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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	**:**	**Docket No. 160021-EI**
	:	**Filed: September 19, 2016**

POST-HEARING BRIEF OF WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), by its attorneys, respectfully submit this post-hearing brief to the Florida Public Service Commission ("PSC" or "Commission") pursuant to Commission Orders Nos. PSC-16-0125-PCO-EI, PSC-16-0182-PCO-EI, PSC-16-0211-PCO-EI, PSC-16-0300-PCO-EI, and PSC-16-0341-PHO-EI, in the above-referenced proceeding. This proceeding concerns the Petition for rate base increase by Florida Power & Light Company ("FPL" or "Company"). Walmart actively participated in this proceeding and caused to be admitted into the evidentiary record the Direct Testimony and eight (8) Exhibits of Steve W. Chriss, Walmart's Senior Manager, Energy Regulatory Analysis. Transcript ("Tr.") 4498, 5000-5032; Exhibits ("Exh.") 318-325.

Through the testimony of Mr. Chriss, Walmart addressed key issues regarding FPL's request for an increase in base rates, including: (1) the Company's proposed Return on Equity ("ROE"); (2) the Company's proposal to allocate production capacity cost using a 12 coincident peak and 25 percent energy ("12 CP and 25%") methodology; (3) the Company's rate design for GSLD-1, GSLDT-1, GSD-1, and GSDT-1 for 2017 and 2018; and (4) the Company's application of the 2019 Okeechobee Limited Scope Adjustment ("LSA").

On March 15, 2016, FP&L filed a Petition requesting a general base rate increase of approximately $1.337 billion, as summarized on pages 30-31 of the Petition. In its Petition, FPL

requests approval of a multi-year rate plan consisting of: (1) an increase in rates and charges effective January 1, 2017, to generate an additional $866 million in total annual gross revenues; (2) a gross revenue increase of $262 million to be effective January 1, 2018; and, (3) a $209 million LSA for the Okeechobee Clean Energy Center to be effective on or about June 1, 2019, its currently scheduled commercial in-service date. *See* FPL's Petition for Base Rate Increase, Docket No. 160021-EI (filed Mar. 15, 2016), p. 1. In its Petition, FP&L also proposes a return on equity of 11.5 percent, consisting of a base cost of equity of 11.0 percent, and a 0.50 percent performance adder. *Id.* at 2.

Walmart recommends that the Commission authorize an increase in revenue requirement that is minimal and only the amount necessary for the utility to provide reliable service, while still having the opportunity to earn a reasonable return. When examining the Company's proposed revenue requirement and associated ROE increase, Walmart recommends that the Commission consider: (1) the impact of the resulting revenue increase on customers; (2) the use of a future test year, which reduces the risk due to regulatory lag; (3) the percentage of the Company's total jurisdictional revenues recover through base rates that are at risk due to regulatory lag versus the amount of revenues collected through cost recovery clause charges; and (4) the trend of rate case ROEs that have been approved by state regulatory agencies nationwide; (Tr. 5003, 5005-5013, 5035-5036 (Chriss)) and, (5) evidence adduced from Company witness Mr. Hevert that supports an ROE lower than that proposed by the Company, as set forth in more detail below.

The Commission should reject the Company's proposal to allocate production capacity cost using a 12 CP and 25% energy methodology. If the Commission determines it is appropriate to move away from the Company's currently approved 12 CP and

1/13th methodology and to discontinue the practice of allocating a portion of production capacity on an energy basis, then it should approve either a demand allocator based on the Company's four coincident peaks ("4 CP") or six coincident peaks ("6 CP"). Alternatively, if the Commission determines it is appropriate to move away from the Company's currently approved 12 CP and 1/13th methodology and to continue the practice of allocating a portion of production capacity cost on an energy basis, then it should approve an average and excess ("A&E") allocator based on the Company's Group Non-Coincident Peaks ("GNCP"). Tr. 5003-5004, 5013-5022, 5036-5038 (Chriss).

