BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: DOCKET NO. 20250011-EI

Petition for rate increase by
Florida Power & Light Company.
_______________________________/

VOLUME 10
PAGES 2067 - 2251

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO SMITH

DATE: Friday, October 10, 2025

TIME: Commenced: 9:00 a.m.
Concluded: 4:50 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
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I N D E X

EXHIBITS

NUMBER:		ID	ADMITTED
279-283	As identified in the CEL		2139
273-278	As identified in the CEL		2196
991	As identified in the CEL		2196
114-124	As identified in the CEL		2247
796-797	As identified in the CEL		2248
816	As identified in the CEL		2248
1119	As identified in the CEL		2248
1212	As identified in the CEL		2248
1234-1250	As identified in the CEL		2249
1516-1519	As identified in the CEL		2249

P R O C E E D I N G S

(Transcript follows in sequence from Volume 9.)

CHAIRMAN LA ROSA: All right. Well, good morning, everybody. Sorry for running a few minutes behind. Just trying to take care of some business.

I am going to go ahead and recognize Commissioner Fay for recognition.

COMMISSIONER FAY: Thank you, Mr. Chairman. Just real quick. I know Commissioner Graham couldn't be here today, but the past, I guess, seven years I have been here, he has recognized October as Breast Cancer Awareness, and I know his family has been impacted by it. My mom is a survivor of breast cancer, and I just think, you know, one of these issues that's really important to all of us. So from a public service perspective, I obviously encourage folks to get checked and just support the goal of, you know, eventually hoping to care and at least prevent cancer in a large degree.

So we have a lot of really good institutions. My family has treated at Moffitt, but I think it's something really important for our state and society. So just to honor Commissioner Graham even though he can't be here, I know it's important to him, so thank you.

CHAIRMAN LA ROSA: Great. Well, thank you for doing that. And you just never know who you impact by simple awareness, you know, opportunities such as that. So my family have certainly been affected by breast cancer and other cancers, so I appreciate you doing that in the absence of Commissioner Graham.

All right. Are we ready to roll? Any preliminary matters? Anything happening between eight o'clock last night and this morning?

MR. STILLER: I believe FPL has one preliminary matter to address this morning.

CHAIRMAN LA ROSA: Okay.

MR. BURNETT: Good morning, Commissioners. Thank you.

We will add to our offer from yesterday, Mr. Bores, to combine his rebuttal and his direct if that's the will of everyone, and also Mr. Coyne is prepared, if anyone has thought about it more to do his rebuttal and direct combined today too if it's helpful.

CHAIRMAN LA ROSA: Okay. I know there was certainly chatter about that yesterday, and some of the questions were may tend to go that direction, but let me ask OPC.

MS. CHRISTENSEN: While we appreciate the offer, we are still going to maintain our position that we want to do those separately as that was how we prepared and that's how it was presented to us, so...

CHAIRMAN LA ROSA: Okay. So that -- let me make sure I have got the record straight and I am looking at a schedule in front of me. What is -- I guess what is the plan, or how did you come -- I am going to ask OPC this question. How did you come prepared, not necessarily of the order, but what time would you be ready for rebuttal?

MS. CHRISTENSEN: I mean, we are ready to, you know, as it comes in the order, which I guess would be after all the intervenor persons present their testimony, we are prepared to move forward with Bores and Coyne. But that may be next week, or it may be late Tuesday or early Wednesday, because that's the order that they would appear in.

CHAIRMAN LA ROSA: Okay. I will go to staff. Is it something we can discuss, or maybe it's worth taking a timeout for a few minutes? I know we just got started, but --

MR. STILLER: It's probably worth taking three minutes.

CHAIRMAN LA ROSA: Sure. Let's do that. Let's have a three-minute break two minutes into this meeting.

(Brief recess.)

MR. STILLER: Mr. Chair, I am sorry, if we go back on the record for one minute?

CHAIRMAN LA ROSA: Sure. Let's do that.

MR. STILLER: And you asked for OPC's position. The question is are there any other parties on the other side of the table who have a different or additional position for consideration?

CHAIRMAN LA ROSA: I apologize, I didn't mean to forget anyone -- any other parties that are here, so can I ask if any of the parties have any opinion one direction or the other?

MR. SCHEF WRIGHT: I need to ask a clarifying question. This is the position on whether Mr. Coyne and Mr. Bores might present their direct and rebuttal together, is that the question?

CHAIRMAN LA ROSA: Yes. Correct.

MR. SCHEF WRIGHT: It's not our primary issue. I would rather take them separately, but if everyone else were agreeable to taking them together, I could do that. Thank you.

MR. MARSHALL: And we will just echo what Mr. Wright said, is that, you know, we support OPC and, I think, are prepared to take them separately, but, you know, we are also willing to take them together if that's the will of the group.

CHAIRMAN LA ROSA: Okay. Any other parties? FEIA?

MR. MAY: Good morning, Mr. Chairman. FEIA believes that it would be in the interest of regulatory and judicial economy to allow the witnesses to present their direct and rebuttal, and we think that would be the most efficient, particularly when we have been going late and I know that some witnesses have traveled out of town, and with respect -- and in respect to those witnesses' travel schedules and having to stay over days and days when they could be presenting their testimony at the same time, we think it makes sense to allow them to put their testimony on at the same time, rebuttal and direct.

CHAIRMAN LA ROSA: Okay. Thank you.

All right. Seeing -- yes, OPC? Sorry.

MS. WESSLING: Thank you, and I just want to make a quick comment about this, because I don't think it's apparent maybe. When we prepared, you know, we had the prehearing order, we prepared with split witnesses, splitting up their testimony, and although it might sound like a simple thing to just combine testimonies, it's not as simple as it might sound, because we have to go through, we have to cross reference depo transcripts and direct and rebuttal pages, and when we have to separate them, if there are issues that are addressed in both the direct and rebuttal, we have to then -- if we -- if it were to be combined right here and now, we have to go in our notes, move things around and it's -- we have to make sure that we are not duplicating things, and it can cause us to have to jump around as we are presenting our cross, which can add to the confusion of matters.

And I also just wanted to add that, you know, we have done a lot to accommodate and consolidate and combine things and be as efficient as possible. So I just don't want it to look like OPC is being, you know, a stick in the mud and just being difficult for the sake of being difficult. I can assure you that's not the case.

We are just trying to accommodate things, make things smooth -- run as smoothly as possible. We have stipulated to witnesses and exhibits and things even this morning. So we are working really hard, especially if the Commission can't see it, we are working really hard behind the scenes to keep things moving and to -- in the interest of time, but because, you know, we are the first person to cross, and when things like this happen, it's just -- it's more complicated than it might seem to make sure that things are done, you know, in an efficient manner, and to combine testimonies that for nine months we were told were going to be separate.

So it's just -- it might not be apparent, but wanted to make that point clear. And I also just want to make sure that no one here thinks that we are wasting time, or we are doing things to waste time. I mean, we have worked very hard to be efficient and combine things, and I just don't want that impression to be given at all.

So, you know -- and we will continue to be efficient, and we will continue to cooperate with, you know, requests and consider things, but just given the tone of a lot of the objections and things that have been made this week that have insinuating that we have been wasteful of time, it -- I just needed to say this.

Thank you.

CHAIRMAN LA ROSA: Thank you. And I appreciate the cooperation and the efficiency, and the task at hand is certainly not ignored, and it's visible, and we appreciate and see the hard work, not just you are party, but all the parties have put into this.

MR. SCHEF WRIGHT: Very, very briefly, just a simple procedural point.

I think out of 16 or 17 witnesses of FPL who are presenting direct and rebuttal testimony, all but two are presenting their direct and rebuttal testimony together. You have an order that we have relied on necessarily as to how the hearing was going to go. If FPL had told us at the original prehearing conference, or even more recently, that they wanted Mr. Bores and Mr. Coyne to appear to present their direct and rebuttal together, they could have done that and it could have been reflected in the order and we could have gone forward accordingly. It's not OPC's fault.

CHAIRMAN LA ROSA: Sure. And certainly, we are not blaming -- I am not blaming OPC, and I don't want that to be the case. I think more than anything, at least for me as Chair, and as running this hearing, is I am looking at the schedule, and I am looking at, you know, what's still before us.

So we will take that three-minute break and we will confer with staff. Thank you.

(Brief recess.)

CHAIRMAN LA ROSA: All right. So this is what we are going to do -- oh, I'm sorry. Good. You can hear me loud and clear?

All right. So this is what we're going to do. So we are going to finish -- OPC is going to finish direct with the Witness Coyne. I am going to ask FEL and FAIR to combine direct and rebuttal with this asked witness, right. I am going to ask that we reorder the Walmart witnesses after we are done with direct. Giving you -- you both said that you are prepared -- a little bit of time come back and finish with Witness Coyne. I presume this would take maybe the rest of the day to get through this witness.

We will pick up the rest of the schedule, and we will then see -- then we will have OPC do rebuttal at the end of this phase, Phase I, before we go into Phase II. That will be the opportunity for rebuttal on Coyne.

MS. CHRISTENSEN: Commissioner, OPC would register strenuously an objection to having us do just the direct case and all of the intervenors who are on our side do the direct and rebuttal together.

Inherently, there is a notice issue with that, and the notice provided that all of the intervenors were going to do the direct case for Coyne and for Bores and then do rebuttal after the intervenor witnesses came and presented their testimony sometime next week.

So we have a notice issue, and I don't think that that can be cured by us just doing the direct and having the other intervenors doing it combined. It creates a problem with the record. In the direct case, the utility has the burden of proof to demonstrate that they have met their burden of proof in the direct case. When you do direct and rebuttal together, it confuses the record, there is a lot of information that has been presented as part of FPL's rebuttal cases that should maybe have been presented in the direct case, and it creates a messy, messy record for appeal. That's the second issue that we have.

And as we said, you know, finally, you know, this is a notice issue. Y'all a prehearing order, you set out the order of witnesses. We have accommodated 15 out of the 17 witnesses, we have direct and rebuttal together. These two were specifically witnesses that FPL had requested be done separately. I mean, that was their strenuous request. We have accommodated that, and now, at the last minute, we are prepared to go on a Friday in the middle four days into this case, we are being asked to change up our expectation of the presentation of the case. We strenuously object to that.

Thank you.

CHAIRMAN LA ROSA: FEL?

MR. MARSHALL: We would also object to that procedure, Mr. Chairman, because procedurally, just it wouldn't make any sense. There has been no rebuttal testimony until it's entered into the record as though read, and so I am not sure what we are crossing on if it's combined together and there has been no rebuttal testimony yet.

It just doesn't make sense for us to be doing cross on rebuttal testimony that doesn't exist while OPC, you know, we have a specific witness coming back later to do the rebuttal testimony and then do the cross on the rebuttal. Procedurally, it just -- it makes no sense and creates a record that would make to sense, and so we would object on those grounds.

CHAIRMAN LA ROSA: FAIR?

MR. SCHEF WRIGHT: Thank you, Mr. Chairman.

In procedural terms, I strongly believe you should follow your order, which says this is how it's going to be. Parties are entitled to rely on that.

Separately, I do -- I just want to ask the clarifying question, what, if any, thought -- make a factual point. Both Mr. Bores and Mr. Coyne will be back twice next week for -- on Phase II. They both have direct and rebuttal on Phase II. They will both be here next week.

But my other question is simply is it your intention that we would take Mr. Bores' direct whenever he falls, whether that's today or on Monday, and then follow the order set forth in the prehearing order and then take Mr. Bores as set forth in the prehearing order?

CHAIRMAN LA ROSA: My intentions are to take Bores when -- where he falls, so whether that's

today, whether that's --
MR. SCHEF WRIGHT: Sure.
CHAIRMAN LA ROSA: -- you know, later next week, the intentions, frankly, were to have Coyne at the end of this first phase so that knowing exactly what -- partly of what you said, is that they also have to reappear in the second phase.
MR. SCHEF WRIGHT: Well, Mr. Coyne's rebuttal is necessarily at the end of this first phase, as scheduled.
CHAIRMAN LA ROSA: Right.
MR. SCHEF WRIGHT: But you just said Mr. Coyne. Did you mean Mr. Bores in answering my question? I just want to understand what we are doing. I am not being argumentative.
CHAIRMAN LA ROSA: No, the idea was to push Coyne off until next week, as far as being on the stand -- I don't want to say being on the stand ones, but being here once in the sense that we get him at the end of Phase I, we bring him right back on Phase II. There is an efficiency in ultimately in doing that, and then similar with Bores.
MR. SCHEF WRIGHT: I am still unclear whether Bores will appear, do his direct, leave the stand, whatever else happens in the order of witnesses

happens, and then he comes back and does his rebuttal as scheduled? That's my question.

CHAIRMAN LA ROSA: He would for OPC.

MR. MARSHALL: We would have the same procedural objection then for doing that with Mr. Bores.

MR. SCHEF WRIGHT: I think this is -- I think that's the right way to go, and I will tell you it's not going to save much time -- it's not going to go safe any time at all to have us do Mr. Bores together. I think following your procedure is the right thing to do -- following you are order is the right thing to do.

CHAIRMAN LA ROSA: Okay.

MS. CHRISTENSEN: And, Commissioner, just I wasn't certain that it was applying to Mr. Bores as well, that he would be taken up as direct and cross for the other two intervenors and not for OPC, is that what the Commission is proposing? Or is direct going to be for all intervenor witnesses on Mr. Bores, he would come back next Wednesday, finish up the Phase I case with his rebuttal and then we go into the settlement?

CHAIRMAN LA ROSA: He would do direct and rebuttal together.

MS. CHRISTENSEN: Okay.

CHAIRMAN LA ROSA: My hope was, based on the comments, giving you more time to prepare for him.

MS. CHRISTENSEN: Then we would object on the same basis that we did for Mr. Coyne, that it would be unfair to our due process if two out of the three intervenors take direct and rebuttal together and we are just taking direct on both of these witnesses, and there is not an efficiency to be gained, because if they are going to come back next Wednesday or Tuesday because they are coming after intervenor witnesses, then I don't know that there is much efficiency to be gained by having these people do the rebuttal essentially out of procedural order.

And I think that, you know, it creates, like I said, a due process burden and a noticing issue in the whole case. And, again, we would strenuously object to that procedural approach for Mr. Bores, as well as Mr. Coyne.

And, you know, we are here today, we are ready to proceed as was noticed in the prehearing order, and we are ready to take Mr. Coyne and Mr. Bores direct today, and we think that that would be the appropriate procedure.

Thank you.

CHAIRMAN LA ROSA: FAIR?

MR. SCHEF WRIGHT: Mr. Chairman, I aver to you in good faith I am not trying to slow this down, but we've had other conversations about scheduling that bear directly on this, and we are trying to get to a resolution that would work for everybody, may we please have another break?

CHAIRMAN LA ROSA: Yes.

MR. SCHEF WRIGHT: Thank you.

CHAIRMAN LA ROSA: Let me hear from FPL, or any other party, but can it be a three-minute break, even though I know I exceeded that last time, but a three-minute break and we will come back as soon as --

MR. SCHEF WRIGHT: We will do it as quick as we can, Mr. Chairman. Thank you.

THE WITNESS: All right. Any other parties? FPL?

MR. BURNETT: Mr. Chairman, if I could just say one thing. I apologize for opening this can of worms. Seriously, this was in good faith to try to move things along.

I would note this one suggestion of FPL doing this at the last minute. The reason that we are waiving our right in having the last word in trying to move things along is we have heard people asked to do math equations time and time again; asking if the sun rises in the east and sets in the west; asking does a document actually say this, read the title, read this paragraph, when it's easily in the record and my stipulations have gone rebuked, and repetitive questions over and over. That's why I made the offer because they can tell you all day that they are being efficient. They are not. They are wasting time, and that's why I tried to do it.

MS. CHRISTENSEN: All right. Commissioners, we are going to have to object to Mr --

CHAIRMAN LA ROSA: I understand.

MS. CHRISTENSEN: -- Burnett's mischaracterization of our running of the case.

CHAIRMAN LA ROSA: I understand.

MR. MARSHALL: Absolutely.

CHAIRMAN LA ROSA: I am not going to -- I don't need to open up a hearing on efficiency, right. I want to focus on, obviously, the job at hand.

FAIR, you have asked for a three-minute break. I am assuming that's to convene with the other parties?

MR. SCHEF WRIGHT: With the other parties, probably including FPL. Thank you, Mr. Chairman.

CHAIRMAN LA ROSA: Okay. So let's do that. Let's reconvene here in three minutes.

(Brief recess.)

CHAIRMAN LA ROSA: All right. Are we ready to get back at it? FAIR, you were asking for a break convene about discussions?

MR. SCHEF WRIGHT: The discussions didn't go anywhere except that we all agreed we should a proceed according to the order, including FPL.

CHAIRMAN LA ROSA: Okay. So then let's do this. Let's -- we are going to go back into direct with Coyne where we left off yesterday. If we could define what efficiency is, it's not what we have done in the last 45 minutes.

So let's do this. We are going to finish -- let's -- OPC, I want you to finish with direct with Coyne, and then I want to go to Walmart and bring your witnesses, and then we will go from there.

I don't know what that -- the direction we are going to go because I want to see where we are at, but I do want to interrupt Coyne between direct and the parties to bring up Walmart's witnesses to get through Walmart's witnesses and we will pick back up with Coyne.

MS. EATON: Did you want to do all three of them on direct or just as soon as OPC is done?

CHAIRMAN LA ROSA: Just as soon as OPC is done.

MS. EATON: Okay. Thank you.

MR. SCHEF WRIGHT: That answered my question.

CHAIRMAN LA ROSA: Awesome.

Whereupon,

JAMES M. COYNE

was recalled as a witness, having been previously duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

EXAMINATION continued

BY MS. CHRISTENSEN:

Q Good morning, Mr. Coyne. How are you?

A I am well. Thank you. Good morning.

Q Okay. Well, I think where we left off last night around eight o'clock in the evening was discussing your CAPM results on page 44 of your direct testimony and I had you looking at your figure 16, which had the results of all of your modeling. And if you are there, that would be wonderful.

A I am with you.

Q Okay. And I think yesterday, when we had our

discussion, we were talking about your CAPM results of 15.65 and then 15.63 that you included in this table as being outliers, and you disagreed that those were outliers. If a result that is a 450 or so basis points above your next highest result is not an outlier, what would you consider an outlier?

A Well, there is a statistical definition of an outlier, but the -- you are pointing to the fact that the CAPM results are higher than the other models, and I certainly concede that. That's obvious from what we see here. But it's also one of the reasons why I use multiple models, because some will inevitably be higher and others will be inevitably lower.

The CAPM model is a bedrock foundational model for purposes of regulatory -- setting regulatory rates of return. So I would not exclude it just because the results are higher than the other models. It's higher because all three of the inputs to the model drive it in that direction. And as I know that I am not testifying on rebuttal, but those results changed quite a bit between my direct and rebuttal testimony. That's one of the reasons why I like --

MS. CHRISTENSEN: I am going to object to the reference to rebuttal and ask that that be stricken from the direct record.

CHAIRMAN LA ROSA: Okay. Sustained.

Can you restate the question?

MS. CHRISTENSEN: Well, I think he already answered the question but I can follow up with an additional question.

CHAIRMAN LA ROSA: Okay.

BY MS. CHRISTENSEN:

Q You had indicated that the CAPM was certainly being driven higher by the inputs. Would you agree that the largest input to the CAPM was your implied risk premium that was over 11 percent?

A I wouldn't characterize it as the largest. It's -- there are three inputs to the CAPM model, and it's one of the three.

Q And would you agree that FERC removes outliers?

A Yes, they have an outlier test both for the DCF model and for the CAPM model.

Q And would you agree that FERC would remove any outlier within a mode -- a result that is 150 basis points above the median ROE before removing other outliers, is that correct?

A They have an outlier test which has changed. I would have to confirm it's 150 basis points.

Q Okay. And at the low end outlier test is

based on BAA bond yield plus 20 percent of the market equity risk premium used in the CAPM, is that correct?

A That's correct.

Q And subject to check, the difference between your proxy group average ROE without your CAPM using the current interest rates is 1.26 percent, or 126 basis points less than the proxy group average with the CAPM results included, would you agree with that, subject to check?

A You would have to repeat that. I would ask you to slow down, please.

Q I will do that.

Subject to check, the difference between your proxy group average ROE without the CAPM, which we were discussing yesterday, would be in the 10.59 to 10.55 percent range?

A Without the CAPM?

Q Without the CAPM.

A That would be correct. Yes.

Q Okay. Using the current interest rates is 126 basis points less than the proxy group average with the CAPM results included, and the proxy group average shown on your figure 16 of 11.85, do you see that?

A I do. That's just basic math when you take out the CAPM result.

Q Okay. And it's, I think, one point difference between the current interest rates and the projected interest rates?

A One point difference in what?

Q Well, if you added up the proxy group average ROE without the CAPM and subtracted it from the proxy group average including the ROE using the current interest rates, it appears to be 127-basis-point difference and using -- or using the projected interest rates, it's 126, does that sound --

A I not done that math, and quite frankly, I am not even with you on the math.

Q All right. Well, let me ask you this: Would you agree that the value of 100-basis-point reduction in ROE would be equivalent to approximately $500 million for FPL?

A I don't know that number.

Q Okay. Do you have any recollection of whether or not 500 million would be -- sound approximately right to you?

A I don't.

Q Okay. Let's discuss a little bit floatation costs. Would you agree that floatation costs are incurred by a publicly traded company when it issues new securities and incurs expenses such as underwriting

fees, legal fees and registration fees?

A Yes, that's when it incurs floatation costs.

Q Okay. And isn't it true that FPL, as a subsidiary of NextEra, it does not raise its own capital by going to the markets?

A It raises debt capital. It doesn't raise equity capital. Its parents raises the equity capital and, therefore, the parent incurs those costs.

Q Okay. So you -- based on what you just said, it is correct that FPL does not directly incur any floatation costs?

A For equity, no. It's incurred at the parent level, and it's compensated at the FPL level.

Q Okay. Now, if we turn to page 57 of your direct testimony. You discuss regulatory risk in the RSAM and the TAM, correct?

A Yes.

Q Okay. And when you discuss regulatory risk factors, you cite to revenue decoupling as a protection against the fluctuations in cluster demand, is that correct?

A Yes, I do.

Q But you did not look at the mitigating affect on regulatory risk of the availability of the clause recovery in Florida, did you?

A The which recovery mechanism?

Q The clause recovery mechanisms.

A The clause recovery mechanism?

Q Correct, for fuel, for environmental costs, the conservation cost recovery.

A No, that was not -- that was not a focus of my regulatory examination. It's common -- that's a common feature across most regulated utilities, that is the ability to recover fuel and purchase power costs. I can't think of a utility that doesn't have that mechanism.

