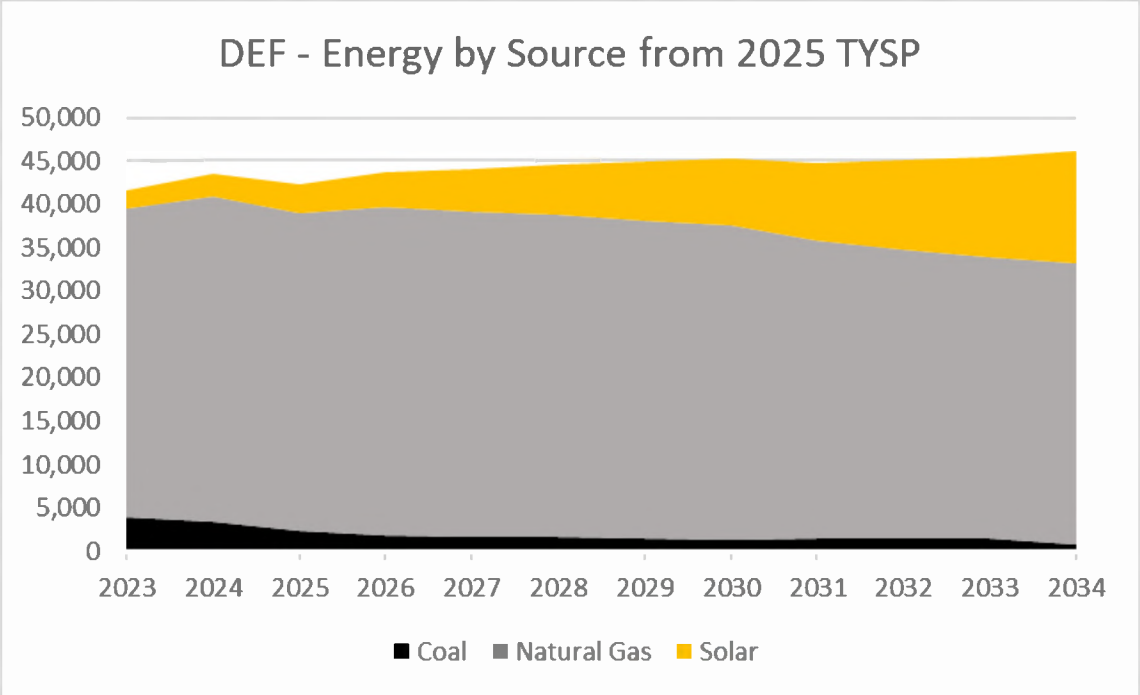
A. Yes.

Exhibit IKU-1 – Florida Power & Light Energy by Source from 2025 Ten-Year Site Plan



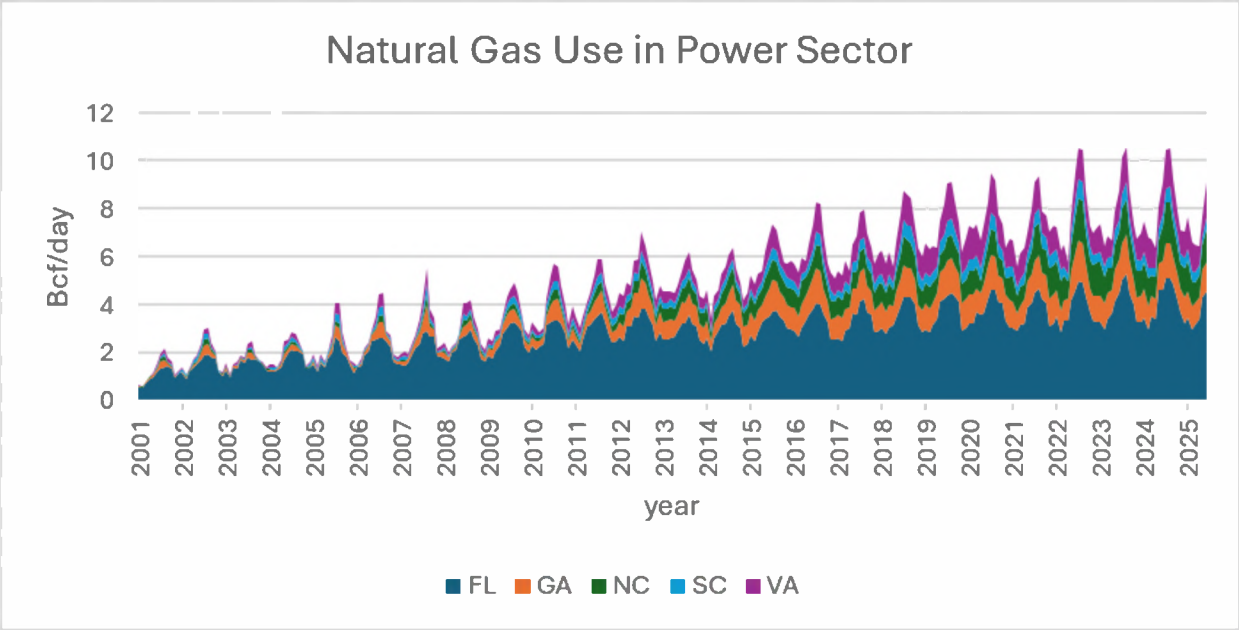
Source: Florida Power & Light. 2025 Ten-Year Site Plan. At page 6.