Q Okay. And you would agree that because Florida has fuel clauses that allows for annual true-up for recovery of all the -- that they have this annual fuel cost recovery clause, it allows them to recover for volatile fuel costs, correct?

A Yes.

Q And I think I mentioned just a second ago, it also has clauses that allow it to true-up for environmental compliance cost and storm protection cost as well, were you aware of that?

A I am aware of those clauses, but let me ask you to repeat your question.

Q Well, the question was whether or not you were aware that Florida has clauses that are annually trued

up for environmental compliance cost and storm protection cost, as well as others, correct?

A Environmental com -- well, the annual -- well, let me back up.

I am not aware of what the annual true-up mechanism for environmental costs. For storm cost recovery, that's a very specific mechanism that has a variety of features. And annual true-up mechanism for storm cost is one that I have not examined specifically, and I would just -- I would defer to FPL witness Mr. Bores for the mechanics of that mechanism. I am note aware of the true-up element of it as inferred in your question.

Q That's fair enough.

Would you agree that these clauses, where there is annual true-ups, that mitigates business risk?

A They do. Yes.

Q Okay.

A They are commonplace in the utility industry.

Q And on page 58, lines 13 through 16, this is the only place in your direct testimony where you discuss the tax adjustment mechanism and the prior noncash reserve surplus mechanism, correct?

A I see it on the page. I don't know if it's not elsewhere in my testimony without looking.

Q Okay.

A It was also addressed through discovery questions as well.

Q Okay. But in your direct testimony, this was the only place that I could find that you mentioned the TAM and the RSAM, but if you can point me to another place in your direct testimony, I will stand corrected.

A Well, I would have to search.

Q Okay. So as we speak here today --

A I am not aware.

Q -- off the top of your head, you can't think of another place?

A I can not, no.

Q Okay. And you said the TAM has the potential to stabilize its noncash earnings and customer bills similar to the RSAM, and the it being FPL, correct?

A Yes.

Q Would you agree that the Commission should consider the existence of a noncash mechanism like the RSAM or TAM in this case when it makes the decision about the ROE of overall risk?

A Yes, I think the Commission should consider that and all the elements of the rate program as it evaluates FPL's risk.

Q And you are not aware of any other Florida or

U.S. regulated electric IOU that has approved RSAM-like mechanism to manage their business fluctuations, are you?

A As I mentioned in my testimony and responses to discovery, I am not aware of a mechanism that looks exactly like FPL's, but there are other mechanisms amongst utilities that also mitigate year to year risk in fluctuations and earnings.

Q Okay. And to your knowledge, there is no other company in your selected beings proxy group that has a TAM-like mechanism similar to the one that FPL is proposing in the instant case to manage their business fluctuations, correct?

A Not exactly like FPL's, no.

Q And to your knowledge, there is no other Florida or U.S. regulated electric IOU that has an approved TAM-like mechanism that FPL is proposing in the instant case to manage their business fluctuations?

A Not exactly like FPL's.

Q Okay. If we can turn to page 61 of your testimony? And this is where you start your discussion in the capital structure in the proxy group, correct?

A Yes.

Q And FPL is asking for a 59.6 equity in its capital structure?

A Yes.

Q And on page 62 of your direct testimony, lines nine through 13, you say that the proxy group has a range of equity ratios from 41.43 percent to 59.22 percent, correct?

A That's correct.

Q And FPL's requested capital structure of 59.6 percent is .38 percent higher than the proxy group's highest average capital structure, correct?

A Average capital structure, yes.

Q Okay. And if the dollar value of 100 basis points for FPL is $5 million, subject to check, the dollar value to FPL of having an equity ratio that is .38 percent higher than the proxy group average would be approximately $190 million per year, correct?

MS. MONCADA: Mr. Chairman, I object to that question. There was a lot in there, a lot of numbers, a lot of statements. If she could break it down so that I could understand and help the witness understand?

CHAIRMAN LA ROSA: Is it possible to phase out those questions?

MS. CHRISTENSEN: I can break it down, but it's really fairly simple, just a math equation.

If 100 basis points equates to 500 million for

FPL, then if you times that by the .38 percent differential between the inequity between the highest average capital structure and the one that FPL is requesting, in a dollar amount, that would translate to 190 million, subject to check?

CHAIRMAN LA ROSA: I think that's a clearer picture, and I think the witness should be able to understand that a little easier.

MS. CHRISTENSEN: Yeah.

BY MS. CHRISTENSEN:

Q Would you agree with that, or am I --

A No, I could not agree to that. I don't understand your math, and I don't understand the assumptions in your math.

I mean, you begin with 100 basis points equals 500 million. I am not sure what that hundred basis points is a difference in to begin with.

Secondly, I don't know what assumptions you are making about shifting around the capital structure, but when you shift the capital structure, you can also change the cost of debt for the company. You can't assume that a change in capital structure is something that's done in isolation without looking how the company goes to capital markets.

So whatever assumptions you are making in your question, A, I don't understand, and, B, I certainly couldn't stipulate as to the result.

Q Okay. Well, that's fair enough. If you can't understand the math, that's fine.

A I didn't say I didn't understand the math. I said I didn't understand the assumptions that you are putting into the math.

Q Let me ask you about the capital structure of the proxy group in your Exhibit JMC-11. And that would be C6-1612. And if you go to page one of six. Let me know when you are there.

A I am with you.

Q Okay. On Exhibit JMC-11, you show the average the equity ratio for your proxy group is 50.86 percent, correct.

A That's correct, across the '21 through '23 year time period.

Q Okay. And you would agree that mathematically, that's 8.71 percent below FPL's requested equity ratio of 59.6 percent, correct?

A Yes.

Q Okay. And would you agree, normally a company with a higher equity ratio is considered to have less financial risk than a comparable company with a lower equity ratio?

A That's right.

Q And all else being equal, the higher equity ratio reduces the company's risk of default on its bonds, and, thus, reduces its overall financial risk, correct?

A All else being equal, yes.

Q Okay. And would you agree, because equity capital is more expensive than debt, that a company must reach a balance between equity and debt to minimize its overall cost of capital?

A That's one objective. The other objective is maintaining access to capital markets during all capital market conditions.

Q And would you agree to the extent the utility is able to use lower cost debt to leverage its operations, it can lower its overall cost of capital?

A Yes.

Q And would you agree that an equity ratio for FPL is the direct result of the equity infusions by its parent company as well as any retained earnings?

A Could I ask you to repeat the question?

Q Sure.

Would you agree that an equity ratio for FPL is the direct result of equity infusions by its parent company, would you agree with that portion of the

statement?

A Yes, I would.

Q And would you agree that it's as well as any retained earnings kept by FPL?

A Yes.

Q Okay. Thank you. And that's all the questions I have on direct.

A You are welcome.

CHAIRMAN LA ROSA: Thank you.

All right. We are going to go, then, to Walmart's witness, and I am going to ask Witness Coyne if you will just be excused temporarily.

THE WITNESS: Okay.

(Witness excused temporarily to allow for the testimony of another witness.)

CHAIRMAN LA ROSA: Walmart, you may call your witness.

MS. EATON: Sure. Walmart would first call its witness Steve Chriss. He is going to swear you in first.

CHAIRMAN LA ROSA: Yeah, thank you, Mr. Chriss, for standing up. Please raise your right hand.

Whereupon,

STEVE W. CHRISS

was called as a witness, having been first duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

CHAIRMAN LA ROSA: Excellent. Great. Thank you.

EXAMINATION

BY MS. EATON:

Q Good morning. Can you please state your name for the record?

A Good morning. My name is Steve W. Chriss. Last name spelled C-H-R-I-S-S.

Q And who is your current employer and what is your business address?

A My current employer is Walmart, Inc. My current address is 2608 SE J Street, Bentonville, Arkansas, 72716-5530.

Q Did you prepare and cause to be filed in this docket on June 9th, 2025, prepared direct testimony consisting of 23 pages?

A Yes.

Q Do you have any changes to your prefiled direct testimony?

A No.

Q If I were to ask you the same questions contained in your prefiled direct testimony today, would

your answers be the same?

A Yes.

MS. EATON: Mr. Chairman, Walmart requests that the prefiled direct testimony of Steve W. Chriss be entered into the record as though read.

CHAIRMAN LA ROSA: So moved.

(Whereupon, prefiled direct testimony of Steve W. Chriss was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	**:**	**DOCKET NO. 20250011-EI**
	:	
	:	**Filed: June 9, 2025**

DIRECT TESTIMONY AND EXHIBITS OF

STEVE W. CHRISS

ON BEHALF OF

WALMART INC.

Contents

Exhibits

Exhibit SWC-1: Witness Qualifications Statement

Exhibit SWC-2: FPL Proposed Revenue per kWh, 2026 and 2027 Projected Test Years

Exhibit SWC-3: FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years

Exhibit SWC-4: Derivation of Walmart Proposed GSLD-1EV Rates, FPL Proposed Revenue Requirement, 2026 and 2027 Projected Test Years

Exhibit SWC-5: Walmart Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years

Introduction

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Steve W. Chriss. My business address is 2608 SE J St., Bentonville, AR 72716-0550. I am employed by Walmart Inc. ("Walmart") as Senior Director, Utility Partnerships.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

A. I am testifying on behalf of Walmart.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. In 2001, I completed a Master of Science in Agricultural Economics at Louisiana State University. From 2001 to 2003, I was an Analyst and later a Senior Analyst at the Houston office of Econ One Research, Inc., a Los Angeles-based consulting firm. My duties included research and analysis on domestic and international energy and regulatory issues. From 2003 to 2007, I was an Economist and later a Senior Utility Analyst at the Public Utility Commission of Oregon in Salem, Oregon. My duties included appearing as a witness for PUC Staff in electric, natural gas, and telecommunications Dockets. I joined the energy department at Walmart in July 2007 as Manager, State Rate Proceedings. I was promoted to Senior Manager, Energy Regulatory Analysis, in June 2011. I was promoted to Director, Energy and Strategy Analysis in October 2016 and the position was re-titled in October 2018. I was promoted to my current position in July 2023. My Witness Qualifications Statement is attached as Exhibit SWC-1.

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Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION ("COMMISSION")?

A. Yes. I testified in Docket Nos. 20110138-EI, 20120015-EI, 20130140-EI, 20130040-EI, 20140002-EI, 20160021-EI, 20160186-EI, 20190061-EI, 20200067-EI, 20200069-EI, 20200070-EI, 20200071, 20200092, 20200176, 20210015, 20240012-EG, 20240013-EG, 20240014-EG, 20240015-EG, 20240016-EG, 20240017-EG, 20240026-EI, and 20240025-EI.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes. I have submitted testimony in over 290 proceedings before 42 other utility regulatory commissions. I have also submitted testimony before legislative committees in six states. My testimony has addressed topics including, but not limited to, cost of service and rate design, return on equity, revenue requirements, ratemaking policy, net metering, community solar, large customer renewable programs, qualifying facility rates, telecommunications deregulation, resource certification, energy efficiency/demand side management, fuel cost adjustment mechanisms, decoupling, and the collection of cash earnings on construction work in progress.

Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?

A. Yes. I am sponsoring the exhibits listed in the Table of Contents.

C48-5239

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE SERVICE TERRITORY OF FLORIDA POWER & LIGHT COMPANY ("FPL" OR "COMPANY").

A. Walmart has 179 retail stores, four supply chain facilities, and related facilities that take electric service from the Company, primarily on the Company's General Service Large Demand – Time of Use (500-1,999 kW) ("GSLDT-1"), General Service Demand – Time of Use ("GSDT-1") (25-499 kW), and High Load Factor – Time of Use ("HLFT-2") schedules.

Q. DOES WALMART HAVE EXPERIENCE IN THE ELECTRIC VEHICLE ("EV") CHARGING SPACE?

A. Yes, Walmart has substantial experience with offering EV charging to its customers and is actively growing its presence in the EV charging space. Specifically, Walmart currently hosts more than 1,200 public Direct Current Fast Chargers ("DCFCs") at 285 different locations across 43 states. As announced recently, Walmart intends to build its own EV fast-charging network at thousands of Walmart and Sam's Club locations across the U.S. over the next few years.[1] Walmart retail sites are ideally situated for EV charging stations because of their large parking lots, easy public access, and retail amenities.

[1] Vishal Kapadia, *Leading the Charge: Walmart Announces Plan to Expand Electric Vehicle Charging Network*, Walmart (Apr. 6, 2023), https://corporate.walmart.com/newsroom/2023/04/06/leading-the-charge-walmart-announces-plan-to-expand-electric-vehicle-charging-network.

Q. ARE WALMART-OWNED AND OPERATED CHARGERS NOW AVAILABLE TO THE PUBLIC?

A. Yes. We opened our first Walmart-owned and operated charging station in McKinney, Texas[2] in March 2025, and since then we have opened several more stations in the Dallas area. The base configuration of our charging stations is eight stalls supplied by four 400 kW units with two handles each. Depending on the site, additional units may be added.

Q. WHY HAS WALMART DECIDED TO PARTICIPATE IN THE PUBLIC EV CHARGING SPACE?

A. As part of its renewable energy and carbon reduction efforts, Walmart is committed to supporting EV adoption by providing EV charging stations in thousands of locations that not only serve EV customers who reside and/or work nearby, but also advance the nationwide EV infrastructure. Further, Walmart is proud to offer EV charging as a convenience to its customers who currently own EVs and for future EV owners. Building an EV charging infrastructure that serves local communities, both large and small, as well as corridors located within states and throughout the country, is critical as vehicle owners consider their options when purchasing a new vehicle.

Q. IS WALMART CURRENTLY DEVELOPING PUBLIC EV CHARGING SITES WITHIN FPL'S TERRITORY?

A. Yes.

[2] https://www.walmart.com/store/206-mckinney-tx/ev-charging-station

Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to FPL's proposals regarding its Electric Vehicle Charging Infrastructure Rider ("GSD-1EV"), Electric Vehicle Charging Infrastructure Rider ("GSLD-1EV"), and Utility-Owned Public Charging for Electric Vehicles ("UEV").

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart's recommendations to the Commission are as follows:

1) The Commission should approve FPL's proposal to create permanent GSD-1EV and GSLD-1EV rates, as modified per Walmart's recommendations below.

2) GSD-1EV and GSLD-1EV should be modified from FPL's proposed structure to be two-part rates, with a base charge equivalent to the GSD-1 or GSLD-1 base charge, respectively, and the remaining revenue requirement recovered through the energy charge.

3) The revenue requirements for GSD-1EV and GSLD-1EV should be set by applying a multiplier to the base rate revenue per kWh for GSD-1 and GSLD-1, respectively, and then multiplying the resulting base rate revenue per kWh by the forecast kWh for each of GSD-1EV and GSLD-1EV. Per FPL's proposed rates in this Docket, the multiplier would be 1.77 for GSD-1EV and 1.84 for GSLD-1EV.

4) For the purposes of this Docket, Walmart proposes that GSD-1EV continue to be applicable to loads from 25 kW to 499 kW, and that GSLD-1EV be uncapped so that loads of 2,000 kW or greater can take service on the schedule.
5) The Commission should require FPL to implement a percentage rate change for the 2027 UEV energy charge equivalent to the percentage change applicable to GSLD-1EV per the Commission's order in this Docket.

Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION INDICATE WALMART'S SUPPORT?

A. No. The fact that an issue is not addressed herein or in related filings should not be construed as an endorsement of, agreement with, or consent to any filed position.

Public EV Charging Rates

FPL's Proposals

Q. DOES THE COMPANY CURRENTLY OFFER RATES SPECIFICALLY FOR PUBLIC EV CHARGING OPERATED BY NON-UTILITY CHARGING OPERATORS?

A. Yes. The Company currently offers two rate schedules applicable to public EV charging operated by non-utility charging operators that were approved by the Commission in Order No. PSC-2020-0512-TRF-EI. The first, GSD-1EV, is an optional pilot program premised on the Company's General Service Demand ("GSD-1") rate, and applicable to loads of at least 25 kW and less than 500 kW.[3]

[3] *See* Fifty-Third Revised Sheet 8.106.

The second, GSLD-1EV, is an optional pilot program premised on the Company's General Service Large Demand ("GSLD-1") rate, and applicable to loads greater than or equal to 500 kW and less than 2,000 kW.[4]

Q. HOW ARE THESE RATES APPLIED TO PUBLIC EV CHARGING CUSTOMER BILLS?

A. The rates apply a demand limiter for each billing month such that the amount of demand charged to the customer is no greater than the kWh sales divided by 75 hours.[5] As a result, billing months in which the customer experiences a load factor less than 10.4 percent for a 30-day month[6] will see a lower billing demand and reduced demand cost than they would with the same billing units if served under GSD-1 or GSLD-1 per their service size. Above 10.4 percent load factor, the monthly bill would be equivalent to the amount charged on the otherwise applicable rate.

Q. WHAT DOES THE COMPANY PROPOSE IN THIS DOCKET FOR GSD-1EV AND GSLD-1EV?

A. The Company proposes to make GSD-1EV and GSLD-1EV permanent rates and raise the applicable rates in the same manner as GSD-1 and GSLD-1, respectively, as shown in Table 1 below.

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[4] *See* First Revised Sheet No. 8.311.
[5] *Id.*
[6] 10.4 percent load factor is calculated by dividing the 75-hour limiter by the 720 hours in a 30-day month.

Table 1. Current and Proposed Charges for GSD-1EV and GSLD-1EV.

Rate	Current Charge	Proposed Charge, 2026 TY	Percent Increase from Current	Proposed Charge, 2027 TY	Percent Increase from Current
GSD-1EV					
Base Charge ($/bill)	$30.41	$38.36	26%	$42.18	39%
Non-Fuel Energy ($/kWh)	$0.02549	$0.03215	26%	$0.03535	39%
Demand ($/kW)	$11.46	$14.46	26%	$15.89	39%
GSLD-1EV					
Base Charge ($/bill)	$89.26	$113.60	27%	$127.86	43%
Non-Fuel Energy ($/kWh)	$0.01971	$0.02508	27%	$0.02823	43%
Demand ($/kW)	$13.68	$17.41	27%	$19.60	43%

Sources: Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17.

Q. DOES THE COMPANY TREAT GSD-1EV AND GSLD-1EV AS SEPARATE RATES FOR THE PURPOSES OF PROJECTING TEST YEAR REVENUES RECEIVED FROM THOSE CUSTOMERS?

A. Yes.[7]

Q. DO THE PROJECTED BASE RATE REVENUES FOR GSD-1EV AND GSLD-1EV REFLECT LOWER CUSTOMER LOAD FACTORS FOR THE CUSTOMERS WHO WOULD TAKE SERVICE ON THOSE RATES?

A. Yes. As shown in Table 2 below, the projected base rate revenues per kWh for GSD-1EV and GSLD-1EV are 77 and 84 percent higher, respectively, than GSD-1 and GSLD-1. This difference is reflective of lower customer load factors, which is essentially fewer kWh of consumption per kW of demand, and an expected

[7] *See* Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17.

outcome when separating public EV charging load from broader traditional commercial and industrial ("C&I") loads.

Table 2. Comparison of Projected Base Rate Revenue per kWh, GSD-1EV vs. GSD-1 and GSLD-1EV vs. GSLD-1, 2026 and 2027 Projected Test Years.

	GSD-1	GSD-1EV	Multiplier
2026	$0.0745/kWh	$0.1318/kWh	1.77
2027	$0.0821/kWh	$0.1449/kWh	1.77
	GSLD-1	**GSLD-1EV**	**Multiplier**
2026	$0.0676/kWh	$0.1242/kWh	1.84
2027	$0.0763/kWh	$0.1399/kWh	1.83

Sources: Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17, Exhibit SWC-2.

Q. DOES THE COMPANY CURRENTLY OFFER OR PROPOSE A PUBLIC EV CHARGING RATE FOR CUSTOMERS WITH LOADS 2,000 KW OR GREATER?

A. No. My understanding of the Company's rates is that a public EV charging customer with a load 2,000 kW or greater would be served under the General Service Large Demand (2,000 kW+) class of rates, such as GSLD-2 or GSLDT-2.

Q. DOES THE COMPANY CURRENTLY HAVE A COMMISSION-APPROVED RATE FOR UTILITY-OWNED PUBLIC EV CHARGERS?

A. Yes. FPL has a pilot rate schedule, UEV. The current rate for UEV is $0.30/kWh, plus any applicable taxes or charging network fees.[8]

[8] *See* First Revised Sheet No. 8.936.

Q. WHAT DOES THE COMPANY PROPOSE FOR UEV?

A. The Company proposes to make UEV a permanent rate.[9] Additionally, the Company proposes to increase the UEV energy charge to $0.35/kWh for 2026.[10]

Q. DOES THE COMPANY PROPOSE AN INCREASE TO THE UEV ENERGY CHARGE FOR 2027?

A. No, the Company proposes to set the 2027 UEV energy charge at $0.35/kWh, which is the same as the proposed 2026 rate.[11]

Q. IS IT YOUR UNDERSTANDING THAT UTILITY-OWNED EV CHARGERS ARE INCLUDED IN THE COMPANY'S RATE BASE?

A. Yes.[12]

Walmart Concerns and Proposals

Q. DOES WALMART SUPPORT THE NEED FOR PUBLIC EV RATE DESIGN?

A. Yes, Walmart supports public EV charging rates that are specifically designed for public charging at third-party locations. Walmart appreciates the efforts of FPL and the Commission to develop and approve public EV charging rates in the 2021 Settlement[13] and FPL's proposal to make public EV charging rates permanent going forward. However, as I discuss further in this testimony, Walmart believes that

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[9] *See* Direct Testimony of Tiffany C. Cohen, page 22, line 1.
[10] *See* Direct Testimony of Tim Oliver, page 36, line 15 to line 16.
[11] *See* Schedule E-13C, 2027 Projected Test Year, page 13.
[12] *See, as an example,* Schedule B-7, page 18, line 14.
[13] Approved in *Petition for rate increase by Florida Power & Light Company*, Docket No. 20210015-EI, Order No. PSC-2021-0446A-S-EI (issued Dec. 9, 2021) ("2021 Final Order").

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improvements can be made to the design of the public EV charging rates to better align the rate design with the operations and risks of public EV charging operations and ensure a level playing field for non-utility charging operators and FPL-owned and operated chargers.

Q. IS IT IMPORTANT FOR OPERATIONAL CONSIDERATIONS TO BE INCORPORATED INTO RATE DESIGNS FOR PUBLIC EV CHARGING?

A. Yes. Public EV charging loads are unique in that the operator cannot necessarily control or predict the timing and level of electricity demand and consumption. Usage of the chargers is largely dependent on when EV drivers want or need to charge, and restricting charger output may impact the customer experience and result in negative reviews and reduced customer demand. This is particularly critical during early-stages of operation for a charging site, when utilization can be lower and less predictable than the operator projects or will realize in the long-term.