Exhibit IKU-2 - Duke Energy Florida Energy by Source from 2025 Ten-Year Site Plan



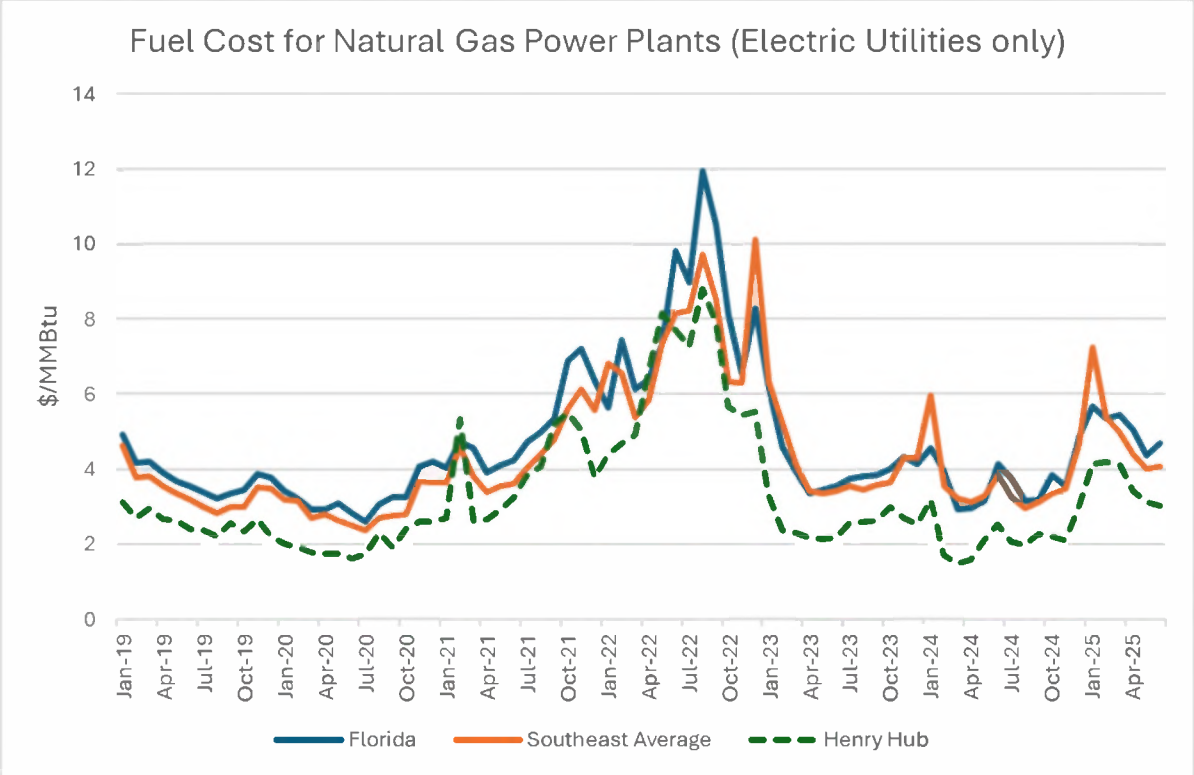
Source: Duke Energy Florida, LLC. 2025 Ten-Year Site Plan.