Q. IS AN OPERATOR'S ABILITY TO EFFECTIVELY PRICE PUBLIC EV CHARGING SERVICE ALSO A KEY CONSIDERATION FOR RATE DESIGN?

A. Yes. Just as Professor Bonbright articulated that utility rate structures should be simple, understandable, acceptable to the public, and free from controversies as to proper interpretation,[14] the prices charged by an operator for public EV charging services should be able to be similarly characterized. The more complex a utility's public EV charging rate, whether through multiple base rate charges and riders,

[14] J.C. Bonbright, "Principles of Public Utility Rates," Columbia University Press, New York, 1961, page 291.

seasonal or time-of-use rates, or other factors, the more difficult it will be for the operator to price the service in a way that creates cost predictability for the EV charging customer and "margin predictability" – the difference between electricity cost and revenue received for charging required to cover operator investment, operation and maintenance costs, and profit – for the operator. Even the use of demand charges can create significant and unpredictable swings in that margin.

Q. PLEASE EXPLAIN.

A. When a customer receives a bill from the utility, that customer can compute their "realized cost per kWh," which is the total billed amount divided by the total kWh consumed for that month. The resulting realized cost value is heavily influenced by the load factor of the customer, as higher kWh usage per kW reduces the realized cost of fixed charges such as basic service charges, billed on a $/bill basis, and demand charges, billed on a $/kW basis. As shown in Figure 1 below, GSLD-1EV, as proposed by FPL, including current applicable billing adjustment rates and excluding taxes,[15] because it is based on GSLD-1, is structured such that realized cost per kWh declines as load factor improves, with the demand limiter provisions providing some predictability for lower load factor billing months.

[15] Includes fuel, conservation, capacity, environmental, and storm protection rates. Based on https://www.fpl.com/content/dam/fplgp/us/en/rates/pdf/electric-tariff-section8.pdf as of June 6, 2025.

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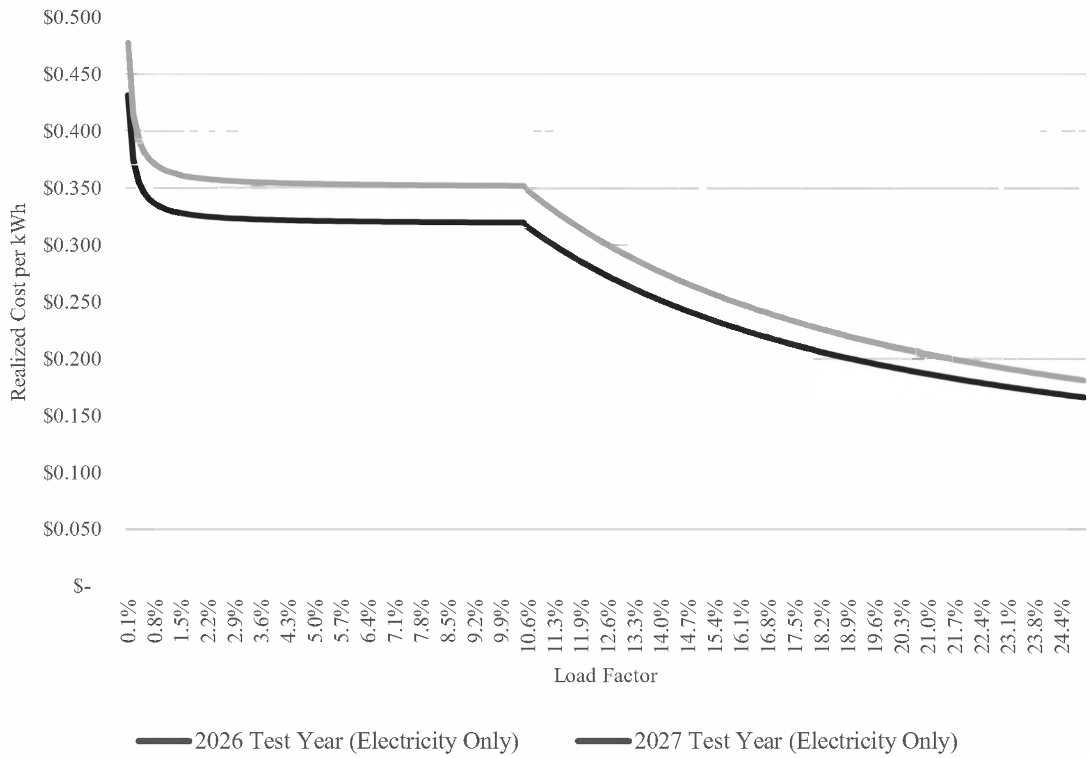

Figure 1. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only.

However, even with the demand limiter provisions, a charging operator will be challenged to predict its realized cost and ensure market competitiveness. As an example, a billing month with a 10 percent load factor will have a realized cost per kWh of $0.319/kWh, whereas a billing month with a 15 percent load factor will have a realized cost per kWh of $0.238/kWh. This is a difference of $0.081/kWh and creates pricing risk for the operator, who must decide whether the service should be priced to ensure coverage of the higher realized cost, plus the desired margin to cover all other costs, or whether market forces require lower pricing, which in turn creates a risk of loss for a billing month.

Q. ARE THERE ADDITIONAL FACTORS THAT EXACERBATE THIS RISK?

A. Yes. The charging operator does not know before a billing month what the realized cost per kWh will be as they do not know either the utilization of the chargers or what the billed cost will be. All of the pertinent data is known on an after-the-fact basis when the bill is received from the utility.

Q. HAS FPL SOLVED THIS PROBLEM FOR THEIR OWN CHARGING BUSINESS?

A. Yes, because UEV is currently and is proposed to be structured as a simple $/kWh charge. This provides revenue certainty for each kWh sold. Further, because the return on the assets is included in rates as opposed to subject to market pricing, the Company is insulated from pricing and revenue risk related to public EV charging rates. Additionally, it does not appear that FPL is constrained by the 2,000 kW load size cap included in the Company's GSLD-1EV proposal in this Docket; if the utility chooses to build stations with higher load sizes, it would be able to charge the same amount through UEV.

Q. DO THE DISPARATE PRICING STRUCTURES FOR GSD-1EV AND GSLD-1EV CREATE COMPETITIVE ISSUES FOR NON-UTILITY CHARGING PROVIDERS?

A. Yes. Figure 2 builds on Figure 1 and compares the GSLD-1EV electricity cost-only realized cost per kWh, including current applicable billing adjustment rates and excluding taxes, against FPL's proposed UEV rate, which includes all of FPL's costs to operate the station.

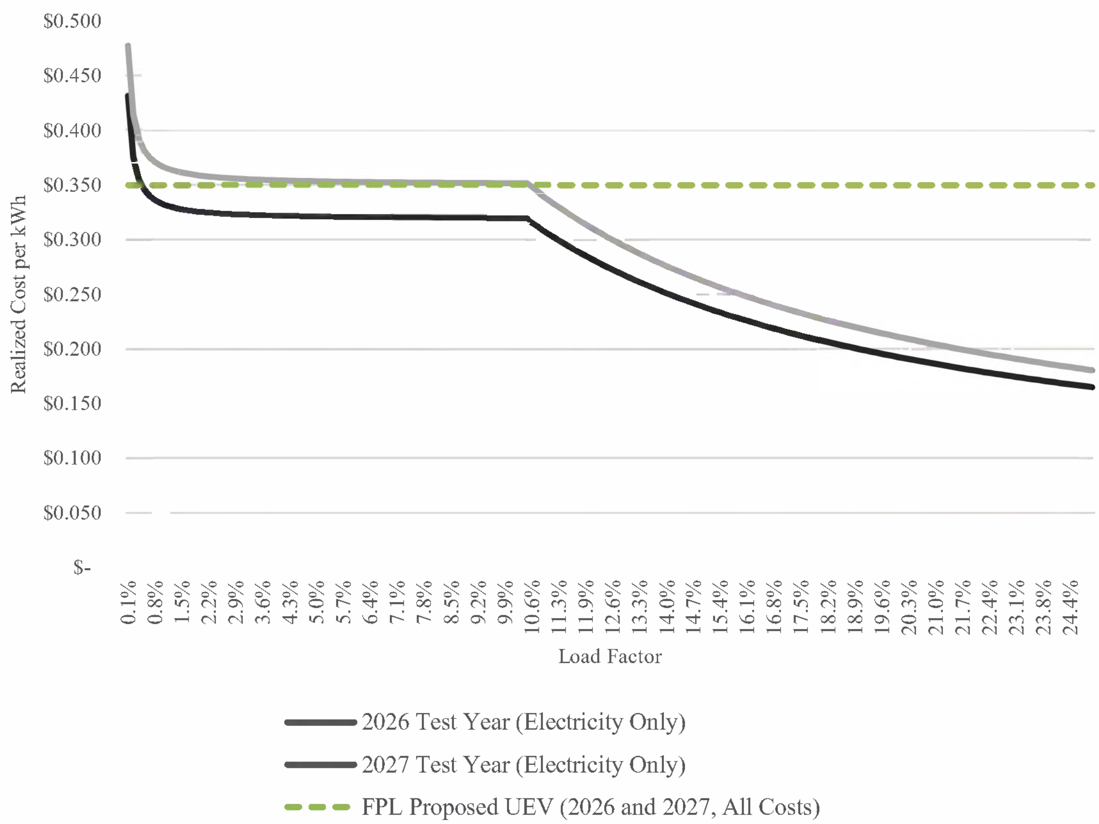

Figure 2. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.

Non-utility stations with load factors less than 10 percent are essentially rendered non-competitive, as any necessary margin to recover operating and maintenance costs will likely price those stations well above the UEV rate. While competitiveness becomes less of an issue at higher billing month load factors, and every charging operator likely has a goal to reach those levels of utilization, the expectation is that it takes some time to reach those levels, with early years after station development creating the most risk. As proposed, GSD-1EV and GSLD-

1EV may fail to yield a rate that supports the long-term viability of public charging infrastructure. As a result, the proposed rate may unintentionally discourage third-party investment and hinder broader market participation at a time when expansion is most critical.

Q. DOES WALMART HAVE ANY ADDITIONAL CONCERNS WITH DISPARATE PRICING STRUCTURES FOR NON-UTILITY AND FPL-OWNED CHARGERS?

A. Yes. First, as noted above, FPL does not propose to increase the energy charge for UEV in 2027, while rates for GSD-1EV and GSLD-1EV are proposed to increase significantly from 2026 to 2027, implying that FPL can leverage its captive customer base to absorb the impacts of electricity cost increases. Second, FPL appears to be unconstrained by the GSLD-1EV load size cap if they build a station greater than 2,000 kW, whereas all other market participants would be subject to GSLD-2 or GSLDT-2 rates, which have no equivalent EV proposals in this Docket.

Q. GIVEN THE FACTORS DISCUSSED ABOVE, WHAT SHOULD THE COMMISSION CONSIDER FOR THE APPLICABILITY AND DESIGN OF PUBLIC EV CHARGING RATES?

A. In approving a public EV charging rate in this Docket, the Commission objective should be to approve rates that are:

1) Permanent, standalone, and able to be selected as one of a menu of potential rate options, including traditional C&I rates, as a charging operator's business grows and evolves;

2) Cost-based and effective in yielding the projected revenue requirements per the Commission-approved revenue requirement, cost allocation, revenue allocation, and load forecast in this Docket;
3) Simple and easy for the charging operator to understand and implement into their service pricing strategies;
4) Able to ensure a level playing field between non-utility charging operators and FPL-owned charging; and
5) Applicable across a broad range of service load sizes.

Q. WHAT IS THE FIRST STEP TOWARDS ACHIEVING THIS OBJECTIVE?

A. The first step is the creation of a permanent standalone rate, which FPL has essentially done as part of its proposals in this Docket in that it has separately projected the load forecast and revenues to be received from the GSD-1EV and GSLD-1EV rates for the 2026 and 2027 projected test years. This is also a critical component to realizing the second objective of yielding projected revenue requirements, as it provides a specific revenue requirement target for the design of the rates themselves.

Q. DO FPL'S PROJECTED REVENUES FOR GSD-1EV AND GSLD-1EV RECOGNIZE THE SPECIFIC LOAD CHARACTERISTICS OF PUBLIC EV CHARGING CUSTOMERS?

A. Yes, as discussed earlier in this testimony and shown in Figure 2, through the projected base revenues per kWh to be realized by the Company through those rates versus the projected base revenues per kWh to be realized through GSD-1 and GSLD-1.

Q. HOW DOES WALMART PROPOSE TO UTILIZE THE PROJECTED REVENUES TO CREATE AN ALTERNATIVE RATE DESIGN FOR GSD-1EV AND GSLD-1EV?

A. Using GSLD-1EV as an example in Table 3 and Table 4 below, Walmart proposes to use the target revenues and the forecast kWh billing units to convert the rate to a two-part rate, with the base charge set equivalent to GSLD-1 and the revenues that are projected to be recovered through the demand charge moved to the energy charge.

Table 3. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2026 Projected Test Year.

	Units	Charge	Revenue	Assign Demand Revenue to Energy Charge	Proposed Rates, 2026 PTY
Base Charge (bills)	82	$113.60	$9,315	$9,315	$113.60
Non-Fuel Energy (kWh)	7,854,520	$0.02508	$196,991	$966,287	$0.12302
Demand	44,187	$17.41	$769,296	$-	$-
Total			**$975,602**	**$975,602**	
Revenue per kWh			**$0.1242**	**$0.1242**	

Source: Exhibit SWC-4.

Table 4. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2027 Projected Test Year.

	Units	Charge	Revenue	Assign Demand Revenue to Energy Charge	Proposed Rates, 2027 PTY
Base Charge (bills)	97	$127.86	$12,402	$12,402	$127.86
Non-Fuel Energy (kWh)	9,066,052	$0.02823	$255,935	$1,255,887	$0.13853
Demand	51,018	$19.60	$999,953	$-	$-
Total			**$1,268,290**	**$1,268,290**	
Revenue per kWh			**$0.1399**	**$0.1399**	

Source: Exhibit SWC-4.

While the rate is not "cost based" relative to traditional C&I rate designs where fixed demand costs are recovered through $/kW demand charges, so long as FPL realizes or exceeds its own forecast kWh for customers on GSLD-1EV, the Company will recover its revenue target for those customers and minimize any potential cross-subsidy impacts to other customers.

Q. WHAT CIRCUMSTANCES JUSTIFY MOVING AWAY FROM TRADITIONAL C&I RATE DESIGN PRINCIPLES?

A. There are several circumstances that justify this change:

- The proposed structure achieves the third objective of a rate design in that it is easy for the charging operator to understand and implement into their service pricing strategies, with the only caveat being that Walmart is not proposing to change the rate design of the applicable billing adjustments at this time, so some demand charge exposure would continue. Revisiting the comparison of realized cost per kWh outcomes at 10 percent and 15 percent load factors – under Walmart's proposed 2026 projected test year rates shown above, at 10 percent the realized cost per kWh would be $0.186/kWh and at 15 percent the realized cost per kWh would be $0.175/kWh, a difference of only one cent, compared to 8.1 cents per FPL's GSLD-1EV proposal. *See* Exhibit SWC-5. This will significantly reduce pricing risk for the operator.
- From a policy perspective, the proposed structure recognizes that public EV charging is still an emerging sector, often with low and unpredictable utilization,

and the two-part rate design will help facilitate growth by creating an alternative to realized cost of kWh risk due to demand charges.

- A key feature of traditional C&I rate designs is the minimization of intra-class subsidies due to most traditional C&I rates applying to customers with a broad range of load characteristics within the applicability parameter of the rates. Because the proposed structure would only apply to similarly situated public EV charging customers, intra-class subsidy issues are largely mitigated.
- To the extent a public EV charging customer has achieved utilization levels better suited to a traditional C&I rate, they have the ability to switch rates, subject to the Company's term of service of not less than one year.
- The proposed structure achieves the fourth objective and creates a more level playing field with FPL's utility-owned chargers and rate UEV.

Q. HOW DOES THE PROPOSED STRUCTURE CREATE A MORE LEVEL PLAYING FIELD?

A. It does so in two ways. First, the proposed structure largely aligns electricity pricing with how charging operators, including FPL through UEV, charge for charging service – that is, on a $/kWh basis. Second, as shown in Figure 3, the two-part structure creates significantly more margin headroom when compared to UEV, enabling more likely competitive outcomes across most levels of utilization – *without reducing the revenues projected to be received by FPL for each test year*.

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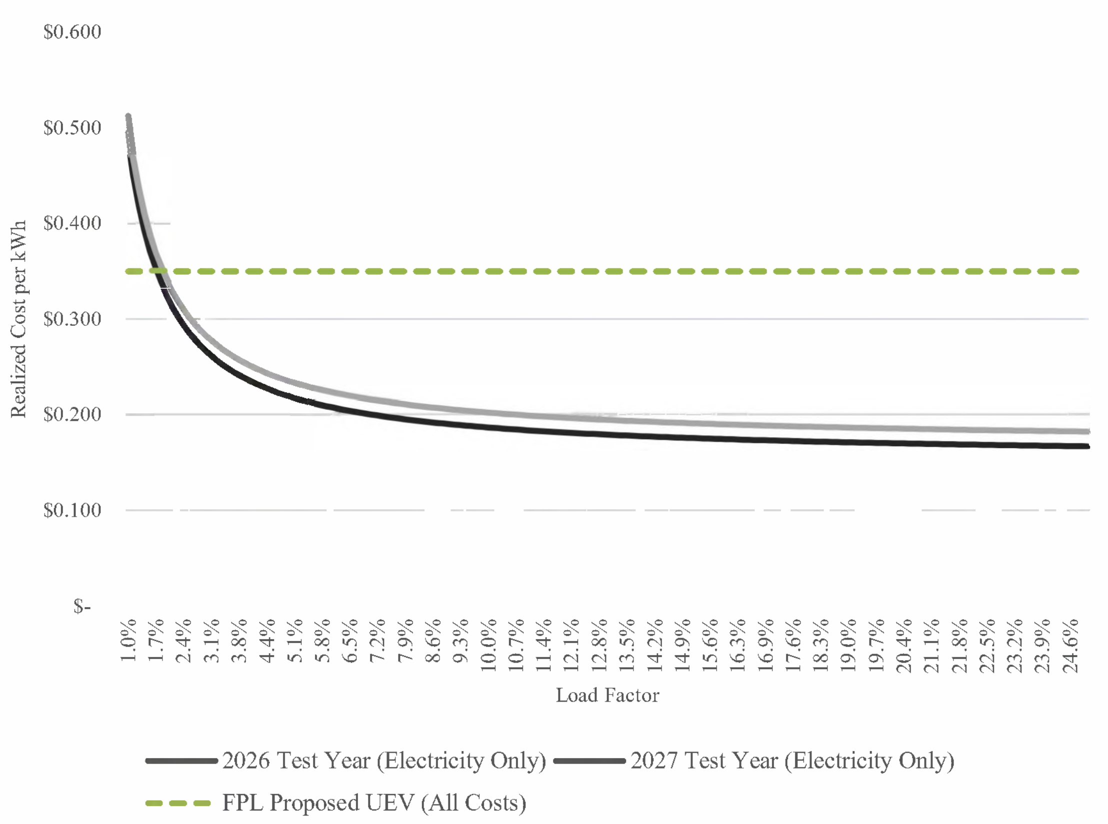

Figure 3. Walmart Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.

Q. BASED ON YOUR EXPERIENCE, IT IS LIKELY THAT THE COMMISSION-APPROVED REVENUE REQUIREMENT WILL BE DIFFERENT THAN THAT PROPOSED BY THE COMPANY. HOW DOES WALMART PROPOSE THAT THE REVENUE REQUIREMENTS FOR GSD-1EV AND GSLD-1EV BE SET?

A. Walmart recommends that the revenue requirements for GSD-1EV and GSLD-1EV be set by applying a multiplier to the base rate revenue per kWh for GSD-1 and GSLD-1, respectively, and then multiplying the resulting base rate revenue per kWh by the forecast kWh for each of GSD-1EV and GSLD-1EV. As shown in

Exhibit SWC-2, per FPL's proposed rates, the multiplier would be 1.77 for GSD-1EV and 1.84 for GSLD-1EV.

Q. WHAT IS WALMART'S PROPOSAL TO ACHIEVE THE FIFTH OBJECTIVE, TO HAVE PUBLIC EV RATES APPLICABLE ACROSS A BROAD RANGE OF LOAD SIZES?

A. For the purposes of this Docket, Walmart proposes that GSD-1EV continue to be applicable to loads from 25 kW to 499 kW, and that GSLD-1EV be uncapped so that loads of 2,000 kW or greater can take service on the schedule.

Q. WHY IS THIS IMPORTANT?

A. The charger count and load sizes of public EV charging are increasing to better serve customers through greater access and charging speed, while the risk and operational factors pertaining to rate design do not change. Walmart's proposal will enable the industry to grow how it serves customers, and also create an even playing field with FPL, who does not appear to have a cap for its charging load size.

Q. DOES WALMART HAVE A RECOMMENDATION IN REGARDS TO FPL'S PROPOSED UEV?

A. Yes. As discussed earlier, FPL did not propose an increase in the UEV energy charge for the 2027 projected test year. The Commission should require FPL to implement a percentage rate change for the 2027 UEV energy charge equivalent to the percentage change applicable to GSLD-1EV per the Commission's order in this Docket.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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BY MS. EATON:

Q Did you also prepare and cause to be filed with your prefile direct testimony five exhibits marked as SWC-1 through SWC-5?

A Yes.

MS. EATON: I note for the record that those exhibits have been identified on the Comprehensive Exhibit List as Exhibits 279 through 283.

CHAIRMAN LA ROSA: Great.

BY MS. EATON:

Q Do you have to any changes to your Exhibits SWC-1 through SWC-5?

A No.

Q Did you prepare a summary of your prefiled direct testimony?

A Yes.

Q Would you please read that to the Commission, staff and parties present?

A Sure.

Good morning, Commissioners. Hi, my name is Steve Chriss. I am with Walmart, Inc., and my testimony discusses EV rates.

So the recommendations that we make in our testimony are, one, that the Commission should approve FPL's proposal to create permanent GSD-1EV and GSDLD-EV rates as modified per our recommendations in this docket.

Number two, that those rates should be modified from FPL's proposed structure to be two-part rates, with a base charge equivalent to the GSD-1 or GSLD-1 base charge respectively, and the remaining revenue requirement recovered through the energy charge.

Our third recommendation was that the revenue requirements for rates be set by applying a multiplier to the base rate revenue per kilowatt hour for the -- for GSD-1 and GSLD-1 respectively, and then multiplying the resulting base rate revenue per kilowatt hour by the forecast kilowatt hour for each of the EV rates. For FPL's proposed rates in this docket, that multiplier would be 1.77 GSD-1EV and 1.84 for GSLD-1EV.

Our fourth recommendation is that for the purposes of this docket, we propose that GSD-1EV continue to be applicable to loads from 25 kW to 499 kW, and that GSLD-1EV be uncapped so that loads of 2,000 kW or greater can take service on the schedule.

Finally, our last recommendation is that the Commission should require FPL to implement a percentage rate change for the 2027 UEV energy charge equivalent to the percentage change applicable to GSLD-1EV per the Commission's order in this docket.

Q Thank you.

MS. EATON: Mr. Chairman, Mr. Chriss is now available for cross-examination.

CHAIRMAN LA ROSA: Thank you.

OPC?

MS. CHRISTENSEN: We have no questions for Mr. Chriss.

CHAIRMAN LA ROSA: FEL?

MS. McMANAMON: Thank you.

EXAMINATION

BY MS. McMANAMON:

Q Good morning, Mr. Chriss.

A Good morning.

Q I have just a few questions for you.

Regarding your proposal for the GSD-1EV and GSLD-1EV to be a two-part rate structure, or the base charge set equivalent to the GSLD-1 and the revenues that are projected to be recovered through the demand charge be moved, how does this impact users with high demand and low energy?

A So what this would do -- and you -- let me ask a clarifying question, then. This is referring to public EV charging users on the rate, correct?

Q Yes.

A Yeah, so what this would do is essentially --

and I have a graph on page -- I am sorry. This would essentially smooth out what's called the realized cost per kilowatt hour across a number of different usage outcomes in a given month.

One of the challenges with -- and this graph is on page 21, it's Figure 3.

MS. EATON: It's CE -- it's master dock 5258, if that helps. C485258.

MS. McMANAMON: Got it. Thank you.

THE WITNESS: Thank you. Ah, there it is.

So what this does is it makes -- it makes the resulting -- oh, let me back up.

So realize cost per kilowatt hour is the total bill divided by the total kWh. And so as -- with the traditional, even with the GSLD-1EV as proposed by FPL, there is some lumpiness to it where if you have really low usage for a particular month against, you know, relatively high demand, you are going to have a higher realized cost per kilowatt hour is because those demand costs are divided by fewer kWh, and so it's a math -- it's a math thing.

But where that impacts public EV charging suppliers is that, one, you have to price against something. And so when you have that demand charge component, it becomes a little less predictable in terms of where your outcome is going be to, because you don't know who is going to come up and charge in a given month. And so when you price it, you are pricing against some expected level of usage, but where the actual usage comes out could be well different from what your expected level of usage was for any number of reasons.

And so by switching to the two-part rate, it essentially smooths out where the pricing could land, so you have a little bit more predictability when you are doing your own pricing on the customer side as an operator.

BY MS. McMANAMON:

Q Do you agree that this could shift costs away from customers who have spikey demand?

A If done incorrectly, yes. That's why, you know, one of -- our focus is, when we look at EV rates, is to ensure that when the rate design is shifted over, if there is a change, that the rates are set such that whatever the projected revenues and fixed cost recovery are for those customers, that the utility has a reasonable opportunity to do that. We certainly don't want to build subsidies into these rates.

So the load forecast at the utility level becomes incredibly important at that point. I can't --

you would have to ask FPL's witness if they think that where they think public EV charging load will be during the course of this rate plan, if they think that they will have enough concentration where they can get a really good load forecast in. That's not something I can speak to. But if you forecast the load correctly, and set the rates based on -- and things turn out against forecast, it shouldn't be an issue. But certainly, we want to make sure that structures are set that, you know, all customers are protected.

Our base way of how we look at rates is we don't want to be subsidized, and we don't want to subsidize. So if we can set things at cost, that would be great.

Q Thank you. And that flows into my next question, where you discuss in your testimony that as long as FPL realizes or exceeds its own forecast kilowatt hours for customers on the GSLD-1EV, the company will recover its revenue target. Do you agree that there is no guarantee that FPL will realize or exceed its forecast?

A Correct, and that's correct for any rate class.

Q And do you agree that if FPL does not realize or exceed its forecasted kilowatt hour, it would need to

recover this elsewhere?

A Well, so during the course of rates being effective, there would essentially be an implicit subsidy built in. Now, with -- in their next rate case, to the extent that that subsidy is not addressed, then, you know, going forward, there is an issue.

But, you know, during the course of a utility's operations, nothing is ever going to perfectly match what was set out in the test year, and that's for any rate class. It's not just a public EV charging thing.

You know, given where the industry is going, and certainly with what Walmart has planned in the state, and what it sounds like others may have planned, there is going to be growth in that segment. So to the extent that this change is made, growth could actually exceed what's in the load forecast. But again, there is no guarantees in any direction for any rate class.

Q So if these forecasts don't materialize, and there is high demand and low energy, that could possibly create cross-subsidization issues?

A Yes, and that would show up in the cost of service study in the next rate case, at which point, you know, the Commission, parties, the utility would all get to litigate that at that time.

Q Thank you.

And regarding your recommendation for the GSLD-1EV to be uncapped so loads of 2,000 kilowatts or greater can take service, that would mean if there is an EV site with 10,000 kilowatts but only during a few big travel days, they would be able to take service under this proposed rate, correct?

A As an uncapped proposal, yes.

Q And would you agree that the cost to serve an EV site with a 10,000-kilowatt demand would be higher than to serve an EV site with a 2000-kilowatt demand, all else being equal?

A Well, I think -- so one of the areas that we walk into in this is that the operational realities that if I went to FPL and asked for a 10-megawatt site, that they would probably wouldn't let us be on a secondary rate anyway. So there is going be to an inflection point of service size where you are moving over to primary rates.

We haven't asked for a primary EV rate in this docket, nor does FPL proffer one. So, you know, in theory, yes, but a 10-megawatt service a much different service than a two-megawatt service.

The other thing to keep in mind is that as sites are developed, customers are usually required to pay some amount of the construction cost, and the contributions there. FPL and other utilities will typically do some sort of model, where they look at expected revenues for the first five years and then create a charge based against that. So if they say, you know, it costs X, but you are going to rate -- we will only have rate recovery of something less than X, we will have to make up the difference during construction. There are a lot of different mechanisms that go into it to ensure that infrastructure gets paid for, whether through rate recovery or whether through a contribution in aid of construction type payments.

So there is a lot of moving pieces to the question, so it's hard to say definitively yes or no that it would end up a certain way.

Q Okay. One moment. That's all my questions. Thank you.

A You are welcome.

CHAIRMAN LA ROSA: FAIR?

MR. SCHEF WRIGHT: No cross for my friend, Mr. Chriss. Thank you.

CHAIRMAN LA ROSA: FIPUG?

MS. PUTNAL: No questions.

CHAIRMAN LA ROSA: FEIA?

MR. MAY: No questions.

CHAIRMAN LA ROSA: FPL?

MR. BURNETT: No questions.

CHAIRMAN LA ROSA: Staff?

MR. STILLER: No questions.

CHAIRMAN LA ROSA: Commissioners, any questions?

Seeing none, back to Walmart for redirect.

MS. EATON: Sure. Walmart would move for admission of CEL Exhibits 279 through 283 into the record, and ask that Mr. Chriss be excused.

CHAIRMAN LA ROSA: Okay. Assuming no objections to those, so moved.

(Whereupon, Exhibit Nos. 279-283 were received into evidence.)

CHAIRMAN LA ROSA: And Mr. Chriss, you are excused. Thank you.

(Witness excused.)

CHAIRMAN LA ROSA: Anything else that needs to get moved into the record? FEL, nothing?

Okay. Let's move to your next witness, Walmart.

MS. EATON: Walmart calls Witness Lisa Perry.

CHAIRMAN LA ROSA: Ms. Perry, do you mind remaining standing and raising your right hand to be sworn in?

Whereupon,

LISA V. PERRY

was called as a witness, having been first duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

THE WITNESS: I do.

CHAIRMAN LA ROSA: Thank you. You can get settled in. I wasn't meaning to rush you.

Walmart, whenever you are ready, we can proceed.

MS. EATON: Thank you.

THE WITNESS: All right. I am ready.

EXAMINATION

BY MS. EATON:

Q Okay. Thank you.

Can you please state your name for the record?

A Lisa V. Perry, spelled P-E-R-R-Y.

Q And who is your current employer and what is your business address?

A Walmart, Inc., 2608 SE J Street, 72716.

Q Did you prepare and cause to be filed in this docket on June 9th, 2025, prepared direct testimony consisting of 33 pages?

A Yes, I did.

Q Do you have any changes to your prefiled

direct testimony?

A No, I do not.

Q If I were to ask you the same questions contained in your prefiled direct testimony, would your answers be the same?

A Yes, they would.

MS. EATON: Mr. Chairman, Walmart requests that the prefiled direct testimony of Lisa V. Perry be entered into the record as though read.

CHAIRMAN LA ROSA: So moved.

(Whereupon, prefiled direct testimony of Lisa V. Perry was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	**:**	**DOCKET NO. 20250011-EI**
	:	
	:	**Filed: June 9, 2025**

DIRECT TESTIMONY AND EXHIBITS OF

LISA V. PERRY

ON BEHALF OF

WALMART INC.

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Exhibits:

Exhibit LVP-1: Witness Qualifications Statements

Exhibit LVP-2: Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2023 to Present

Exhibit LVP-3.1: Impact of FPL's Current Return on Equity vs. FPL's Proposed Return on Equity – Year 2026

Exhibit LVP-3.2: Impact of FPL's Current Return on Equity vs. FPL's Proposed Return on Equity – Year 2027

Exhibit LVP-4.1: Impact of FPL's Proposed Increase in Return on Equity vs. National Average for Vertically Integrated Utilities, 2023 to Present – Year 2026

Exhibit LVP-4.2: Impact of FPL's Proposed Increase in Return on Equity vs. National Average for Vertically Integrated Utilities, 2023 to Present – Year 2027

I. Introduction

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Lisa V. Perry. My business address is 2608 SE J Street, Bentonville, AR 72716. I am employed by Walmart Inc. ("Walmart") as Director, Utility Partnerships – Regulatory.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

A. I am testifying on behalf of Walmart.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I received a J.D. in 1999 and a LL.M. in Taxation in 2000 from the University of Florida Levin College of Law. From 2001 to 2019, I was in private practice with an emphasis from 2007 to 2019 in Energy Law. My practice included representing large commercial clients before the utility regulatory commissions in Colorado, Texas, New Mexico, Arkansas, and Louisiana in matters ranging from general rate cases to renewable energy programs. I joined the Energy Services department at Walmart in September 2019 as Senior Manager, Energy Services. My Witness Qualifications Statement is attached as Exhibit LVP-1.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION ("COMMISSION")?

A. Yes. I testified in Docket Nos. 20200067-EI, 20200069-EI, 20200070-EI, 20200071-EI, 20210010-EI, 20220010-EI, 20230019-EI, and 20230020-EI.

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Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have submitted testimony with state regulatory commissions for Arkansas, Colorado, Connecticut, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Michigan, New Hampshire, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Virginia, Washington, Wisconsin, and Wyoming. I have also provided legal representation for customer stakeholders before the state regulatory commissions for Colorado, Texas, Arkansas, Louisiana, and New Mexico in the cases listed under "Commission Dockets" in Exhibit LVP-1.

Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?

A. Yes. I am sponsoring the Exhibits in the Table of Contents.

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN FLORIDA.

A. As shown on Walmart's website, Walmart operates 387 retail units, 14 supply chain facilities, and employs over 119,000 associates in Florida.[1] In fiscal year ending 2025, Walmart purchased $8.8 billion worth of goods and services from Florida-based suppliers, supporting over 63,000 jobs.[2]

[1] https://corporate.walmart.com/about/location-facts/united-states/florida
[2] *Id.*

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE SERVICE TERRITORY FOR FLORIDA POWER AND LIGHT COMPANY ("FPL" OR "COMPANY").

A. Walmart has 179 retail units, four supply chain facilities, and related facilities served by FPL. Walmart purchases more than 800 million kWh annually from the Company, pursuant to the Company's General Service Large Demand – Time of Use (500-1,999 kW) ("GSLDT-1"), General Service Demand – Time of Use (25-499 kW) ("GSDT-1"), and High Load Factor – Time of Use ("HLFT-2") schedules.

II. Purpose of Testimony and Summary of Recommendation

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the Company's *Petition for Base Rate Increase* filed in this case on February 28, 2025 ("Petition"), along with supporting testimony, and to provide recommendations to assist the Commission in its thorough and careful consideration of the Company's proposed rate increase, including the impact on customers. Specifically, my testimony addresses (i) the return on equity ("ROE") proposed by the Company, (ii) the proposed cost of service studies ("COSS") and revenue allocation, (iii) the Company's proposed production plant cost allocation methodology, (iv) proposed reduction in the Commercial/Industrial Demand Reduction

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("CDR") credit, and (v) two new proposed tariffs, Large-Load Contract Service-1 ("LLCS-1") and Large-Load Contract Service-2 ("LLCS-2").

Q. ARE OTHER WITNESSES FILING TESTIMONY ON BEHALF OF WALMART IN THIS DOCKET?

A. Yes; Steve W. Chriss is also filing testimony in this Docket on behalf of Walmart and will address certain rate design issues.

Q. IN SETTING THE REVENUE REQUIREMENT AND ROE FOR THE COMPANY, SHOULD THE COMMISSION CONSIDER THE IMPACT OF THE ASSOCIATED RATE INCREASE ON BUSINESS CUSTOMERS?

A. Yes. Electricity is a significant operating cost for retailers such as Walmart. When electric rates increase, the increased cost to retailers can put pressure on consumer prices and on the other expenses required by a business to operate. The Commission should thoroughly and carefully consider the impact on customers in examining the requested revenue requirement and ROE, in addition to all other facets of this case, to ensure that any increase in the Company's rates is the minimum amount necessary to provide safe, adequate, and reliable service, while also providing FPL the opportunity to recover its reasonable and prudent costs and earn a reasonable return on its investment.

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart's recommendations to the Commission are as follows:

(1) The Commission should thoroughly and carefully consider the impact on customers in examining the requested revenue requirement and ROE, in addition to all other facets of this case, to ensure that any increase in the Company's rates is only the minimum amount necessary to provide adequate and reliable service, while also providing an opportunity to earn a reasonable return.

(2) The Commission should closely examine the Company's proposed revenue requirement increase and the associated proposed increase in ROE, especially when viewed in light of:

(a) The customer impact of the resulting revenue requirement increases;

(b) The use of a future test year, which reduces regulatory lag by allowing the utility to include projected costs in its rates at the time they will be in effect;

(c) Recent rate case ROEs approved by the Commission; and

(d) Recent rate case ROEs approved by other state regulatory commissions nationwide.

(3) Except as for the proposed production cost allocation methodology, Walmart does not take a position on the remaining portions of the COSS. However, to the extent that alternative cost of service methodologies or modifications to the Company's methodology are proposed by other parties, Walmart reserves the right to address any

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such changes in accordance with the Commission's procedures in this Docket.

(4) Walmart recommends that the Commission reject the Company's proposal to allocate production costs using a 12-month coincident peak ("12CP") and 25% cost basis, and instead, should maintain the existing 12CP and 1/13 methodology.

(5) Walmart does not oppose the Company's proposed methodology for allocating revenue to customer classes. However, to the extent that alternative revenue allocation methodologies or modifications to the Company's methodology are proposed by other parties, Walmart reserves the right to address any such changes in accordance with the Commission's procedures in this Docket.

(6) To promote participation and to ensure the continued effectiveness of the CDR program, Walmart recommends that the Commission reject the Company's proposal to reduce the CDR credit and instead maintain the credit at its current level.

(7) To ensure that Rates LLCS-1 and LLCS-2 are applied only to the types of customers the Company intends for them to be applied and not to traditional commercial and industrial ("C&I") customers, Walmart recommends increasing the eligibility threshold from 25 MW to 75 MW.

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Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION ADVOCATED BY THE COMPANY INDICATE WALMART'S SUPPORT?

A. No. The fact that an issue is not addressed herein or in related filings should not be construed as an endorsement of, agreement with, or consent to any filed position.

III. Revenue Requirement and ROE

(A) Revenue Requirement and Requested ROE

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED REVENUE REQUIREMENT INCREASE IN THIS DOCKET?

A. My understanding is that the Company is seeking a four-year rate plan that would include a base rate increase for 2026 of $1.545 billion and an increase of $927 million for 2027.[3] Additionally, the Company is seeking approval of a Solar and Battery Base Rate Adjustments ("SoBRA") for 2028 and 2029 to recover costs associated with solar and battery projects placed into service during those years based on economic or resource need.[4]

[3] *See* Petition, p. 1; *see also* Direct Testimony of Liz Fuentes ("Fuentes Direct"), p. 6, lines 7-8 and p. 8, lines 11-12.
[4] *See* Petition, p. 1; *see also* Direct Testimony of Scott R. Bores ("Bores Direct"), p. 55, lines 1-5.

Q. WHAT IS THE COMPANY'S PROPOSED ROE AND WEIGHTED AVERAGE COST OF CAPITAL ("WACC") IN THIS DOCKET?

A. The Company is proposing a ROE of 11.90 percent, which is based on the average results of four methodologies – Discounted Cash Flow ("DCF"), Capital Asset Pricing Model ("CAPM"), Risk Premium, and Expected Earnings – as presented by Company witness Coyne.[5] These methodologies produced an average ROE of 11.83 percent, to which the Company added nine basis points to account for flotation costs, resulting in a requested ROE of 11.90 percent (rounded down from 11.92 percent).[6]

The WACC for 2026 is 7.63 percent based on a common equity ratio of 50.07 percent.[7] For 2027, the WACC is 7.64 percent based on a common equity ratio of 50.12 percent.[8]

Q. IS WALMART CONCERNED ABOUT THE REASONABLENESS OF THE COMPANY'S PROPOSED ROE?

A. Yes, especially when viewed in light of:

(1) The customer impact of the resulting revenue requirement increases;

(2) The use of a future test year, which reduces regulatory lag by allowing the utility to include projected costs in its rates at the time they will be in effect;

(3) Recent rate case ROEs approved by the Commission; and

[5] *See* Direct Testimony of James M. Coyne ("Coyne Direct"), p. 63, lines 13-18.
[6] *See id.*
[7] *See* MFR, 2026 Projected Test Year, Schedule D-1a, p. 1, line no. 9.
[8] *See* MFR, 2027 Projected Test Year, Schedule D-1a, p. 1, line no. 9.

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(4) Recent rate case ROEs approved by other state regulatory commissions nationwide.

Q. HAS THE COMMISSION RECOGNIZED THAT THE USE OF A FUTURE TEST YEAR IMPACTS THE COMPANY'S EXPOSURE TO REGULATORY LAG?

A. Yes. The use of a projected test year reduces the risk due to regulatory lag because, as the Commission has previously stated, "the main advantage of a projected test year is that it includes all information related to rate base, [Net Operating Income or] NOI, and capital structure for the time new rates will be in effect."[9] As such, the Commission should carefully consider the level of ROE justified by the Company's exposure to regulatory lag.

(B) Recent ROEs Approved by the Commission

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CURRENTLY APPROVED ROE?

A. My understanding is that the Company's currently authorized ROE is 10.60 percent, with a provision allowing for a 20-basis-point upward adjustment if the 30-year Treasury bond yield increases by 50 basis points or more over a

[9] *In re: Request for rate increase by Gulf Power Company*, Docket No. 010949-EI, Order No. PSC-02-0787-FOF-EI (issued June 10, 2002), p. 9.

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specified period.[10] That condition was met, and as a result, the Company's current ROE is 10.80 percent.[11]

Q. IS THE COMPANY'S PROPOSED ROE SIGNIFICANTLY HIGHER THAN THE ROEs APPROVED BY THE COMMISSION FROM 2023 TO PRESENT?

A. Yes. Since 2023, the Commission issued an Order with a stated ROE in the following three cases:

(1) Docket No. 20240025-EI, Duke Energy Florida, LLC ("DEF") general rate case completed in 2024, in which the Commission awarded an ROE equal to 10.30 percent;[12]

(2) Docket No. 20240026-EI, Tampa Electric Company ("TECO") general rate case completed in 2024, in which the Commission awarded an ROE equal to 10.50 percent;[13] and

(1) Docket No. 20240099-EI, Florida Public Utilities Co. general rate case completed in 2025, in which the Commission awarded an ROE equal to 10.15 percent.[14]

[10] *See In re: Petition for rate increase by Florida Power & Light Company,* Docket No. 20210015-EI, Order No. PSC-2024-0078-FOF-EI (issued Mar. 25, 2024), p. 15; *see* Coyne Direct, p. 7, lines 12-18.
[11] *See id.* at 7, lines 18-21.
[12] *See In re: Petition for rate increase by Duke Energy Florida, LLC*, Docket No. 20240025-EI, Order No. PSC-2024-0472-AS-EI (issued Nov. 12, 2024), p. 10, *see also* Exhibit LVP-2.
[13] *See In re: Petition for rate increase by Tampa Electric Company*, Docket No. 20240026-EI, Order No. PSC-2025-0038-FOF-EI (issued Feb. 3, 2025), p. 95; *see also* Exhibit LVP-2.
[14] *See In re: Petition for rate increase by Florida Public Utilities Company, Docket No. 20240099-EI*, Order No. PSC-2025-0114-PAA-EI (issued Apr. 7, 2025); *see also* Exhibit LVP-2.

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As such, the Company's proposed 11.90 percent ROE is counter to recent Commission actions regarding ROEs for other investor-owned electric utilities in Florida.

Q. HAVE YOU CALCULATED AN ESTIMATE OF THE IMPACT TO CUSTOMERS FROM THE COMPANY'S PROPOSED INCREASE IN ROE FROM 10.80 PERCENT TO 11.90 PERCENT?

A. Yes. The impact of the proposed 110 basis point increase in authorized ROE is an increase to the revenue requirement of approximately $554.9 million, or 35.92 percent of the rate increase requested by the Company for 2026.[15] For 2027, the difference is a revenue requirement increase of approximately $597.1 million, or 64.38 percent of the requested rate increase.[16]

(C) National Utility Industry ROE Trends

Q. IS THE COMPANY'S PROPOSED ROE SIGNIFICANTLY HIGHER THAN THE ROEs APPROVED BY OTHER UTILITY REGULATORY COMMISSIONS IN 2023, 2024, AND SO FAR IN 2025?

A. Yes. According to data from S&P Global Market Intelligence ("S&P Global"), a financial news and reporting company, the average of the 100 reported electric utility rate case ROEs authorized by commissions to investor-owned utilities in 2023, 2024, and so far in 2025, is 9.68 percent.[17] The range of reported

[15] Exhibit LVP-3.1.
[16] Exhibit LVP-3.2.
[17] Exhibit LVP-2.

authorized ROEs for the period is 8.63 percent to 11.45 percent, and the median authorized ROE is 9.70 percent.[18] The average and median values are significantly below the Company's proposed ROE of 11.90 percent. As such, the Company's proposed 11.90 percent ROE is counter to broader electric industry trends.