Exhibit IKU-3 - Natural Gas Use in South Atlantic Power Sector



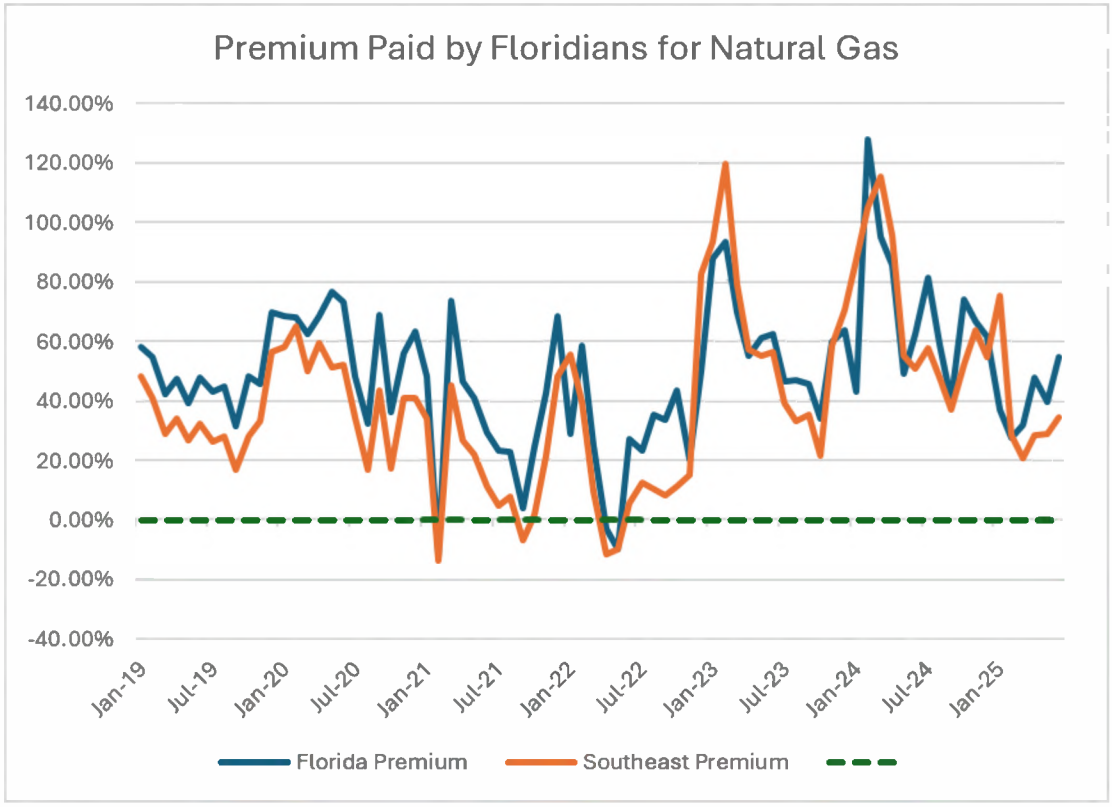
Source: Form EIA-857: Monthly Report of Natural Gas Purchases and Deliveries to Consumers. EIA, July 2025, Online September 8, 2025.

Exhibit IKU-4 - Fuel Cost for Natural Gas Power Plants (Electric Utilities only)