Q. SEVERAL OF THE REPORTED AUTHORIZED ROEs ARE FOR DISTRIBUTION-ONLY UTILITIES. WHAT IS THE AVERAGE AUTHORIZED ROE IN THE REPORTED GROUP FOR VERTICALLY INTEGRATED UTILITIES?

A. In the group reported by S&P Global, the average ROE for vertically integrated utilities authorized from 2023 through April 29, 2025 is 9.78 percent.[19] The average ROE authorized for vertically integrated utilities in 2023 was 9.71 percent; in 2024, it was 9.85 percent; and so far in 2025 is 9.83 percent.[20] Thus, the Company's proposed 11.90 percent ROE is counter to broader electric industry trends. In fact, if approved by the Commission, the Company's requested 11.90 percent ROE would be the highest awarded ROE for vertically integrated utilities since 2023 as shown in Figure 1 and Figure 2 below.

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[18] *Id.*
[19] *Id.*
[20] *Id.*

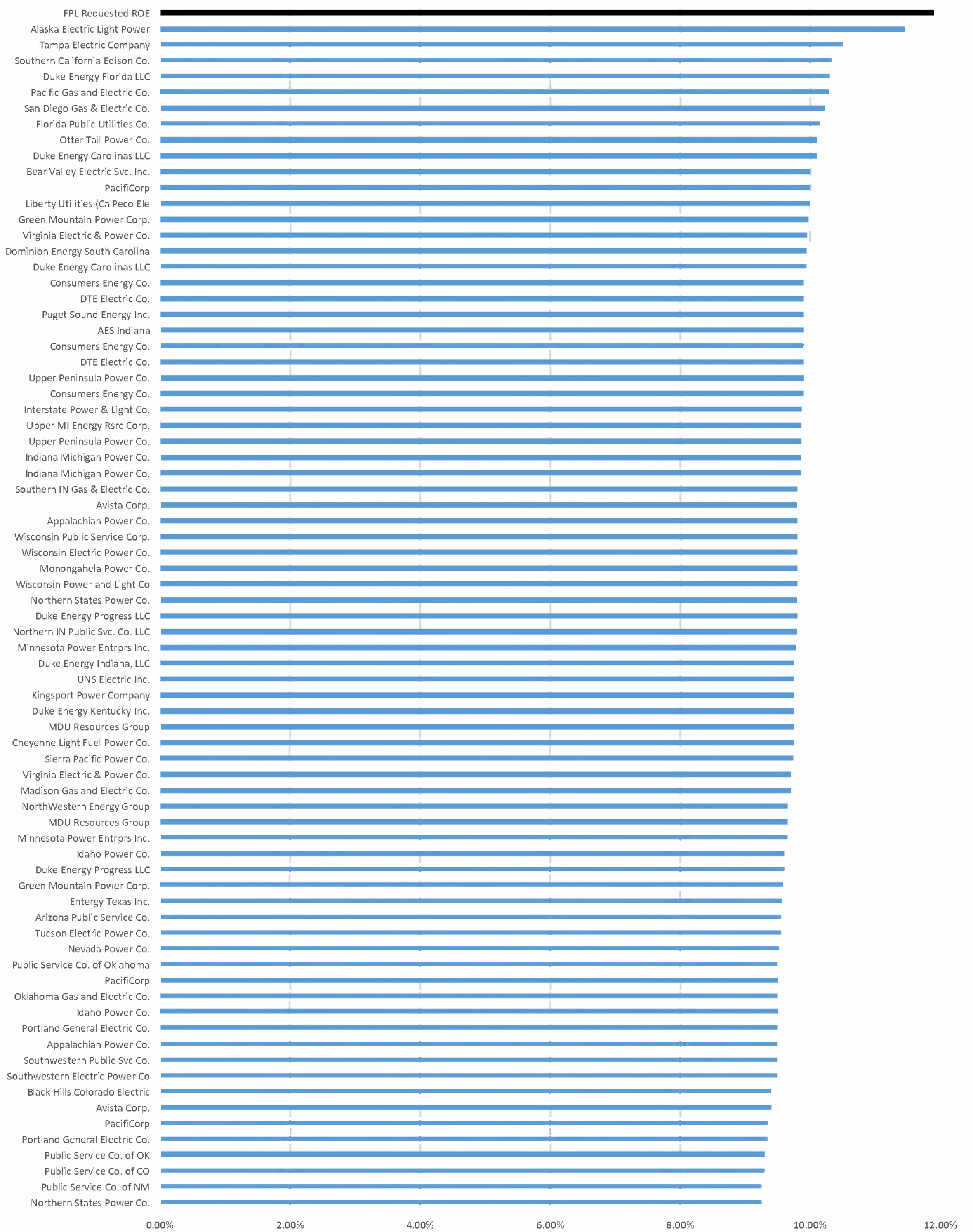

Figure 1. FPL's Proposed ROE Versus Authorized ROEs for All Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.

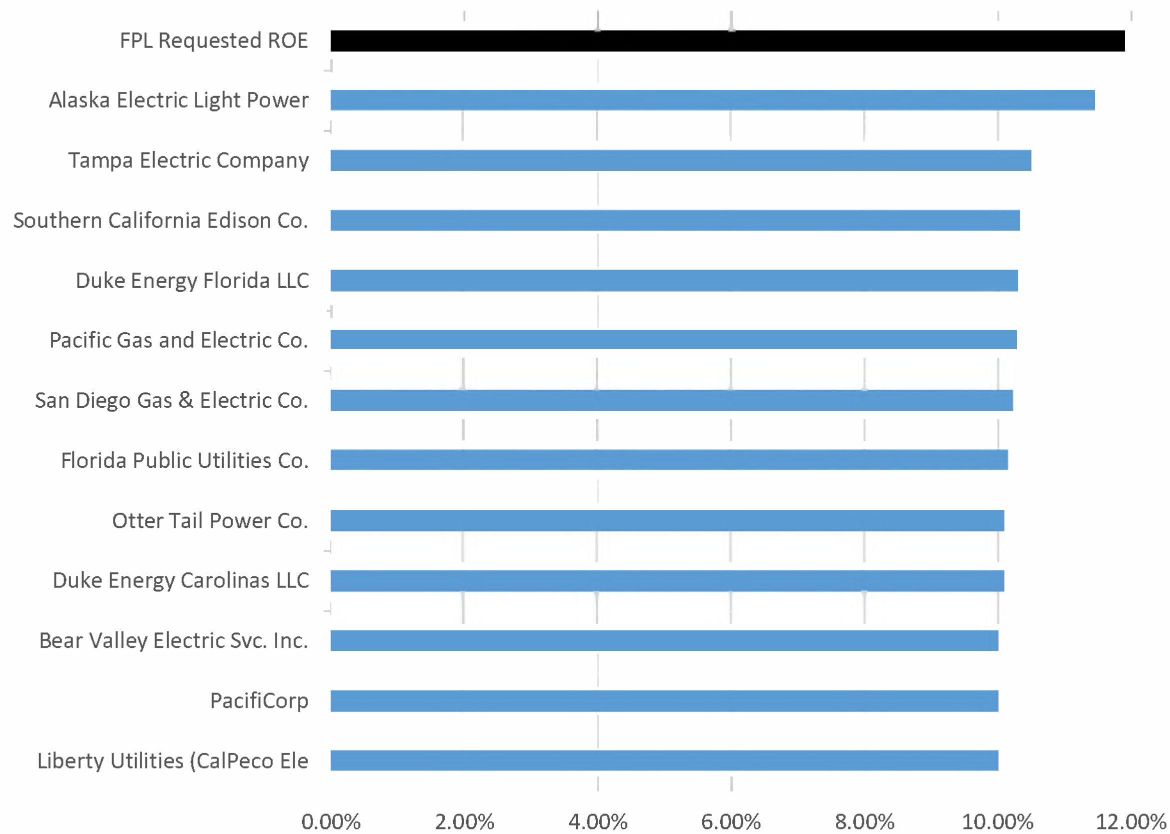

Figure 2. FPL's Proposed ROE Versus Authorized ROEs for Top 12 Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.

Q. WHAT IS THE REVENUE REQUIREMENT IMPACT WERE THE COMMISSION TO APPROVE AN ROE FOR THE COMPANY EQUIVALENT TO 9.78 PERCENT, THE AVERAGE AUTHORIZED ROE NATIONWIDE IN 2023, 2024, AND SO FAR IN 2025 FOR VERTICALLY INTEGRATED UTILITIES?

A. If the Commission were to approve an ROE for the Company of 9.78 percent, versus its proposed 11.90 percent ROE, it would result in a $1.1 billion, or 69.24

percent, reduction in the Company's proposed revenue requirement for 2026.[21] For 2027, it would result in a $1.15 billion reduction, which would not only eliminate the proposed revenue requirement for 2027, but also allow customers to receive a decrease in their bills.[22]

Q. IS WALMART RECOMMENDING THAT THE COMMISSION BE BOUND BY ROEs AUTHORIZED BY OTHER STATE REGULATORY COMMISSIONS?

A. No. Decisions of other state regulatory commissions are not binding on the Commission. Additionally, each state regulatory commission considers the specific circumstances of each case in its determination of the proper ROE. Walmart is providing this information to illustrate a national customer perspective on industry trends in authorized ROE. This nationwide perspective is also relevant since the Company is often competing for capital on a nationwide basis.

Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION REGARDING THE COMPANY'S PROPOSED ROE?

A. The Commission should reject the 11.90 percent ROE requested by the Company as unreasonable in light of:

(1) The customer impact of the resulting revenue requirement increases;

[21] *See* Exhibit LVP-4.1.
[22] *See* Exhibit LVP-4.2.

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(2) The use of a future test year, which reduces regulatory lag by allowing the utility to include projected costs in its rates at the time they will be in effect;

(3) Recent rate case ROEs approved by the Commission; and

(4) Recent rate case ROEs approved by other state regulatory commissions nationwide.

IV. Cost of Service and Production Plant Cost Allocation

(A) Cost of Service

Q. GENERALLY, WHAT IS WALMART'S POSITION ON SETTING RATES BASED ON THE UTILITY'S COST OF SERVICE?

A. Walmart advocates that rates be set based on the utility's cost of service for each rate class. This produces equitable rates that reflect cost causation, sends proper price signals, and minimizes price distortions.

Q. DID THE COMPANY PREPARE A COSS?

A. Yes, it did. Based on my understanding, the Company conducted a retail COSS for the 2026 Projected Test Year and for the 2027 Projected Test Year.[23]

Q. DOES WALMART TAKE A POSITION ON THE COMPANY'S PROPOSED COSS AT THIS TIME?

A. Except as discussed below in my testimony regarding the proposed production cost allocation methodology, Walmart does not take a position on the remaining

[23] *See generally* Direct Testimony of Tara DuBose ("DuBose Direct"); *see also* MFR, Schedule E-06b.

portions of the COSS. However, to the extent that alternative cost of service methodologies or modifications to the Company's methodology are proposed by other parties, Walmart reserves the right to address any such changes in accordance with the Commission's procedures in this Docket.

(B) Production Plant Cost Allocation

Q. WHAT IS YOUR UNDERSTANDING OF THE PURPOSE OF PRODUCTION PLANT FIXED COST ALLOCATION?

A. Production plant cost allocation is the process of allocating to each customer class the fixed costs of a utility's generation assets. Fixed costs are defined as costs that do not vary with the level of output and must be paid even if there is no output.[24]

Q. DO A UTILITY'S FIXED PRODUCTION PLANT COSTS CHANGE BASED ON THE AMOUNT OF ELECTRICITY GENERATED?

A. No, they do not. The utility's fixed production plant costs do not change with changes in the amount of electricity generated. For example, if a generating unit is not dispatched and produces no energy, the fixed costs are not avoided by the utility or by the customers. Generation units can be built and operated for different reasons, such as to take advantage of lower fuel costs or to provide reliability, but the way in which a generation unit is operated does not change

[24] Pindyck, Robert S. and Daniel L. Rubinfeld, "Microeconomics", 5th ed., 2001, p. 206.

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the fact that the fixed costs are, in fact, fixed and should be treated as such in the production capacity cost allocation.

Q. IS IT YOUR UNDERSTANDING THAT PRODUCTION PLANT CAPACITY IS SIZED TO MEET THE MAXIMUM DEMAND IMPOSED ON THE SYSTEM BY THE COMPANY'S CUSTOMERS?

A. Yes; it is my understanding that the timing and size of a utility's production plant capacity additions are generally made to meet the maximum demand placed on the utility's system by all customer classes, also known as its CP. All of a utility's generation units are needed to meet that demand, and removing any of the units from that stack will limit the utility's ability to do so.

Q. WHY IS IT IMPORTANT FOR THE ALLOCATION OF PRODUCTION PLANT COSTS TO RECOGNIZE THAT PRODUCTION CAPACITY IS DESIGNED TO MEET SYSTEM PEAK?

A. Basing the allocation of production plant fixed costs on the utility's system peak ensures that the resulting rates reflect cost causation and minimize cost responsibility shifts between rate classes. Allocation of fixed production plant costs on a variable, or energy, basis can introduce shifts in cost responsibility from lower load factor classes to higher load factor classes. Quite simply, under an energy allocator, two customer classes can have the same contribution to system peak demand in the test year and cause the Company to incur the same amount of fixed costs to meet that demand. However, because one class uses more kWh (energy) than the other, that class would be allocated – and pay –

more of the Company's fixed costs than the class that uses less kWh (energy). Additionally, use of an energy allocator implies that the generation plant to which that allocator is applied has no fixed costs, which is plainly not the case.

Q. WHAT IS YOUR UNDERSTANDING OF THE PRODUCTION COST ALLOCATOR CURRENTLY APPLIED BY THE COMPANY?

A. My understanding is that in Docket No. 20210015-EI, the Commission approved the Company's continued use of the "12CP and 1/13" cost allocation methodology for production plant costs.[25] Based on my understanding, this method allocates 12/13 (approximately 92 percent) of production plant costs based on the average of the 12CP and 1/13 (approximately 8 percent) based on average demand, which is mathematically equivalent to energy usage. It is also my understanding that the 12CP and 1/13 methodology has been a standard approach in Florida for allocating production plant costs, reflecting both demand and energy components.

Q. WHAT IS YOUR UNDERSTANDING OF THE PRODUCTION COST ALLOCATOR PROPOSED BY THE COMPANY IN THIS DOCKET?

A. My understanding is that the Company proposes to implement a "12CP and 25%" allocation methodology for production plant costs, under which 75 percent of demand-related production costs would be allocated based on

[25] *See In re: Petition for rate increase cf Florida Power & Light Company*, Docket No. 20210015-EI, Order No. PSC-2021-0446-S-EI (issued Dec. 2, 201), Attachment A, Stipulation and Settlement Agreement, at par. 4(f).

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average demand during the 12CP, and the remaining 25 percent would be allocated based on total energy consumption.[26]

Q. WHAT JUSTIFICATION DOES THE COMPANY PROVIDE FOR MOVING TO A 12CP AND 25% PRODUCTION COST ALLOCATION METHODOLOGY?

A. The Company claims that the 12CP and 25% allocation method better reflects the evolving nature of its generation portfolio, particularly the increasing share of solar and battery storage.[27] According to the Company, as solar generation continues to grow, a reduction in system-wide fuel expenses will provide more benefit to high-energy users that justifies a greater emphasis on energy-based cost allocation.[28] Additionally, the Company argues that solar contributes limited firm capacity during system peaks and shifts the net peak to later in the day, and as such, a higher energy-weighted allocation of production plant costs is more appropriate than the current 12CP and 1/13 method.[29]

Q. WHAT IS WALMART'S POSITION ON THE COMPANY'S PROPOSED ALLOCATOR?

A. The Company's proposed shift to the 12CP and 25% allocation methodology is not justified and should be rejected. While the Company argues that increased solar generation warrants a greater allocation of production plant costs based on energy rather than demand, this rationale is inconsistent with long-standing

[26] *See* DuBose Direct, p. 20, lines 19-21.
[27] *See id.* at 21, lines 3-7.
[28] *See id.* at 21, lines 8-13.
[29] *See id.* at 21, line 15 to 22, line 5.

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cost causation principles. The fact that solar generation has no fuel cost and provides fuel savings does not change the fact that the fixed capital costs are associated with building and maintaining production facilities – costs that are incurred to meet system capacity requirements, not energy usage.

Moreover, the Company's statement that the net system peak is shifting later in the day due to solar generation does not support abandoning the well-established 12CP and 1/13 methodology. The existing methodology already strikes a balance between demand and energy. In contrast, the Company's proposal appears to reallocate costs to certain customer classes without any clear evidence of a change in underlying cost causation. By shifting a larger share of production plant costs to energy, the proposal would unfairly burden high-energy users.

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION WITH REGARD TO THE COMPANY'S PROPOSAL TO ALLOCATE DEMAND-RELATED PRODUCTION COSTS USING A 12CP AND 25% METHODOLOGY?

A. Walmart recommends that the Commission reject the Company's proposal to allocate production costs using a 12CP and 25% cost basis, and instead, should maintain the existing 12CP and 1/13 methodology.

V. Revenue Allocation

Q. HOW DOES THE COMPANY REPRESENT WHETHER RATES FOR A CUSTOMER CLASS ACCURATELY REFLECT THE UNDERLYING COST OF SERVICE?

A. The Company represents this relationship in its COSS results through the use of class-specific rates of return. These rates of return can be converted into a parity index, which measures the relationship of the rate of return for an individual rate class to the total system rate of return. A parity index greater than 100 percent means that the rate class is paying rates in excess of the costs incurred to serve that class. Conversely, a parity index less than 100 percent means that the rate class is paying rates less than the costs incurred to serve that class. As such, those rate classes with a parity index greater than 100 percent shoulder or subsidize some of the revenue responsibility for the classes with a parity index less than 100 percent.

Q. HAS THE COMPANY CALCULATED A PARITY INDEX FOR EACH CUSTOMER CLASS BASED ON ITS COST OF SERVICE RESULTS AT PRESENT RATES?

A. Yes, as shown in Table 1 below.

Table 1. Parity Index, FPL's Proposed Cost of Service Study Results for 2026 and 2027, Present Rates

Customer Class	2026 Parity Index	2027 Parity Index
CILC-1D	73%	72%
CILC-1G	85%	85%
CILC-1T	73%	70%
GS(T)-1	125%	126%
GSCU-1	136%	135%
GSD(T)-1	85%	85%
GSLD(T)-1	76%	75%
GSLD(T)-2	67%	65%
GSLD(T)-3	82%	79%
MET	106%	107%
OS-2	60%	65%
RS(T)-1	106%	107%
SL/OL-1	112%	108%
SL-1M	104%	109%
SL-2	112%	110%
SL-2M	155%	156%
SST-DST	335%	362%
SST-TST	245%	248%
Total Company	**100%**	**100%**

Sources: DuBose Direct, Exhibit TD-2, p. 1-2

Q. BASED ON TABLE 1, ARE THE COMPANY'S CURRENT RATES AT THEIR COST-BASED LEVELS?

A. No, they are not. As shown in Table 1 above, each customer class is either paying more or less than their cost-based rates as indicated by parity indices greater than (subsidizing) or less than (subsidized) 100 percent.

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REVENUE ALLOCATION PROPOSAL?

A. Based on my understanding, the Company starts with Company witness DuBose's COSS to evaluate how proposed revenue changes affect each rate class.[30] The Company then seeks to improve parity among rate classes while following the Commission's principle of gradualism by limiting any rate class increase to no more than 1.5 times the system average and prohibits any class from receiving a revenue decrease.[31]

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION WITH REGARD TO THE COMPANY'S PROPOSED REVENUE ALLOCATION METHODOLOGY?

A. Walmart does not oppose the Company's proposed methodology for allocating revenue to customer classes. However, to the extent that alternative revenue allocation methodologies or modifications to the Company's methodology are proposed by other parties, Walmart reserves the right to address any such changes in accordance with the Commission's procedures in this Docket.

[30] *See* Direct Testimony of Tiffany C. Cohen ("Cohen Direct"), p. 17, lines 7-8.
[31] *See id.* at 17, lines 8-14.

VI. CDR Credit and Large Load Tariffs

(A) CDR Credit

Q. WHAT IS YOUR UNDERSTANDING OF THE CDR CREDIT?

A. Based on my understanding, the CDR Credit is available to C&I customers served under specified rate schedules who voluntarily agree to reduce their electric load during periods when the Company experiences emergency conditions, capacity shortages (either in power supply or transmission), or when projected system load would otherwise require the use of peaking generation units.[32] In return, participating customers receive a $/kW credit on their monthly bill at the current rate of $8.76/kW as outlined in the applicable tariff.[33]

Q. WHAT SYSTEM-WIDE BENEFITS DOES THE CDR PROGRAM PROVIDE?

A. The CDR program allows the Company to manage demand during times of grid stress by incentivizing load reductions, which benefits all customers by reducing the need for costly peaking generation, helping prevent outages, and potentially deferring the construction of new generation facilities. Participating customers are compensated for delivering this system-wide value through a bill credit.

[32] *See* FPL Twenty-Sixth Revised Sheet No. 8.680, Commercial/Industrial Demand Reduction Rider (CDR).
[33] *See id.*

Q. IS THE COMPANY PROPOSING CHANGES TO THE CDR CREDIT?

A. Yes, it is. The Company is proposing to reduce the CDR Credit from the current rate of \$8.76/kW to \$6.22/kW.[34]

Q. DOES WALMART CURRENTLY PARTICIPATE IN THE CDR PROGRAM?

A. Yes, Walmart is currently participating in the CDR program.

Q. WHAT IS WALMART'S RESPONSE TO THE COMPANY'S PROPOSED REDUCTION TO THE CREDIT?

A. It is my understanding that, at the current credit level, the Company has determined the CDR program yields a positive benefit-to-cost ratio of 1.06 under the Rate Impact Measure ("RIM") test.[35] Nevertheless, despite this favorable outcome, the Company now proposes to reduce the credit in order to increase the RIM ratio to 1.49.[36] Walmart believes that reducing customer compensation to enhance the benefit-to-cost ratio is short-sighted, as it risks undermining customer participation and the overall effectiveness of the program.

Q. PLEASE EXPLAIN.

A. For customers like Walmart to participate in programs like the CDR program, the economics must be sufficient to justify the operational impacts of participation. Specifically, participation may require running backup generation

[34] *See* Direct Testimony of Andrew W. Whitley, p. 40, lines 14-16.
[35] *See id.* at 40, lines 8-12.
[36] *See id.* at 40, lines 14-18.

and incurring associated costs. If the credit is reduced to the proposed $6.22/kW, there is a significant risk that current participants may choose to withdraw, and prospective participants may be discouraged from enrolling due to the diminished economic value. This reduction in participation could ultimately undermine the program's effectiveness and negatively affect the very benefit-to-cost ratio the Company seeks to improve.

Q. ARE THERE OTHER CONCERNS WITH REDUCING THE CDR CREDIT?

A. Yes, there are several important considerations. Beyond the potential negative impact on the RIM benefit-to-cost ratio, maintaining a robust load reduction program like the CDR program is critical for system reliability and overall grid efficiency. Programs like this serve as valuable demand-side management tools that give the Company flexibility during periods of grid stress – such as extreme weather events or unplanned outages – when system demand is unusually high.

When large commercial customers like Walmart reduce their load during these peak periods, the Company can avoid dispatching more expensive peaking generation resources, which can be less efficient and more costly for the Company to operate. Moreover, effective load reduction helps the Company prevent capacity shortfalls that could otherwise lead to involuntary measures like rotating outages. In this way, the CDR program not only supports the Company's operational resilience but also delivers broad system-wide benefits, including cost savings and improved reliability. Undermining participation through reduced credits jeopardizes these benefits at precisely the time when the grid needs flexible, responsive demand-side resources the most.

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION WITH REGARD TO THE CDR CREDIT?

A. To promote participation and to ensure the continued effectiveness of the CDR program, Walmart recommends that the Commission reject the Company's proposal to reduce the CDR credit and instead, at a minimum, maintain the credit at its current level.

(B) Proposed Large Load Tariffs – Rate LLCS-1 and Rate LLCS-2

Q. IS THE COMPANY PROPOSING NEW TARIFFS FOR "LARGE LOAD CUSTOMERS?"

A. Yes, the Company is proposing two new tariffs specifically for what it is describing as "large load customers" – Rate LLCS-1 and LLCS-2.[37]

Q. WHAT ABOUT RATE LLCS-1?

A. The proposed Rate LLCS-1 will serve up to 3 gigawatts ("GW") of combined load within three designated zones – Sunbreak (St. Lucie County), Tesoro (Martin County), and Sugar (Palm Beach County) – chosen for their proximity to FPL's 500 kV transmission infrastructure and suitability for additional generation capacity, which minimized network upgrade costs.[38] Rate LLCS-1 includes a stated rate reflecting the cost of new generation capacity needed to

[37] *See* MFR, Schedule E-14, pp. 130-136.
[38] *See* Cohen Direct, p. 24, lines 7-14.

serve the 3 GW load, which will be updated in future rate proceedings based on the specifics of the installed resources.[39] Once the 3 GW cap is fully subscribed, the rate schedule will be closed to new or incremental load.[40]

Q. WHAT IS THE PROPOSED STRUCTURE FOR RATE LLCS-2?

A. The proposed Rate LLCS-2 is similar to Rate LLCS-1, but differs in three key ways: (i) it is not available in the three designated LLCS-1 regions; (ii) it has no 3 GW load cap; and (iii) it does not include a stated rate for the incremental generation capacity needed to serve customer load.[41] Rate LLCS-2 is an optional rate for customers who choose to locate outside the specified LLCS-1 zones.[42]

Q. HOW DOES THE COMPANY ASSERT THAT THESE TARIFFS WILL PROTECT NON-LARGE LOAD CUSTOMERS?

A. The Company states that both Rates LLCS-1 and LLCS-2, along with the associated LLCS Service Agreement, include multiple safeguards to protect the general body of customers from bearing the incremental costs of serving large, high-load-factor customers, including:

- Service availability is limited to FPL's capacity based on the estimated in-service date;

[39] *See id.* at 24, lines 14-18.
[40] *See id.* at 24, lines 18-20.
[41] *See id.* at 24, line 22 to 25, line 3.
[42] *See id.* at 25, lines 3-4.

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- FPL retains sole discretion over resource selection to serve these loads, aligned with its system planning and Commission-approved Ten-Year Site Plan;
- Customers must enter into a binding LLCS Service Agreement outlining service terms, responsibilities, capacity timelines, and commercial conditions, including the requirement for new impact studies for additional load;
- A 20-year minimum service term with a two-year termination notice ensures recovery of infrastructure costs;
- A set maximum demand and negotiated ramp-up schedule aligns resource deployment with customer demand growth;
- Take-or-pay provisions that require customers to pay from the in-service date regardless of whether full projected load is achieved; and
- Early termination fees that further ensure general customers are not left covering unrecovered costs.[43]

The Company claims that these provisions will ensure that the costs of new generation capacity required to serve LLCS customers are fully borne by those customers and not subsidized by the broader customer base.[44]

[43] *See id.* at 26, line 21 to 28, line 9.
[44] *See* Cohen Direct, p. 28, lines 10-13.

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Q. DOES WALMART SUPPORT LARGE LOAD TARIFFS SUCH AS RATES LLCS-1 AND LLCS-2?

A. Generally, yes it does. Due to the significant forecasted load growth driven in large part by data centers, Walmart supports the creation of separate tariffs specifically designed to address the unique characteristics of large load customers. While traditional large C&I customers have historically driven electricity demand, they also tend to deliver broader economic benefits to the local community, including significantly more job opportunities compared to the limited ongoing positions typically associated with data center operations.

Additionally, data centers present a unique challenge due to the scale and concentration of their energy demands. Individual data center projects can be hundreds or even thousands of MWs in size, with a single facility potentially comprising a substantial portion of a utility's system peak. This level of concentrated load presents system planning and cost recovery risks not typically associated with other types of commercial or industrial development.

Q. HOW DO TARIFFS SUCH AS RATES LLCS-1 AND LLCS-2 ADDRESS THESE CONCERNS?

A. Given the unprecedented scale of electricity demand associated with large load customers – and the significant investment required to serve that demand – it is essential that appropriate safeguards are implemented to protect existing customers. This includes ensuring that projected load materializes as expected and remains in service over a meaningful duration. Additionally, Walmart believes that fostering a supportive environment for traditional C&I customers is vital to Florida's long-term economic health. Establishing separate large load tariffs can provide a prudent framework to manage the unique risks posed by data center growth while balancing the broader interests of both current and prospective customers across the state.

Q. DOES WALMART HAVE CONCERNS WITH RATES LLCS-1 AND LLCS-2?

A. While Walmart does not take issue with the overall structure of Rates LLCS-1 and LLCS-2, it is concerned that the minimum eligibility thresholds – particularly the requirement that customers with projected new or incremental load of 25 MW qualify – may be set too low. This threshold could unintentionally subject traditional C&I customers to these rate schedules, even if the Company did not intend for the rates to apply to them. Clarification or adjustment of the criteria may be necessary to ensure the rates are targeted only to the types of large load customers they were designed to address.

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION WITH REGARD TO THE PROPOSED RATES LLCS-1 AND LLCS-2?

A. To ensure that Rates LLCS-1 and LLCS-2 are applied only to the types of customers the Company intends for them to apply and not to traditional C&I customers, Walmart recommends increasing the eligibility threshold from 25 MW to 75 MW.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

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BY MS. EATON:

Q Ms. Perry, did you also prepare and cause to be filed with your prefiled direct testimony six exhibits marked as LVP-1, LVP-2, LVP-3.1, LVP-3.2, LVP-4.1 and LVP-4.2?

A Yes, I did.

MS. EATON: And for the record, those exhibits have been identified as Exhibits 273 through 278 on the Comprehensive Exhibit List.

CHAIRMAN LA ROSA: Okay.

BY MS. EATON:

Q Do you have any changes to your exhibits?

A No, I do not.

Q And did you prepare a summary of your prefiled direct testimony?

A Yes, I did.

Q Would you please read that to the Commission, staff and the parties present?

A Yes. Thank you.

Good morning, Chair and Commissioners. My name is Lisa Perry. I am a director on the utility partnership's team at Walmart.

Walmart operates nearly 400 stores and 15 distribution facilities in Florida, employing more than 119,000 associates. Within FPL's service territory, we have 179 stores and four distribution centers. Electricity is one of our largest operating costs, so rate increases matter greatly to us and to the customers who we serve.

First, Walmart urges the Commission to ensure that any rate increase is no more than necessary to provide reliable service while allowing FPL a reasonable return. In this case, FPL is asking for an 11.9 percent return on equity, up from its current 10.8 percent. This request is well above recent Florida approvals. For example, 10.3 percent was awarded for Duke Energy, and 10.5 percent for TECO; and also far above the national average of around 9.8 percent for vertically integrated utilities. Approving 11 -- approving 11.9 percent would add more than half a billion dollars to customer costs in 2026 alone.

Second, Walmart recommends that the Commission maintain the current 12 CP and 1/13th method for allocating production costs rather than FPL's proposed 12 CP and 25 percent approach. The existing method fairly reflects how generation is built to meet system peaks. Shifting more costs to energy use would unfairly burden high load factor customers like Walmart without evidence of a change in cost causation.

Third, Walmart asks the Commission to keep the

CDR credit at its current rate of $8.76 per kilowatt rather than reducing it to $6.22, as proposed by FPL. The CDR program provides system-wide reliability and cost benefits. Reducing the incentive may discourage participating and weaken the valuable demand-side management tool.

Finally, Walmart supports FPL's creation of large load tariffs for hyperscale customers like data centers, but recommends raising the eligibility threshold from its current 25 megawatts to 75 megawatts to ensure traditional commercial and industrial customers are not unintentionally included in these new rate schedules.

In summary, Walmart respectfully requests that the Commission reject the proposed 11.9 percent ROE, maintain the 12 CP and 1/13th cost allocation, keep the current CDR credit and limit the new large load tariffs to customers above 75 megawatts. These actions will promote cost-based rates, protect customers and maintain Florida's balance of affordability and reliability.

Thank you for your time.

Q Thank you.

MS. EATON: Mr. Chairman, Ms. Perry is now available for cross-examination.

CHAIRMAN LA ROSA: Thank you.

OPC?

MS. CHRISTENSEN: Yes.

EXAMINATION

BY MS. CHRISTENSEN:

Q Good morning, Ms. Perry.

A Good morning.

Q How are you doing?

A I am good.

Q In your testimony you filed June 9th, you addressed ROE and capital structure, correct?

A Correct.

Q And you would agree that it's accepted practice under Bluefield and Hope to estimate the required return on equity using modeling such as DCF and CAPM?

A I know that's what's traditionally done, yes.

Q Okay. And as we were just discussing, you would agree that the discounted cash flow method is one of the models that's generally used to estimate ROE?

A That is my experience.

Q And you did not conduct any DCF modeling for your testimony?

A No, I did not.

Q Okay. And you would agree that the capital asset pricing model is another method frequently used to

estimate ROE, correct?

A Similar --

MS. EATON: I would -- I would object and just say Ms. Perry has her direct testimony which shows what she did and didn't do, and it's -- she didn't do modeling. We can stipulate that she didn't do modeling.

MS. CHRISTENSEN: And while I appreciate that comment by co-counsel, you know, I am trying to conduct my cross-examination and highlight what I think is absent. This is cross-examination. It is intended to highlight things that are absent from her testimony, so I think this is a fair line of questioning, and at this point I only have a few more questions and I don't -- I am not agreeable to stipulating my cross-examination.

CHAIRMAN LA ROSA: I would just -- I would simply state that the witness can answer the question if they know the answer to it.

MS. CHRISTENSEN: Thank you.

BY MS. CHRISTENSEN:

Q You would agree that the capital asset pricing model is another frequently used methodology for estimating ROE?

A In my experience, I have seen it, yes.

Q Okay. And you didn't do any CAPM analysis yourself, correct?

A Correct.

Q Okay. And finally, you would agree that the risk premium model is also a method that's used to estimate ROE, correct?

A Correct.

Q And you did not do any risk premium analysis yourself, did you?

A That is correct.

Q Okay. On page 10, lines six through 16, you say that FPL's requested 11.9 is significantly higher than the ROEs approved by the Commission since 2023, correct?

A Correct.

Q And you cite the 10.3 ROE awarded by Duke in March of '24 as part of the -- as part of a settlement, correct?

MR. BURNETT: Mr. Chairman, I am going to object to friendly cross-examination.

CHAIRMAN LA ROSA: Can you restate the question that you just asked to make sure that's what you are objecting to?

MS. CHRISTENSEN: Well, this is a foundational question for my next question, but I don't know that there is actually anything considered friendly cross other than the method of asking the question. I am certainly not asking --

CHAIRMAN LA ROSA: Can you restate the question?

MS. CHRISTENSEN: Certainly.

Would you agree -- I think in your opening, you cited the cases that were recently awarded by this commission. Were you aware that in the Duke case and the FPUC case, that OPC was a signatory to those settlements?

CHAIRMAN LA ROSA: Before that question is answered, is that what you were objecting to?

MR. BURNETT: Mr. Chairman, I am just simply -- to the extent she's putting in testimony that aligns with OPC's testimony, it's free friendly cross, and that's one of the first things you told us at the start of the hearing.

MS. CHRISTENSEN: I mean, there is no actual objection as friendly cross. I am allowed to elicit the information that I want whether or not it's detrimental or helpful to my case. And I this I his objection is it's going to hurt his case, and that's not an actual objection.

MR. BURNETT: Mr. Chairman, my actual

objection is it's cumulative.

MS. CHRISTENSEN: I don't think that that was actually in the testimony, so I don't think it can be cumulative. That's why I am trying to ask cross questions on it.

CHAIRMAN LA ROSA: Okay. Let me go to my advisors on this, having heard from the parties multiple times.

MS. HELTON: Mr. Chairman, if you will give me one second, I am looking up the prehearing order to see exactly what it says about friendly cross, but the Commission has a long history of --

CHAIRMAN LA ROSA: It's definitely discouraged.

MS. HELTON: Yes, sir.

MR. MARSHALL: Mr. Chairman, if I could just be briefly heard on this. I mean, the definition of friendly cross cannot be answers that help our side of the case, because that is the entire point of cross, is to get answers that help our case.

CHAIRMAN LA ROSA: Thank you.

MS. HELTON: I am looking at page five of the prehearing order, and it states that the parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness' direct testimony is adverse to its interests.

MS. CHRISTENSEN: Well, I believe that this cross -- or her examination, as I pointed out, they did not do the same analysis that our witness did to coming and have an ROE recommendation, and their recommendation is based on just surveying ROEs, and that's what I am trying to elicit through my cross.

So it's not the same as my cross on ROE. It's not aligned. And I will grant you, it's not FPL's case, but that -- I don't think that that makes it not friendly to my thing. They are not supporting my ROE witness, so I think I have the opportunity, and should have the opportunity to elicit the differences between that cross-examination.

I only have a few pages. It's probably taking more to object to this.

CHAIRMAN LA ROSA: Initially, you mentioned that this was a foundational question.

MS. CHRISTENSEN: Correct, and my next

question on, and I am trying to condense it, was whether or not she was aware in the Duke case and the FPUC case that FPUC was a signatory to the settlement that approved those ROEs.

CHAIRMAN LA ROSA: If that's where you are picking up with that question, let's proceed.

BY MS. CHRISTENSEN:

Q Ms. Perry, do you want me to repeat the question?

A Yes, please.

Q Sure.

Were you aware in the Duke case, the ROE that you cited, as well as the FPUC case that you cited today, were you aware that OPC was signatories to those settlements?

A I am not aware of that off the top of my head.

Q Okay. And were you aware that the TECO ROE of 10.5, that was a result of a fully litigated case?

A I believe so. If I go to my Exhibit LVP-2, which is where I got this information, it does list the TECO case as fully litigated.

Q Okay. And on page 11 of your testimony, lines seven through 12, I think this is the part where you discuss the impact of the 11.9 percent requested ROE from FPL, the difference between that and the current

10.8 percent ROE, is that correct?

A That is correct.

Q Okay. In the analysis that you did, did you look at the average of 100 reported electric utility rate case ROEs authorized by commissions from 2023 through April of 2025?

A Yes, I believe so.

Q Okay. And would you agree that the range for those ROEs was -- I am sorry. Oh, I am sorry, okay, that the range for those ROEs was from 8.63 percent to 11.45 percent?

A Yes.

Q Okay. And if I am looking at page -- and am I correct that of the vertically integrated utilities that you looked at, the average ROE was 9.68 percent for '23, '24 and '25, on page 11, line 20?

A Yes, for investor-owned utilities? Yes, that's correct.

Q Okay. And was the highest ROE that you included in your review, was that for 11.45 percent, and was that awarded to Alaska Electric Light Power Company in August of 23?

A Correct.

Q And I think -- is there a difference between the average authorized ROE for the vertically integrated

electric IOUs from '23 through '25?

A Yes, when you look just at vertically integrated, then there is a different average.

Q Okay. And is that -- the average ROE for the vertically integrated, is that slightly higher at 9.78 percent?

A Yes.

Q And would you agree that the review of the other vertically integrated electric IOUs analysis is not an ROE calculation, but, rather, a check if the ROE is set appropriately?

A I don't know if I would say is set appropriately. I mean, I think it's -- the attempt is to provide a national perspective on where ROEs have been awarded as a benchmark or a point of comparison.

Q Okay. And on page 15 of your testimony, you claim that the nationwide perspective is relevant since FPL is often competing for capital on a nationwide basis with respect to other electric utilities, is that correct?

A That's correct.

Q So would you agree that the recommendation not to approve FPL's requested 11.9 percent ROE is not based on any of the traditional DCF, CAPM or risk premium analysis?

A Yes. That's correct.

Q And in your testimony, you state that the 2026 weighted average cost of capital of 7.63 percent is based on a common equity of 50.07 percent, correct?

A Where in my testimony is that?

Q I believe it's towards the end of your testimony.

A I thought it was in the beginning.

Q Well, let me ask you this: Would you agree that common equity ratio is different than the percentage of common equity to total cost of capital?

A I --

MS. EATON: I think this is getting a little bit beyond her testimony.

MS. CHRISTENSEN: If she doesn't know, that's fine.

CHAIRMAN LA ROSA: If the witness knows the answer to the question, they may answer it. If they simply don't, then they can say that.

THE WITNESS: No, I don't believe so. I don't know.

MS. CHRISTENSEN: Okay. Well, with that, I think I will just end my questioning. Thank you, Ms. Perry.

THE WITNESS: Thank you.

CHAIRMAN LA ROSA: Thank you.

FEL?

MR. MARSHALL: Thank you, Mr. Chairman.

EXAMINATION

BY MR. MARSHALL:

Q Good morning, Ms. Perry.

A Good morning.

Q You would agree that Walmart advocates that rates be set based on the utility's cost of service for each rate class?

A Yes.

Q And that's because it produces equitable rates that reflect cost causation, sends proper price signals and minimizes price distortions?

A Correct.

Q And in your testimony about production plant, you testify that the timing and size of a utility's production plant capacity additions are generally made to meet the maximum demand based on the utility's system by all customer classes, also known as it's CP?

A Right. Correct.

Q So on page 21, lines three to four of your testimony, you say that the costs being incurred for solar are to meet system capacity requirements, not energy usage?

A Well, I would say it's -- yes. I mean, I think that if you are going to build generation that you don't need for your highest capacity needs, so your coincident peak, then it seems like to me you would be overbuilding a system.

Q Well, we might agree with that, but do you have an analysis that shows that FPL is adding solar plants to its system to meet capacity requirements and not for its energy usage?

A Well, it's also -- well, it's meeting capacity in the sense that you want to make sure that on the hottest day in the summer, that no matter who you are, you can turn your air conditioning on, and also it's for usage as well, I mean, in order to provide power to its customers.

Q Are you aware of FPL's showing its decline -- a declining firm capacity value for the solar it's adding to the grid?

A I believe that's what they said in their original filing.

Q Do you have any analysis to show that a different firm capacity value should be awarded to those new solar additions?

A I am sorry, could you repeat the first part of that question?

Q Of course.

Do you have an analysis to show that a different firm capacity value should be given to those new solar additions?

A You know what, I don't, and that's why in my testimony that I recommend they stay with the current allocation methodology, because I don't believe that there is sufficient evidence to show that what they are proposing should be shifted more towards energy.

Q On page 23 of your testimony, you show the RS and GS classes above parity, is that right?

A Yes.

Q And rate classes with a parity index greater than 100 percent shoulder subsidize some of the revenue responsibilities for the classes with a parity index less than 100 percent?

A That is correct.

Q Switching to the CDR credits. Your testimony is that part of the value is large customers like Walmart can reduce their load during peak periods, allowing FPL to avoid dispatching more expensive peaking generation resources?

A That's correct.

Q Has FPL, in the last 10 years, dispatched its interruptible program in this fashion, to avoid

dispatching its more expensive peaking generation?

A I believe that would be a question that you would have to ask FPL.

Q And so you don't know if there has been interruptions in the last 10 years?

A I don't know for sure.

Q And you haven't conducted your own RIM analysis to show the cost-effectiveness of the CDR credit?

A No. I relied on the RIM analysis that FPL did with the credit at its current rate.

Q If we could next go to master page F10-3640? This is CEL Exhibit 991.

MS. EATON: Bradley, can you talk a little bit more slowly?

MR. MARSHALL: I am sorry.

MS. EATON: And also, it takes just a sec for the dock to pull up, so hold on.

CHAIRMAN LA ROSA: You are certainly going through rapid fire on this one.

MR. MARSHALL: Yes, I apologize, I was trying to be quick.

MS. EATON: I understand.

BY MR. MARSHALL:

Q Just a couple of questions on this. These are

the workpapers -- these are your workpapers, right?

A Correct.

Q And you use these to support your testimony in this case?

A Yes, I did.

Q And it also supports the charts in your testimony, as well as the exhibits attached to your testimony?

A Yes.

Q Great. Thank you. That's all my questions for you, Ms. Perry.

A Thank you.

CHAIRMAN LA ROSA: Thank you.

FAIR?

MR. SCHEF WRIGHT: No cross for Ms. Perry. Thank you, Mr. Chairman.

CHAIRMAN LA ROSA: FIPUG?

MS. PUTNAL: Thank you. No questions.

CHAIRMAN LA ROSA: FEIA?

MR. MAY: No questions.

CHAIRMAN LA ROSA: FPL?

MR. BURNETT: No questions.

CHAIRMAN LA ROSA: Staff?

MR. STILLER: No questions.

CHAIRMAN LA ROSA: Commissioners, do we have any questions?

Seeing none, back to Walmart for redirect.

MS. EATON: No redirect.

CHAIRMAN LA ROSA: Okay.

MS. EATON: Walmart moves for admission of CEL Exhibits 273 through 278 into the record, and ask that Ms. Perry be excused.

CHAIRMAN LA ROSA: Assuming there is no objections to those, so moved.

(Whereupon, Exhibit Nos. 273-278 were received into evidence.)

CHAIRMAN LA ROSA: Ms. Perry, you are excused goer. Thank you for your testimony.