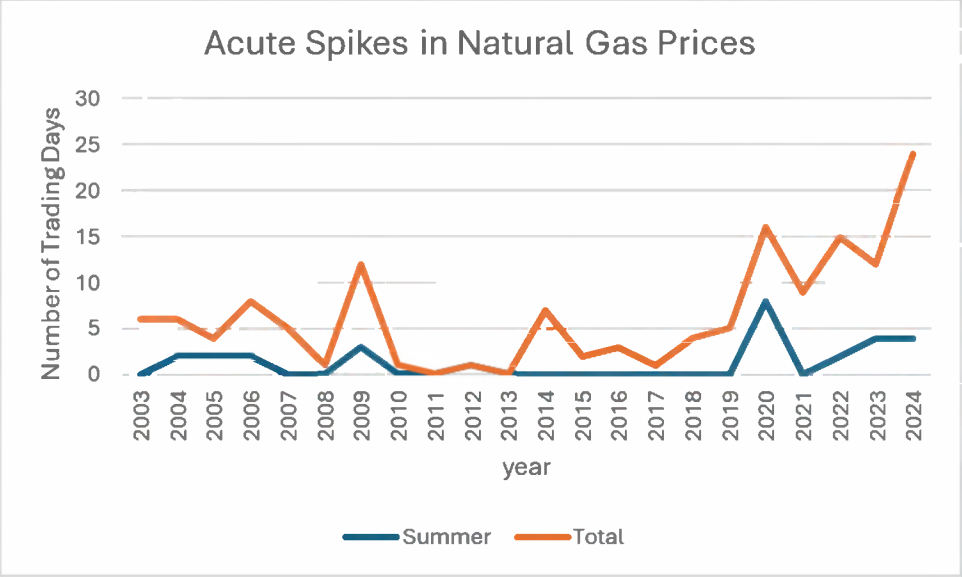
Source: Form EIA-923 Power Plant Operations Report. EIA, June 2025, Online September 8, 2025; and Henry Hub Natural Gas Spot Price. EIA & Thomson Reuters, Online September 8, 2025.

Exhibit IKU-5 - Premium Paid by Floridians for Natural Gas



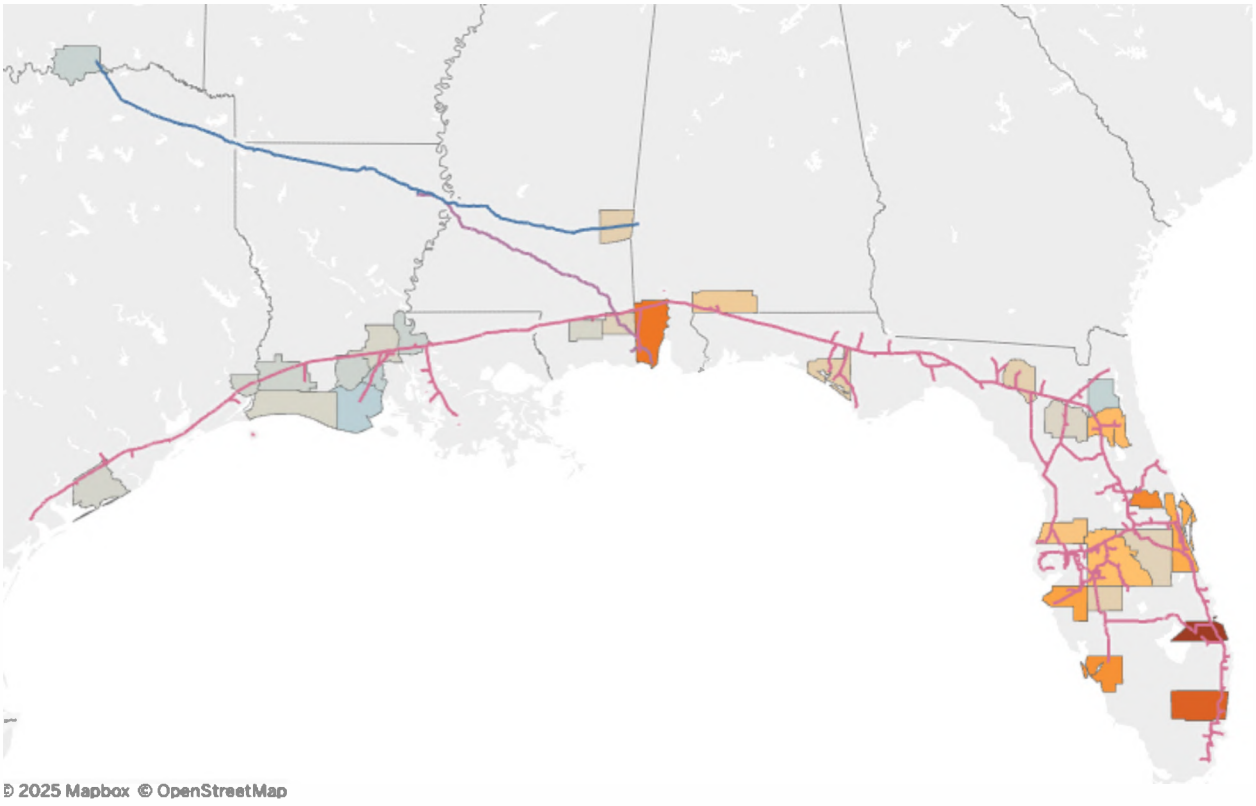
Source: Form EIA-923 Power Plant Operations Report. EIA, June 2025, Online September 8, 2025; and Henry Hub Natural Gas Spot Price. EIA & Thomson Reuters, Online September 8, 2025.