(Witness excused.)

CHAIRMAN LA ROSA: Any other parties have anything else to move into the record? FEL?

MR. MARSHALL: We have one exhibit, Exhibit No. 991.

CHAIRMAN LA ROSA: Any objections?

MS. EATON: No.

CHAIRMAN LA ROSA: Seeing none, so moved.

(Whereupon, Exhibit No. 991 was received into evidence.)

CHAIRMAN LA ROSA: Okay. So it's 10:40. I have certainly considered the concerns of all the parties. I will just state at that my role is to make sure that we move along in an orderly fashion, that we stay on time and on task.

There is a second phase of this hearing, I will call it, right, that is really unknown. I know the parties are talking, and maybe you guys have got a better understanding of the flow of how that part of the hearing will operate as far as time, but I am very cautious of that.

My personal belief is the combination would make sense, but that's not what I am going to decide. I am going to decide to keep it as is. So we will bring back Mr. Coyne and finish his direct testimony. We will keep it separate from rebuttal, and the same for Mr. Bores.

So let's try to pick up where we left off with Mr. Coyne. I probably should give him some type of heads up. Is he in the room? Oh, there he is. Excellent.

MS. MONCADA: He is in the room, yes.

CHAIRMAN LA ROSA: Mr. Coyne, you can come back to the witness stand. Yeah, sure. No worries, because I didn't give you any warning, let's take a quick five-minute break and then we will reconvene.

(Brief recess.)

CHAIRMAN LA ROSA: Is FEL ready? Okay. Let's go ahead and pick up where we left off maybe an hour ago or so.

Just a quick reminder, Mr. Coyne, you are here in the witness box still sworn under oath in questioning with FEL.

THE WITNESS: Thank you, sir.

CHAIRMAN LA ROSA: Thank you.

MS. McMANAMON: Thank you.

(The witness resumed the stand and testimony continues as follows:)

EXAMINATION

BY MS. McMANAMON:

Q Good morning again, Mr. Coyne.

A Good morning.

Q Just for everyone to show know, this shouldn't take too long, I don't think, but you explain in your testimony that the ROE recommendation is based on the formal average ROE, correct?

A Yes.

Q And is this your practice for recommending ROEs by taking the average of model results?

A No. I look at the range from the models, and oftentimes my recommendation is different than the average, so it's not exclusively the average. It's a starting point for me, though.

Q And can we look at F10-16023? And this is Exhibit 1119.

And these are the other jurisdictions you have provided testimony in, correct? You may need to zoom in a little.

A I take it you are looking at my resume?

Q It's not your resume. It's the jurisdictions you have provided testimony and the recommended ROEs that you have provided in all of them?

A I see. Yes. That was in response to discovery.

Q Yes.

And what you are recommending for FPL is the highest ROE that you have recommended for an investor-owned utility in your professional experience, correct?

A No.

Q Can you point me to --

A Yes. There have been sev -- I am not sure if it's on this page or not, but I suspect it probably is several, but there have been several transmission proceedings before the FERC, where the ROE recommendation has been substantially higher.

Q Okay. But those aren't on --

A Let's take a look, if we could scroll to through FERC.

Q And for just investor-owned utilities is what I am asking about.

A Right. Right. I don't see those here, but -- well, no, there is -- okay. I see the one above it, but that's actually a pipeline case. And there have been other FERC cases as well, where the recommended ROE has been higher, but I don't see those on this list.

Q Okay. And next moving to your discussion of the different risk factors, the risk factors that you consider in your testimony, are these standard considerations for all utilities that you look at?

A Some are, some aren't, and some are emerging. So regulatory framework is -- the financial analysis is, some are unique to FPL, for example, storm risk. Although, it's an increasing risk for the industry in general, it's a specific risk to FPL. Nuclear generation risk is specific to FPL. I do look at capital expenditure profiles for all the utilities that I look at, so that's common. So some are common and some are not.

Q And you consider high capital spending as a risk factor, correct?

A I do, because the credit rating agencies look at it that way, and it's consistent with my understanding of how investors consider utilities as well. Investors like to see growth, but they also know that growth comes with risks.

Q And you state that FPL's capital expenditures is the fourth highest in your proxy group, correct?

A I believe that's right.

Q But you are not recommending any upward adjustment to your proposed ROE because of this risk factor?

A That's right. I didn't recommend any adjustment factor as a result of FPL's risks, even though they are notable in several of these areas.

Q And you are also not providing testimony on whether FPL's capital expenditures are prudently incurred, correct?

A That's correct.

Q You also discuss weather risks as a risk factor. You discuss the risks from storm damage and that FPL territory has experienced more active storm seasons more recently than in the past, correct?

A Yes.

Q And you should have a big red binder. It might be behind you. It's the one with the tabs if you

see?

A Number one or number two?

Q The one with the tabs sticking out. That one might not be it.

MR. SCHULTZ: That's just the 344. I think I just handed him the one with the tabs.

MS. McMANAMON: Okay. Perfect. Thank you.

BY MS. McMANAMON:

Q And if we could go to FEL 388C, which should be towards the back?

A FEL 338?

Q Yes.

A I am with you.

Q And this is an article that you cite to in your direct testimony, correct? If you don't recall, I can point you to the footnote.

A Yes, I did.

Q And I am assuming this is confidential because of copyright, correct, so it would be --

A It's a copyright issue with Standard & Poor's, yes.

Q So where it says, under the, in blue, CAPEX and climate change pressures credit quality, do you see?

A That I do.

Q Do you believe climate change is a factor

impacting FPL's risk?

A I do.

Q Thank you.

And moving to your discussion of the regulatory risk. In your evaluation of FPL's regulatory risk, you looked at the test year convention, rate base convention, revenue decoupling, capital cost recovery, CWIP and rate base, correct?

A Yes.

Q And you discuss that 68 percent of the operating companies held by the proxy group have either full or partial revenue decoupling mechanisms?

A Yes. Am I done with this particular exhibit?

Q You are.

A I will set this aside.

Q Yes. We are not going to do that again, so...

A I will set that aside.

Q Thank you.

A In my direct testimony, I have a section on risk. It begins --

Q I have the master number as C6-1545, if we just want to go to it. I think it's line 11.

A Okay. I am referring to my direct testimony, beginning on page 44, where I discuss business risk, are you referring to?

Q Yes, the regulatory risk, where you discuss that 68 percent of operating companies held by the proxy group have either full or partial revenue decoupling mechanisms, page 49 -- or -- you want me to say the master number again? C6-1545.

A Okay.

Q Line 11. Can you see what page that is of the rebuttal -- or direct testimony?

A I have page 57 --

Q Okay.

A -- where I begin to discuss regulatory risk.

Q Thank you.

And to your knowledge, if FPL wished to propose a revenue decoupling mechanism in this rate case, it would be free to, correct?

A Is your question would FPL be free to propose revenue decoupling?

Q Yes.

A I guess they would be free to propose it. Whether or not the Commission would accept it or not is another matter.

Q Right.

A In some jurisdictions decoupling is actually promoted as a legislative issue, so not all commissions will take that step.

Q But to your knowledge, there is nothing to preventing FPL from proposing that?

A No not to my knowledge.

Q Okay. And you also consider FPL's proposal for its four-year rate plan as a potential regulatory risk, correct?

A Yes. Well, it's a -- it becomes an operational risk because of the, you know, the farther you get out into the future, the more uncertain costs are and other events that impact the utility's operations.

Q And you would agree FPL is not required to propose a four-year rate plan, correct?

A Yes.

Q And on page 26 of your testimony, the range equity ratios within the proxy group you chose is 41.43 to 59.22?

A Yes, the average of the holding company equity ratios.

Q So that would make your recommended equity ratio of 59.6 for FPL higher than the equity ratios in your proxy group?

A Not of all the operating companies, but the average four, if you rolled them up to the holding company, yes.

Q And is there anywhere in your testimony that considers how your recommended ROE of 11.9, the proposed equity structure of 59.6 and the TAM collectively impact FPL's overall earnings?

A Could you repeat the question?

Q Yes. Sorry.

Is there anywhere in your testimony that considers how your recommended ROE of 11.9, the proposed equity structure of 59.6 and the TAM collectively impact FPL's overall earnings?

A No, I did not do an earnings analysis. That's not a typical -- not typically associated with a cost of capital analysis. I don't look at earnings. I look at the required return from the marketplace.

Q One moment. That's all my questions. Thank you.

A You are welcome.

CHAIRMAN LA ROSA: Thank you.

FAIR?

MR. SCHEF WRIGHT: Thank you, Mr. Chairman. I do have some cross for Mr. Coyne, and I will -- you will hear as I go, I am going to try to keep it as short as I can. We will be here a little while, but finish before lunch.

EXAMINATION

BY MR. SCHEF WRIGHT:

Q Good morning, Jim. Good to see you again.

A Good morning. It's good to be back.

Q Good.

MR. SCHEF WRIGHT: As a preliminary matter, I will note that at the end of Mr. Coyne's cross, I am going to move a number of exhibits in, not all of which I will cross him about, many of which I will. Those that I wouldn't cross him about include some FPL earnings surveillance reports. I have conferred with my friend Mr. Burnett, and he said, Schef, if they are FPL documents, you can move them in, and we will just get them in now because I will be using them later.

CHAIRMAN LA ROSA: Okay. Great.

MR. SCHEF WRIGHT: Okay? Thank you.

CHAIRMAN LA ROSA: Sure.

BY MR. SCHEF WRIGHT:

Q Mr. Coyne, you and I, I know we agree that the normal practice that you and I both try to follow is that I will ask a question and you will give an answer that is something like yes, no, or I don't know, after which you are free to explain your answer, good?

A I will do my best.

Q So will I. Thank you.

Will you agree that the regulatory compact is a set of principles, some embodied in statutory law, some embodied in rules, some embodied just in case law and utility practice over time, so far so good?

A Yes.

Q And generally, the regulatory compact is that the utility gets a monopoly, free from competition, their rates -- in return for which they are regulated, regulation allows them to recover all their reasonable expenses, depreciation costs, taxes, reasonable and prudent investments through rate base, including a reasonable rate of return, correct?

A I think that's a good synopsis.

Q And following those principles, the rates that fallout fall out of that analysis are regarded as fair, just and reasonable, correct?

A Yes.

Q Great. I am going to read you -- if you wanted to look at a copy of Hope -- of Bluefield, I have exhibits in the exhibit stack of the Bluefield case and the Hope case. I want to simply ask -- I will start with this predicate question. You agree that those are the real landmark cases as to what a reasonable return is, correct?

A They do, and I use them in my testimony.

Q Right.

I am going to read you a quote from Bluefield and ask if you think it's a fair statement of the Bluefield standard. This is Bluefield Water Works versus Public Service Commission of West Virginia. I know you have heard this before. This is at page 692 of the U.S. Report.

Here's the quote: A public utility is entitled to such rates as will permanently it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments and other business undertakings which are attendant by corresponding risks and uncertainties. Is that a fair statement of Bluefield?

A It sounds like a direct quote from Bluefield.

Q I hope I read it correctly. Thank you.

Will you agree that when a regulatory commission or authority sets a utility's revenue requirements and rates based on a specified midpoint ROE, that rate is the fair and reasonable ROE for that utility for the time period covered by the regular regulator's order?

A The Commission has consider -- well, I will violate my agreement with you that I made at the outset, because it doesn't lend itself to yes, no, or something else.

Because of the way you stated the question, you have -- as I understood your question, you have asked me that whether or not it's the midpoint that the Commission sets that is determinative of how rates will be set? I just want to make sure I understand your question.

Q That wasn't quite the way I tried to frame the question. The question I tried to ask is: When the Commission sets rates using a specific midpoint ROE, 11.9 percent, 9.78 percent, whatever it might be, when the Commission sets the rate that it is going to use to determine the utility's authorized revenue requirements, is that rate a fair and reasonable ROE?

A I would assume that when the Commission is setting that rate upon which rates are set, that it is using -- that its judgment is that that is a fair and reasonable return. So I think that -- that's probably the best answer I could give you to your question.

My assumption is that the Commission would act that way, but I can't speak for any given commission, of course. But that should be the standard under which they are operating.

Q Okay.

A Now, when you say midpoint, and forgive me if I am giving you more than you are looking for here. When you say midpoint, it's not uncommon for a commission such as this to also provide ranges of allowed returns around that midpoint so --

Q Of course.

A -- that -- you -- going back to your prior question about practice and the regulatory compact, the Commission -- this commission adopts a practice of allowing a bandwidth allowed required returns. And that's not uncommon. So that is also within the rubric of, you know, what I see as being common regulatory practice across the country and in Canada as well. Understanding that setting a rate of return is something that also provides incentives for the utilities, and a certain amount of flexibility around that midpoint can be a desirable thing.

Q My question is really pretty simple. When the Commission uses a rate, let's just say 10.8 percent, that happens to be FPL's current rate, they have to use that rate -- if it's in a rate case decision, they have to use that rate to establish the revenue requirements that the utility will be authorized to recover, correct?

A Yes.

Q And barring some violation such as occurred in the Bluefield case of the utility's due process right -- rights, barring some violation like that, that rate is a fair and reasonable return, correct?

A It was the judgment of the Commission at the time it set that, going back to my answer to your previous question, it was likely the judgment of the Commission when it set that rate, that that was a fair and reasonable return, and that fair and reasonable return can last for years in the context of a multiyear rate plan.

One hopes it remains fair and reasonable, but there is a reason that companies come in periodically to test whether or not that's still the case.

And the other caveat to that -- I am totally violating our agreement, I realize. I am trying to be responsive to your question.

Q Look at him.

A Okay. All right. I will.

But the other caveat to that, as I said, is that sometimes commissions set ranges, and the presumption is that within that range, it remains fair and reasonable.

Q That's certainly right. My point is, when they set the rates, when they set the revenue

requirements, they have to use a number for the ROE, correct?

A Yes.

Q Okay. And isn't it -- you mentioned -- in your explanatory remarks, you mentioned multiyear rate plans, isn't it also true that sometimes utilities will go on for some years without coming back in, given a set -- given rates set on a given ROE with a range around them?

A That's correct. Yeah.

And I should say at that there is also such a thing as a black box settlement, where commissions don't even set the ROE. They set -- they establish a revenue requirement, and the parties settle around that revenue requirement.

Q Thank you. I think many of us in here have been parties to such things, but my questions really are going to the practice of setting an ROE and setting revenue requirements based on a specific ROE, so I will move on.

If -- we don't have to go there if we don't want to. We submitted some interrogatories to FPL. There were nine interrogatories. You answered one through six. I will note for everyone's information, these are identified as FAIR cross-examination Exhibit

No. 3, and they would appear -- Brian, you don't have to go there, but they appear at F11-67.

You sponsored the responses to one through six, Mr. Coyne, correct?

A Yes.

Q Thank you.

Do you have any changes to make to your responses you gave to those interrogatories?

A No.

Q Thank you.

Will you agree that all of the utilities in your proxy group have provided safe and reliable service from January 1st of 2022, through the present day?

A Yes.

Q Is it your understanding or knowledge, I should hope, that NextEra Energy is FPL's sole common stockholder?

A Yes.

Q Do you have any knowledge as to what NextEra Energy's common stock price has done over the last three-and-a-half years, since January of 2022?

A I'm not aware of that.

Q As an analyst in this area working for FPL in this case, you haven't looked at that?

A Well, I have from time to time, but I couldn't cite specifically what it's done over a three-and-a-half year period.

Q Subject to check, you would accept that their stock price, the NEE stock price has fluctuated roughly between $60 and the low eighties over the last three-and-a-half years?

A I don't have that knowledge.

Q Okay. Do you know whether NextEra Energy has been able to issue common stock throughout the period?

A I have -- I don't know what NextEra has issued for common stock over that period.

Q FPL is a vertically integrated electric utility, correct?

A Yes.

Q And is that generally why you chose only vertically integrated utilities for your proxy group?

A Yes.

Q Will you also agree that Duke Energy Florida is vertically integrated?

A Yes.

Q This is a compound question, but it's simple. Tampa Electric, Duke Energy Carolinas, Duke Energy Progress and Georgia Power are all vertically integrated?

A Yes.

Q Thank you.

If you know, what is Georgia Power's current authorized ROE midpoint? And I would point out, this is addressed in FAIR's cross Exhibits 8 and 9, which are 1241 and 1242 in the exhibit list, but you don't have to go there if you know the answer, Jim.

A My recollection is that it's 10.5 percent.

Q Thanks.

Are you further aware that it has been -- it was recently -- I am sorry, that the existing alternate rate plan, which is what the settlement is called in Georgia, are you aware of that?

A Yes.

Q Okay. Are you aware that that ARP, as they call it, was recently approved to be extended through 2028?

A Yes. They have a three-year roll-over of their current plan.

Q Thanks. And the ROE remains at 10.5 percent through that roll-over period?

A Yes, it does.

Q Thank you.

You will also agree that Georgia Power, Duke Carolinas and Duke Progress all own nuclear generation, will you not?

A Which companies?

Q Georgia Power, Duke Progress and Duke Carolinas.

A Yes.

Q Thanks.

In fact, don't I have it right that either nine or 10 out of your proxy group utilities own nuclear generation?

A That's correct.

Q Thank you.

Will you agree that considered as a whole, Duke Energy Corporation generates -- that's through all of its operating utility companies -- generates about 35 percent of its electricity in 2024 using nuclear generation resources?

A I believe I have that in my analysis with the exact numbers for each of these companies, but I couldn't put my finger on it without searching through my exhibits.

Q Okay. I am going to help us out here.

Brian, if you would please go to Exhibit 124 three. That's FAIR 10. Sorry, let me get the -- thank you. And if you could go to -- there are some page numbers at the bottom of the pages in here. If you could go to page 15, that would be great. There we go.

Okay. It looked like you just passed it.

If you look in the middle there, it says generate -- there is a pie chart that says generated net output gigawatt hours, and shows 35 percent nuclear. Does that look right to you? You got to let the computer catch up.

A Yes, I see that.

Q Okay. That's accurate as far as you know, isn't it?

A It's in the company's 10-K, so I assume it is, yes.

Q Me too. Thank you.

And if you look just to the right of that, there is a bullet point that says: Duke Energy Corporation's operating utilities provide service to approximately 8.6 million residential, commercial and industrial customers; do you see that?

A I see that, yes.

Q And as far as you know, is that true and accurate?

A I would assume so, yes.

Q Thank you.

As a percentage of its generating fleet, do you know how much nuclear Georgia Power has?

A I don't know that number off the top of my head.

Q Same questions for Duke Carolinas and Duke Progress, if you know?

A As a percentage of their generation fleet?

Q That is my question, yes.

A No. I don't have that number off the top of my head.

Q Will you agree that with respect to those three utilities, it's a fairly significant percentage?

A It is. Yes. And as I cite in my testimony, I recognize nuclear ownership in the proxy group, and for that reason, I make adjustment to my ROE recommendation for FPL as a result of its nuclear ownership, because it's well represented in the proxy group.

Q Thank you.

Brian, if you could go to -- let me go this way. Actually, if you could go back to hearing Exhibit 274, which was one of Walmart's exhibits, one of Ms. Perry's exhibits. It is LVP-2. It should be -- it should be master C 49-5358. I will aver to you, this is the exact same exhibit as FAIR's Exhibit 1245, but let's just stick with this one. I thought it would be easier to find.

If you could scroll down -- just scroll down to the first page of the table. That's good. Thank

you.

I have a couple of questions for you regarding the context of Bluefield's references to the same time period in the same general part of the country.

If we were going to look at a same or similar time period with respect to this case, do you think it would be better to look at '23 through -- 2023 through 2025, or 2024 and 2025 considered as a two-year period?

A I would say none of the above, because in each of those cases, this was based on an evidentiary record that inevitably would have led into the period of this decision that's behind where we are today for this case.

This commission is setting a rate of return for FPL for the next -- for the 2026 through 2029 period, and so none of these cases would have adequately captured that data.

So I would say that none of those time periods would adequately reflect the capital market circumstances that are faced by FPL over these next four years. So on that basis alone, I would say, and I would agree with what the Commission has found in the past, that these are different records, different utilities, and are not appropriate for determining the cost of capital for FPL in this case.

Q So are you saying that the Bluefield standard,

which includes looking at similar industries in the same general part of the country in the same time period is not relevant?

A It's the last piece of it, is what I am saying, that you can't replicate by looking at this record. This -- those are not the same time period as we sit here today in this hearing, and the cost of capital -- we went back to regulatory practice a few questions ago -- is always a forward-looking process. So it's this commission's role to determine what the forward-looking cost of capital is going to be. And any one of these decisions would lag, in some cases by a significant amount, the capital market information that's relevant to the decision it must make in this case.

If you just look at the interest rates, for example, if you go back, the current Federal Reserve rate is four-and-a-quarter percent today, and it was 25 basis points when the Commission last made its decision for the company in this proceeding. So that's gone up over 400 basis points. Treasury yields and Moody's, BAA bond yields have gone up by 200 or 300 percent over the last few years. So at any point in time, you would run the risk of these decisions being out-of-date. But I can't think in recent history of a time when this would be more of a concern than it is today.

Just look any one of us if we go to get a mortgage. I was fortunate enough to secure a mortgage on our home back when interest rates were very favorable. But if one to do -- if I were to go to a badge and say, look, I could have done this two years ago, or three years ago, they would say, you are out of look. That's not what capital markets are today.

Q Well, we note a couple of things, it would take me a little time to find it, but I will aver to you that the Public Service Commission said in an order involving FPL that they don't think it's appropriate to set ROEs on the basis of national ROE results, but they don't believe that an ROE for FPL should be significantly above or significantly below national averages. Have you ever seen that order?

A I don't recall that specific language, no.

Q Okay. Are you saying that this information is just irrelevant, or are you saying not exactly irrelevant but qualifying by saying things are different now?

A No, I didn't say irrelevant. You know, as I -- if I am sitting in a commissioner's seat, I would definitely want to understand what these national trends are, and because they inform a view of where the industry has been and where regulators have set ROEs.

But back to my mortgage example, I am mindful that capital markets change, and I am also mindful that this commission needs to make its decision based on the record evidence in this case, and it's bound to be different than the record evidence in all these other cases.

Q At any point in time, a utility's ROE, that is per -- that it was set per the regulator's most recent decision, is continuing into the future until it's changed, correct?

A Yes.

Q Okay. And just go back to Georgia Power very briefly. It's 10.5, and actually the Georgia Commission has just reapproved 10.5 through 2028, correct?

A That's high understanding, in a settlement, with a lot of complex issues involved in that settlement --

Q Yes, sir.

A -- over the next three years for that utility.

Q Yep.

Okay. We covered this in your deposition, and I will make it as quick as I can if you are willing to help me out with this.