Exhibit IKU-6 - Acute Spikes in Natural Gas Prices



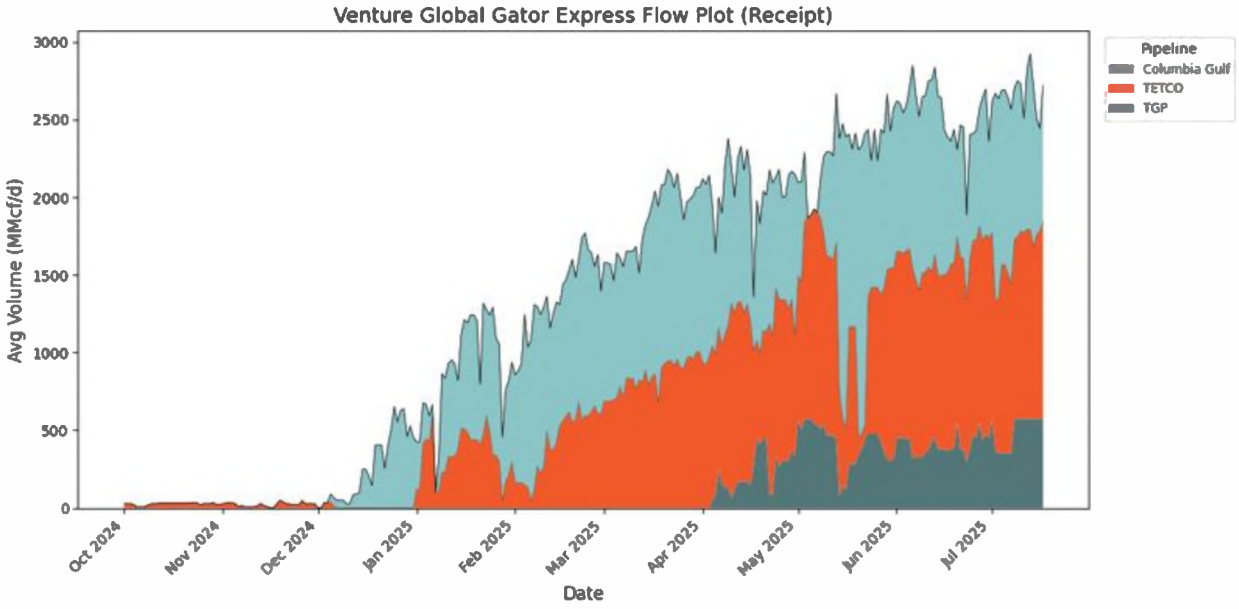
Source: Henry Hub Natural Gas Spot Price. EIA & Thomson Reuters, Online September 8, 2025.

Exhibit IKU-7 - the Florida gas pipeline network and relevant upstream supply



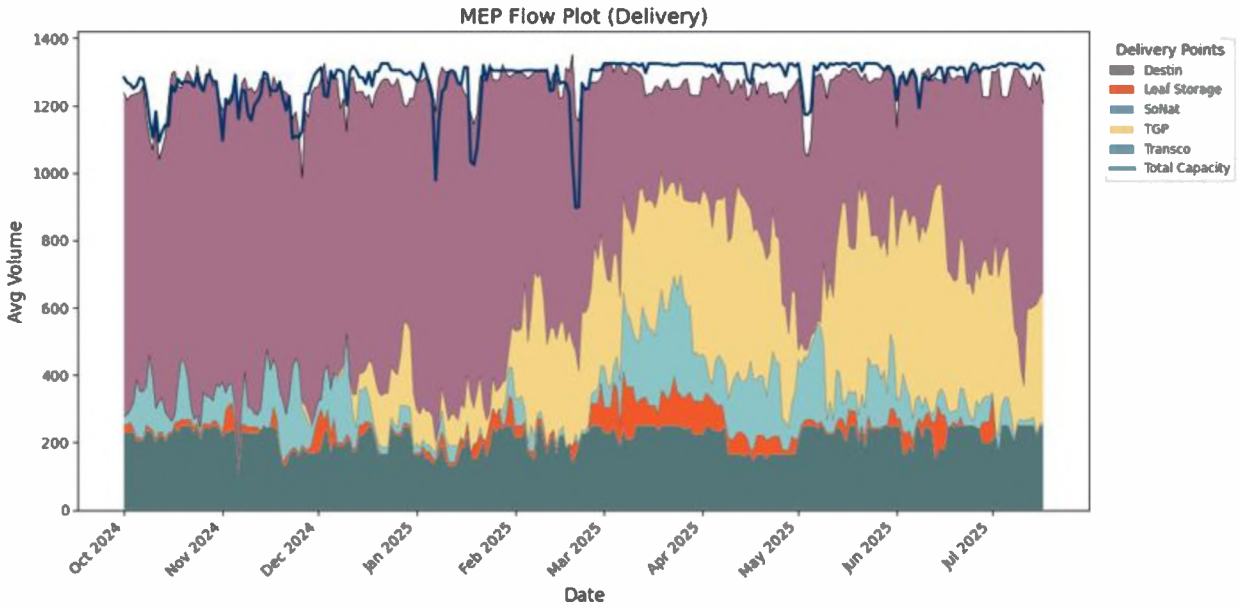
Source: East Daley Natural Gas Market Data. Showing Florida and the State's upstream natural gas pipeline system network. Online on September 15, 2025.

Exhibit IKU-8 - Venture Global Gator Express Flow Plot (Receipt)



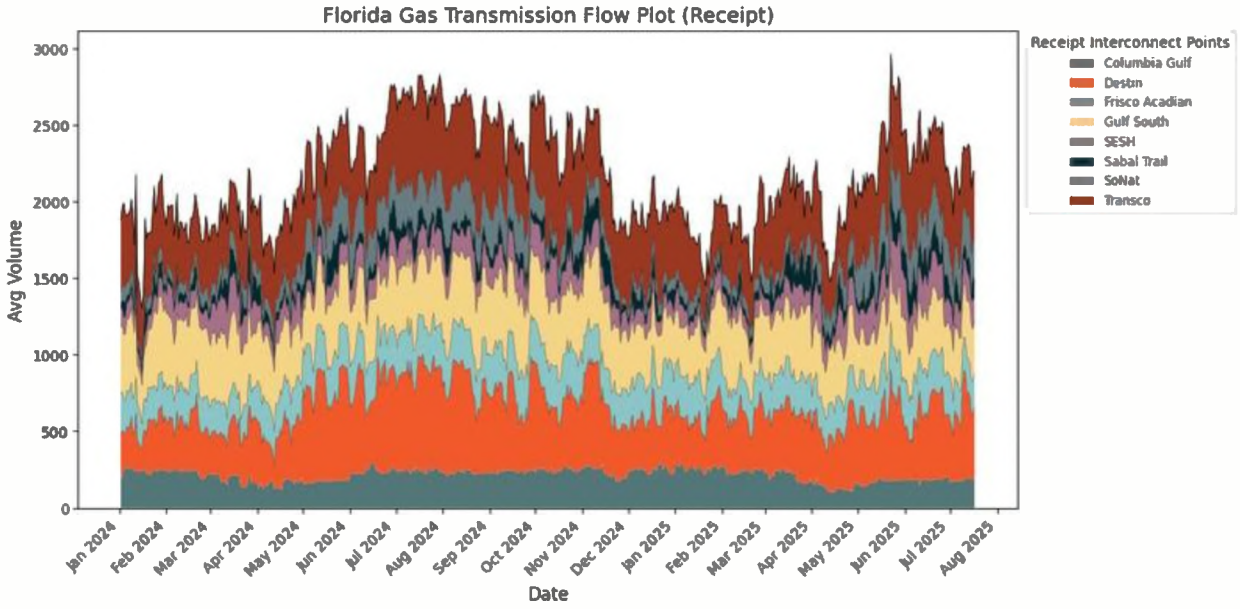
Source: East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad; U.S. Energy Information Administration. The eighth U.S. liquefied natural gas export terminal, Plaquemines LNG, ships first cargo. January 13, 2025. Online on September 15, 2025.