In your deposition, we actually went down the

list of utilities in 2024 and 2025 that had -- vertically integrated utilities that had ROEs greater than or equal to 10 percent approved by a regulator, either litigated or settlement, in 2024 or 2025. Do you recall that conversation we had?

A Generally.

Q A little bit?

A Yes.

Q My recollection -- actually, my very clear notes, and we have the information here if we had to try to go through it, is that you agreed that there are 41 vertically integrated utilities in this group, and that seven of those had ROEs greater than 10 percent. Does that sound right to you?

A Did I say that in the deposition?

Q You did.

A Then it must have been the case.

Q Okay. And being fair, that did not include Georgia Power, because that was very recent, so if we through in Georgia Power, that would bring the number to eight out of 42, correct?

A Yes, it would.

Q Okay. And the highest ROE in -- other than Alaska Electric Light & Power, the highest ROE in this exhibit is 10.5 percent, and that's for -- that was for

Tampa Electric last year, correct?

A On this -- that's my recollection. You know, there is another -- now, these are decisions that have been decided in that timeframe. You know, it's also the case that Alabama Power Company operates under a program where its ROE is setting -- is set according to a historic rate, and then it's updated periodically. And Alabama Power currently has a rate of return that's between 10.87 and 11.18 under its current rate mechanism, with a target equity ratio of 55 percent. And that's part of Southern Company.

Southern Company is also a major nuclear operator, and it's also in the southeast region. So its rate -- its base rate wasn't established during this time period, but that's a data point that would have shown -- wouldn't have shown up on that screen.

Q Thank you.

You would please repeat the range under which Alabama Power operates?

A Yes. It's given a target equity ratio for this year of 55 percent. It operates within a range of 10.87 to 11.18.

Q Thank you.

A And that data is provided in response to FEL's second set of interrogatory, Interrogatory No. 49 --

Q Thank you.

A -- as additional explanation around how that rate mechanism works.

Q And is it also your -- do you know -- I will aver to you that Duke Energy Florida currently has an ROE of 10.30 percent, correct?

A 10.30?

Q Correct.

A That's correct.

Q Okay. And do you know whether that ROE will remain in place through 2027 pursuant to the PSC's order approving a settlement in that case?

A That's my understanding.

Q Thank you.

I would like to, Brian, if you would -- I am sorry. Let me go to a couple of FAIR -- I am going to skip this procedural part if we can.

You have recently filed testimony in support of rate increases for Duke Energy Progress and Duke Energy Carolinas in -- before the South Carolina Public Service Commission, correct?

A Yes.

Q Okay. We have exhibits that I will move into evidence that are -- they are identified in our cross exhibits and include the petitions in each case and your

testimony in each case. You can take that as given.

My question for you is this: Isn't it true, you are recommending an ROE of 10.85 percent for each of those utilities in those cases?

A Yes.

Q Thank you.

Continuing with a little point of interest regarding Duke Energy Corporation. Are you aware that a company called Brookfield Corporation has recently acquired a 19.7 percent noncontrolling equity interest in Duke Energy Florida for $6 billion?

A Yes.

Q And that occurred sometime this summer, did it not?

A This year. Yes.

Q Thank you.

I read in the Trade Press that part of that capital infusion to Duke Energy Corp would be used to support a Duke Energy capital expansion plan over the next five years of $87 billion, does that sound familiar to you?

A I don't recall the capital investment number. Did you say 87 --

Q 87, yes, sir.

A -- billion dollars? Duke Corporate or --

Q Duke Energy Corp total.

A Corporation. That --

Q Go ahead.

A That sounds more reasonable to me.

Q It certainly wasn't Duke Florida.

A I can't -- yes. Okay.

Q Okay. Thanks.

A And I think it's an important point you raise, because the utility industry, similar to FPL, is facing an enormous need for capital over the next five years and beyond, because of where we are in the industry, with increasing growth and electrification, data centers, and things of that nature.

So it's probably going to be an unprecedented level of capital market access required, not just by FPL, but by all utilities in the country. So every one of these utilities will be competing for capital against each other, but also in the broader capital market.

So it's not in a vacuum that -- where each of these commissions must consider we are in that economic industry cycle. It's an important issue, and that's one of the reasons why we see companies like Duke who, I would surmise, would probably not prefer to sell slices of its system, doing so in order to be able to access all the capital it needs to make those expansions.

Q Right. And we have established that Duke Energy Florida's current ROE is 10.3 percent, correct?

A Yes.

Q And I understand from Ms. Perry's exhibit, or this exhibit, that Duke Carolinas' ROE in South Carolina currently, pending the current case, is 9.94 percent, correct?

A I believe that's correct.

Q And Duke Energy Carolinas in North Carolina -- I can't remember what one of them is -- Duke Energy Carolinas in North Carolina is 10.10, correct?

A I don't have that in my head.

Q Okay.

A In North Carolina, you say?

Q In North Carolina.

A For Duke Energy Progress or --

Q Duke Energy Carolinas.

A I can't confirm that without looking it up.

Q Well, I hate to make us look at small numbers, but these numbers are here. If you look at -- if you go down the list to the fourth line, we can that's -- South Carolina. That's Duke Energy. Let's find North Carolina. Duke Energy Progress North Carolina is about 40 percent the way down the list. It shows 9.80 as its current approved ROE.

A Which page of the table are you on?
Q We are on the first page now, I think.
A Okay. Page one?
Q Yeah.
A Which is page three of the exhibit?
Q Yes, the date -- it says -- the date appears to be August 18th, 2023, but I am not 100 percent sure of my ability to read those digits.

MS. MONCADA: Mr. Wright, this was an exhibit that was already entered into the record when Ms. Perry testified --

MR. SCHEF WRIGHT: Yes.

MS. MONCADA: -- and at this point, the numbers are what they are.

MR. SCHEF WRIGHT: Sure.

MS. MONCADA: I am just saying if we are talking about efficiency, we have talked about efficiency this morning. I am not sure what value -- what more value we are getting from having a Mr. Coyne reading tiny print on an exhibit that's already been introduced.

CHAIRMAN LA ROSA: Mr. Wright, are you trying to reference specific parties on this list?

MR. SCHEF WRIGHT: I am -- we just were talking about Duke Energy, Duke Energy's capital plan. He answered my question about that. He went on to talk about capital planning needs, et cetera, et cetera. And I simply want to confirm that the ROEs are what they are. He said, I would have to look it up. I would have been perfectly happy if he would have said I agree, 10.1 percent sounds fine with me, sounds appropriate to me. He wasn't able to do that, and that's why I decided to go back to the exhibit.

CHAIRMAN LA ROSA: Okay. That's fine. Continue.

MR. SCHEF WRIGHT: Thank you.

BY MR. SCHEF WRIGHT:

Q So, Mr. Coyne, are you aware that Duke Energy Progress in South Carolina, Duke Energy Progress, that is, is at 9.6 percent?

A You have moved on to South Carolina now.

Q Well, let's go back to Duke Energy Carolinas in North Carolina, 10.1 percent, correct?

A Yes.

Q Okay. Duke Energy Progress in North Carolina, 9.8 percent?

A Correct. Both set in 2023.

Q Yes, sir.

A Uh-huh.

Q Duke Energy Progress in South Carolina, 9.6 percent?

A And that's the date of that decision?

Q It appears to be February 9, 2023.

A Okay. I accept that, subject to me looking at the table again, and I don't think that's in anybody's interest.

Q And that's all I was trying to do.

A Right. I understand.

Q Thank you.

A And then did you want to cite Duke Energy Carolinas in South Carolina?

Q We already did. It's 9.94. You are aware of that, you just filed testimony in the case?

A No, the -- but the prior decision is, I think, what you are referring to, is it not?

Q Yes. Yeah. The current ROE is 9.94. I was trying to say that I think you would be aware of the current ROE given that you just filed testimony in the new case asking for 10.85?

A Your impression of my memory is better than it is, so I don't recall each and every allowed ROE for each utility in the country, even though it's where I file testimony. My focus is typically on current capital markets for these -- in these testimonies.

Q Are you aware of FPL's earnings -- reported earnings results for the last eight-and-a-half years under its recent -- actually, its two recent rate plans?

A Generally so, yes.

Q Will you agree generally that they have achieved ROEs at or near the top of their range since 2017?

A Yes.

Q Do investors consider Georgia Power to be a risky utility?

A Georgia Power is a unique utility because of its nuclear construction program. I would say that, over time, that has probably been mitigated by completion of that project; but compared to its national peers, I would say yes.

Q Do you believe that rational objective investors consider FPL to be riskier than Georgia Power?

A I think a distinguishing feature for FPL compared to Georgia Power would be its storm risk, and that's what's very unique to this company, and it's greater than Georgia Power's. So I think in that sense, yes.

Q Now, to be clear, was that a yes with respect to storm risk, or was that a yes with respect to overall riskier than Georgia Power?

A From an equity investor's standpoint, I think that would stand out as making it riskier than Georgia Power.

Q You are certainly aware of FPL's ability to come in through the storm cost recovery charge and storm cost recovery mechanisms that exist in its current settlement, yes?

A Yes. But I am also aware that FPL has more storm exposure, where those mechanisms mitigate that risk but they don't eliminate it.

Q Has FPL ever been denied recovery of storm restoration costs in a prompt manner by this commission?

A Would you define prompt manner?

Q Well, specifically in compliance with their approved plan. They are allowed to -- is it your -- do you know about the mechanism works under the plan?

A I have a general understanding of how it works.

Q Is it your understanding that they can simply apply and impose charges of X, I think it's $4 1,000-kilowatt hour's starting very soon after they file preliminary cost numbers for the storm?

A When you say simply apply, you know, that's a complex undertaking. I wouldn't --

Q You can drop the adverb. Thanks.

A My understanding is, yes, they can apply for storm cost recovery within those limits. My point in response to you isn't that those mechanisms don't exist and don't mitigate that risk. My point is they don't eliminate that risk.

Q Are you -- well, then that goes back to the question that I asked, and that is: When -- are you aware of whether FPL has been denied recovery of its -- of storm restoration costs?

A I am not aware of a denial of storm cost recovery. I am aware that it can take years at times to have full storm cost recovery.

Q Do you know how that --

A And in my testimony, I actually examine the weather risk exposure for FPL, and it's at the upper end of the spectrum for U.S. utilities because of the nature of the service area.

Q From an investor's perspective, don't the investors care about the utility being able to make the restorations and get cost recovery to protect their investments?

A They do, and I think that they would find that it would mitigate but not eliminate that risk. And the thing about storm risk is that, you know, its magnitude can't be predicted, or its frequency can't be predicted in advance. So it's unlike -- it's unlike other risks that a utility manages. They can be very large and very unpredictable.

Q Well, we can certainly agree on that, because we all, unfortunately, have those T-shirts.

In 2021, you testified that FPL needed an ROE of 11.5 percent, did you not?

A I testified that was the -- my judgment was that was the just and reasonable rate of return for the utility at that point in time.

Q And that testimony was in the context of a proposed four-year rate plan, correct?

A That's correct.

Q And FPL settled for 10.6 for the first part of that settlement period, correct?

A That's correct.

Q With a trigger tied to future U.S. Treasury Bond rates, correct?

A Yes.

Q Thanks.

And I am going to follow up quickly with -- on align that Ms. Christensen asked you about, but I think I can help us out and make this happen -- make this quick, quick, quick.

Let's see. Brian, I am going to FAIR 17,

which is hearing Exhibit 1250. I am scrolling myself down to get you the master number.

Mr. Coyne, this is a -- this is an earnings surveillance report. It's a standard company document they file every month. Have you seen these?

A Yes.

Q Okay. Good.

If we could scroll down, Brian, to -- hang on, let me get to the right page. Scroll down to master F11-626, please, and make it bigger.

MR. SCHULTZ: What was that?

MR. SCHEF WRIGHT: I am sorry, 626. I think it's F11-626.

MR. SCHULTZ: The document here starts at Exhibit 1248, that's why --

MR. SCHEF WRIGHT: Oh, now what? Well, bear with me a minute, because -- I am sorry, I have got a little computer glitch here. Let me deal with that for a few seconds. Okay. Let me scroll down. I have no idea.

The page number I am looking for is F11-652. I apologize for the 626. I don't know where that came from.

Okay. So if you can make it a little bit bigger. I want to look at the column of numbers on the left-hand side.

BY MR. SCHEF WRIGHT:

Q This is numeric information that addresses questions asked by Ms. Christensen. Will you agree, looking at the first column, where it says, operating revenues there, and this is for the period ending May 2025, the number shown is six -- $16,569,551,836?

A I see that, yes.

Q And below that, there is a column of additional numbers, most of which are value -- dollar numbers for recovery during the period pursuant to what we call the cost recovery clause charges, do you see those?

A I see those, yes.

Q Okay. It also includes other monies that the utility must collect and then remit to others, specifically franchise fees and gross receipts taxes. Do you see these those up at the top?

A I do.

Q Okay. And will you agree the report says this, that the total clause and other pass-through numbers are $6,629,550,049?

A Yes.

Q And if you want to do the math, you can but I will aver to you I have done the calculation, and that

number -- the percentage that the clause and similar revenues represents of the total is 40.01 percent, will you accept that subject to check? If you want to do it, go ahead.

A Well, I am just trying to understand what you are trying to get at here. Are you caring the total FPSC adjustments, the six -- the 6.6 billion number to total jurisdictional revenues?

Q Yeah. The amount they recover through the clauses and other pass-through type charges to their total revenues, 66.6 billion out of 16.6 billion?

A And your percentage is what?

Q 40.01.

A Okay. I will accept that subject to check. It seems about right. Is there a question pertaining to that number?

Q No. I just wanted to clarify that that's the magnitude of the number that Ms. Christensen asked you about.

A It is, yeah. And I would observe that that's typical for a vertically integrated utility that has fuel cost pass-through charges, you can see that that is the, you know, a substantial portion of that amount. I see utilities that number is 50 percent, so that doesn't surprise me at all.

Q And I am sure you would agree that the percentages in Florida change when we have storm restorations costs or a fuel price spike, correct?

A Well, I would think for fuel, but it seems to me like storm cost recovery is -- it looks like that's done in the -- down below. I am not sure if that's in those numbers or not. I do see a line for storm deficiency recovery, I see. Yes.

Q Yeah, that's where it is.

A Yeah.

Q You know, and it's one thing if we don't -- we have been blessed so far this year not to have storms, and so the storm restoration charges for most of our utilities are rolling off. This is a good thing. That could change next week, right?

A Yes, sir.

Q Okay. Is it your testimony that FPL needs its revenue requirements and rates -- I am off the cost recovery clause line. And you will be happy to know I am near the end.

Is it your testimony that FPL needs its revenue requirements and rates set using a midpoint ROE of 11.9 percent in order to provide safe and reliable service going forward after this case?

A No, that's not my testimony. It's not a question of need. It's a question of judgment concerning a just, fair and reasonable return. My judgment is that just, fair and reasonable return is 11.9 percent on a 59.6 percent equity ratio.

Q Is it your testimony that FPL needs an ROE set at that level in order to continue -- in order for its parent company, NEE, to continue to attract equity capital?

A No. It's not a statement of need. It's a statement of opinion pertaining to the market cost of capital.

Q In your view, what is the best indicator of market interest rates? Is it the fed funds rate? You said the Federal Reserve rate a little while ago, did you mean the fed funds rate?

A I did. Yes.

Q Okay.

A Is your question what's the best indicator of --

Q That's -- yeah, my question is, to you, Jim Coyne, is the fed funds rate the best indicator of market interest rates?

A For a utility?

Q For the market generally.

A Well, there is no such thing as a general market, because there's -- it's a very short-term interest rate.

If you were to ask me if it's a general indicator of the short-term market for debt, then I would say yes. But it's not a good indicator of the long-term market for debt or, for that matter, it doesn't tie directly to equity investor returns. It's an indicator, but it's a very short-term market indicator.

Q So let me ask you the question you seemed to want to answer. What's the best indicator of market interest rates going forward for a utility?

A Well, a utility such as FPL needs to be in the market for very short-term debt, near-term, mid-term and long-term. But when it comes to estimating the cost of capital as done here, I typically rely on the longer term interest rate, because it's indicative of the cypresses types of assets and investments that a utility such as FPL is investing in. So I use the 30-year bond yield as being most relevant for those purposes. I also look at the Moody's BAA utility index as well as an indication of what's going on on the utility side of fence.

Q Do you have an opinion as to what you think those rates are going to -- the interest rates you just

mentioned, 30-year T bond, Moody's BAA, I think you said?

A BAA Moody's bond.

Q Yeah.

A Yes.

Q Do you have an opinion as to what is going to happen with those market interest rates going forward over the next -- well, over the next four years? Let's say that.

A I really don't. My -- I used to forecast interest rates, and it was even more humbling than forecasting fuel prices, which I used to do as well. I learned I was miserable at both. And these are complex markets, so the reason that I approach it the way I do, is I look at both the current 30-year bond yield and I look at the BlueChip forecast as a basis for my analysis, because that is a consensus of those that are in the markets every day, trading, buying and selling bonds that form these markets, so I defer to those experts more than my own expertise in that matter, which is not sufficient, I will tell you that.

Q Thanks very much. I have no more questions for you this morning.

MR. SCHEF WRIGHT: Thank you, Mr. Chairman.

CHAIRMAN LA ROSA: Thank you.

Let's move to FIPUG.

MS. PUTNAL: No questions.

CHAIRMAN LA ROSA: Walmart?

MS. EATON: No questions.

CHAIRMAN LA ROSA: FEIA?

MR. MAY: No questions.

CHAIRMAN LA ROSA: Staff?

MR. SPARKS: Just a few questions, Mr. Chairman. Thank you.

CHAIRMAN LA ROSA: Sure.

EXAMINATION

BY MR. SPARKS:

Q Good morning, Mr. Coyne.

A Good morning.

Q Is it generally accepted that variability of earnings is a measure of business risk?

A It is one measure of business risk, yes.

Q Do the RSAM and TAM stabilize FPL's earned return on equity?

A In a noncash basis, yes. They don't stabilize cash earnings, but in a noncash basis, they do.

Q Well, if the TAM stabilizes noncash earnings, it would also stabilize FPL's earnings as calculated under Generally Accepted Accounting Principles, is that correct?

A Yes.

Q In your opinion, does the TAM reduce the variability of FPL's earned return on equity?

A Yes, it does.

Q In your opinion, would a reduction in the variability of earned return on equity reduce FPL's business risk?

A I see it as a financial -- I see it as being mitigating on additional financial side of the fence more than I see it as mitigating business risk. Depending upon how you define business risk, I guess, I see it as a financial mechanism more than a business risk mechanism.

Q In your direct on page 60, which I believe is master number C6-1546, you discuss risks that FPL faces as a result of its multiyear rate plan, is that correct?

A Let me get to where you are. You are on page 60?

Q Page 60. Yes.

A Yes, I see that.

Q Does the RSAM and TAM offset some of these risks?

A In my opinion, yes, the RSAM or TAM is a mitigating factor to the risk that FPL takes on with a four-year rate plan.

Q In your opinion, should a reduction in business risk have a commensurate reduction in allowed return on equity, all else being equal?

A Well, you note in my -- it's a straightforward question, and let me just give you, I guess, a some what nuanced answer.

If you look at my testimony, I look at a proxy group of roughly 15 companies, and I look at the business risks of the entire sample to frame my analysis, and it is my view that a question such as yours can't be answered in the context of look at a proxy group and say, okay, if you do this or that, is it going to change your analysis by five or 10 basis points in one direction or the other? The analytical framework just doesn't allow you to make that judgment.

So come back to your question again, if you would, and let me see if I can put a finer point on it than that.

Q Sure.

All else being equal, in your opinion, should a reduction in business risk have a commensurate reduction in allowed return on equity?

A I would say if the reduction in business risk is at such a -- of such a magnitude that it would distinguish the company from the proxy group that forms the basis of my analysis. And again, you will see in my testimony that I looked at major risks, such as storms and nuclear generation, capital investment, and did not make an adjustment for those. So if you look at -- if you look at a risk that's something smaller than those, then I would say no. It's captured from, you know, the overall profile of the companies that are in the proxy group.

Q Thank you very much for your time.

MR. SPARKS: Thank you, Mr. Chair. That's all the questions we have.

THE WITNESS: You are welcome.

CHAIRMAN LA ROSA: Thank you.

Commissioners, any questions?

Seeing none, back to FPL for redirect.

MS. MONCADA: Thank you, Mr. Chair. No redirect. And FPL would ask to move in Exhibits 114 through 124.

CHAIRMAN LA ROSA: Okay. Seeing no objection to those so moved.

(Whereupon, Exhibit Nos. 114-124 were received into evidence.)

MS. CHRISTENSEN: OPC would move in Exhibits 796, 797 and 816.

CHAIRMAN LA ROSA: No objections? Seeing

none, so moved.

(Whereupon, Exhibit Nos. 796-797 & 816 were received into evidence.)

CHAIRMAN LA ROSA: FEL?

MS. McMANAMON: FEL would move in Exhibits 1119 and 1212.

CHAIRMAN LA ROSA: Objections? Seeing none, so moved.

(Whereupon, Exhibit Nos. 1119 & 1212 were received into evidence.)

MR. SCHEF WRIGHT: Thank you, Mr. Chairman. And as I said at the outset, I am going to move all of FAIR's cross exhibits, which are 1234 through 1250 and 1516 through 1519. I will aver to you that all of these are either exhibits about which I asked him, for example, Hope, Bluefield, the Georgia Power orders, his testimonies in the petitions in the Carolinas, in the South Carolina cases, or FPL documents, interrogatory responses and earnings surveillance reports.

I will note Mr. Bores did sponsor the responses to Interrogatories 7 through 9, but since that is an FPL furnished document, and actually the document includes Mr. Bores attestation, I don't think there should be any problem with going ahead and admitting it now and save us that activity later.

CHAIRMAN LA ROSA: Okay. Is there objections to doing that, admitting this now?

MS. MONCADA: No, I accept his representation, and fine moving in the interrogatory responses even if they were cosponsored.

CHAIRMAN LA ROSA: All right. So moved.

MR. SCHEF WRIGHT: Thank you.

(Whereupon, Exhibit Nos. 1234-1250 & 1516-1519 were received into evidence.)

CHAIRMAN LA ROSA: Any other parties? Staff?

Okay. Excellent. Well, let me go ahead and excuse the witness.

Mr. Coyne, thank you very much.

(Witness excused.)

CHAIRMAN LA ROSA: So it's exactly 12 o'clock on the dot. Let's go ahead and take a break for lunch, and let's be back at one o'clock.

And, FPL, I assume you have your next witness ready to go at 1:00?

MS. MONCADA: We do. Thank you.

CHAIRMAN LA ROSA: Awesome. Great. Thank you.

(Lunch recess.)

(Transcript continues in sequence in Volume 11.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 26th day of October, 2025.

Debbie R Krick

DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028