Exhibit IKU-9 - Midcontinent Express Flows Shift to Support Plaquemines Feedgas



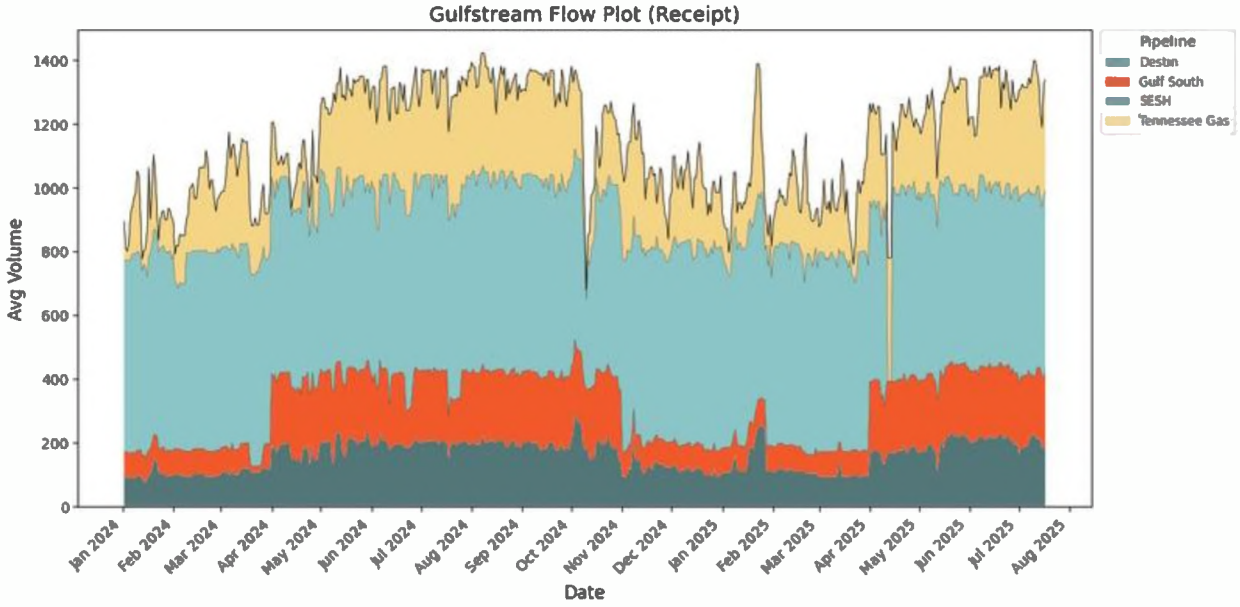
Source: East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad.

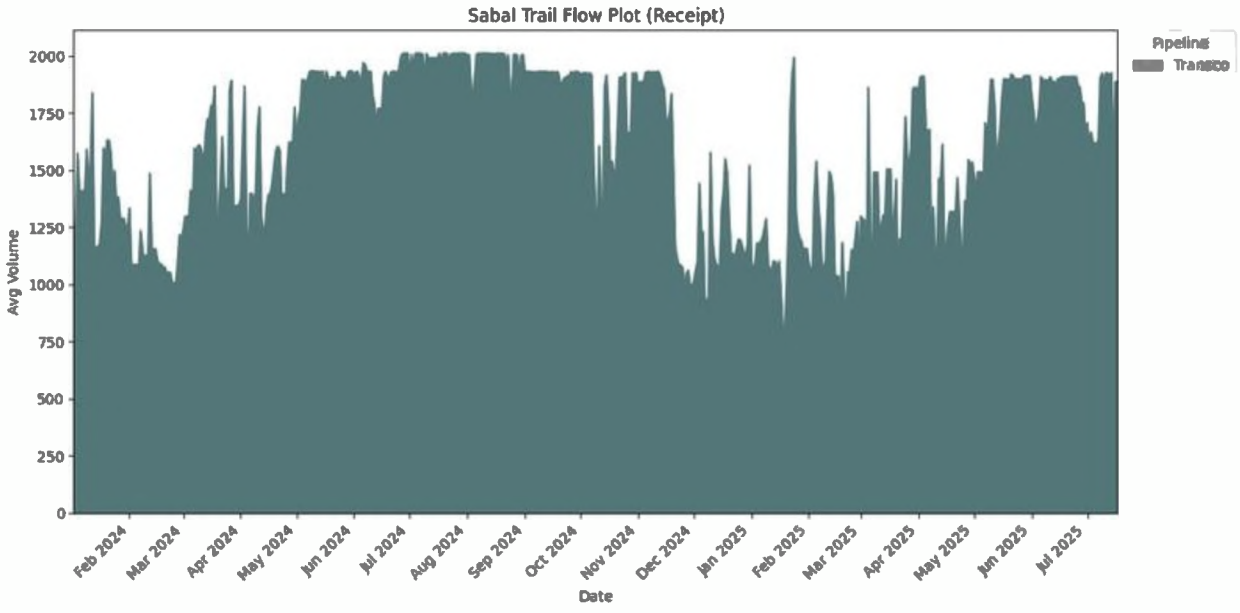
Exhibit IKU-10 - Florida Gas Transmission Flow Plot (Receipt)

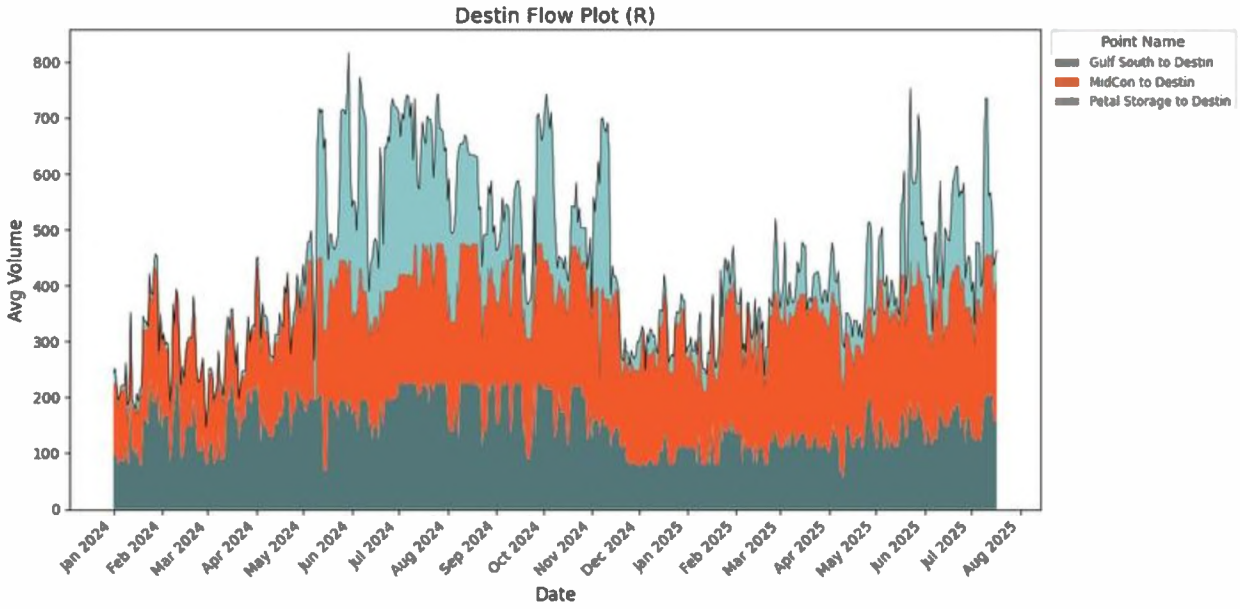


Source: East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad

Exhibit IKU-11 - Gulfstream, Sabal Trail, and Destin Flow Plots (Receipts)







Source: East Daley. Plaquemines Insights: July 17, 2025. Posted by Kritika Gaikwad.