The Commission should approve a revised rate design for GSLD-1, GSLDT-1, GSD-1, and GSDT-1 for 2017 rates, and if the Commission approves the Company's proposal to institute an incremental rate change in 2018, the Commission should apply the same rate design changes to the approved revenue requirement and cost of service study ("COSS") for 2018. Tr. 5004-5005, 5026-5027, 5030-5031, 5038 (Chriss).

Lastly, if the Commission approves the 2019 Okeechobee LSA, for rate schedules that contain demand charges, the increase to those schedules should only be applied to the demand charge. Tr. 5005, 5032, 5038 (Chriss).

I. ISSUES AND POSITIONS

A. COST OF CAPITAL

Issue 85: What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Position: *When considering the appropriate revenue requirement increase for FPL in the current proceeding, the Commission should consider (1) the impact the resulting revenue increase will have on customers; (2) the use of a future test year, which reduces the risk due to regulatory lag; (3) the percentage of the Company's total

> jurisdictional revenues recovered through base rates that are at risk due to regulatory lag versus the amount of revenues collected through cost recovery clause charges; (4) the trend of rate case ROEs that have been approved by state regulatory agencies nationwide; and, (5) evidence adduced from Company witness Mr. Hevert that supports an ROE lower than that proposed by the Company.*

<u>The Company's proposed revenue requirement will have an adverse impact on customers.</u>

The Company's proposed increase related to the Company's requested ROE, inclusive of the performance adder, has an annual revenue requirement impact on the Company's rates of approximately $239 million, or about 27.6 percent of the Company's overall increase request for the 2017 test year. Tr. 5008; *see also* Exh. 319 (Chriss). When examining the Company's requested revenue requirement and ROE, the Commission should thoroughly consider the impact on customers, in addition to all other facets of this case. The Commission must ensure that any increase in the Company's rates is the minimal amount necessary to provide adequate and reliable service to its customers, while still providing the Company with an opportunity to earn a reasonable return. Tr. 5006 (Chriss).

<u>The Company's proposed 2017 test year and ROE reduces the Company's exposure to regulatory lag.</u>

The Company's proposed 2017 test year would allow approximately 55 percent of jurisdictional revenues to be collected through base rates. Tr. 5008-5009; *see also* Exh. 320 (Chriss). The Commission must consider the Company's use of a future test year in this case because the greater the percentage of a utility's revenues that are collected through pass-through charges, the lower the utility's risk due to regulatory lag. Tr. 5009 (Chriss). The Commission has recognized that the use of a projected test year reduces the risk of regulatory lag; it stated "the main advantage of the projected test year is that it includes all information rated to rate base, NOI, and capital structure for the time new rates will be in effect." *See In re: Request for rate increase by Gulf Power Co.*, Docket No. 010949-EI, Order No. PSC-02-0787-FOF-EI (issued

June 10, 2002), p. 9; *see also* Tr. 5009 (Chriss). The Commission should carefully consider the level of ROE justified by the Company's reduced exposure to regulatory lag. *Id.*

The requested ROE vastly exceeds the ROEs award to similarly situated utilities across the nation since 2013 and fails to recognize the declining trend in awarded ROEs.

The requested ROE of 11.5 percent, inclusive of the proposed performance adder, should further be rejected because it is not consistent with ROEs awarded by other utility regulatory commissions in 2013, 2014, 2015, or through July 2016. Tr. 5009; *see also* Exh. 321 (Chriss) and Exh. 656 (Hevert). Between 2013 and July 2016, SNL Financial reported on 102 electric utility rate cases where commissions across the country have authorized ROEs for investor-owned electric utilities. Tr. 5010; *see also* Exh. 321 (Chriss). Of these 102 reported cases, the average authorized ROE is only 9.73 percent. *Id.* The ROE requested by FPL vastly exceeds the average ROE awarded nationally since 2013. Tr. 5009; *see also* Exh. 321 (Chriss) and Exh. 656 (Hevert).

In addition to exceeding ROEs awarded nationally, the requested ROE also exceeds the ROEs this Commission awarded to Tampa Electric Company and Gulf Power Company of 10.25 percent in 2013, the Florida Public Utilities Company of 10.25 percent in 2014, and the Company's most recent base rate case (10.5 percent). Tr. 5010 (Chriss); *see also In re: Petition for rate increase by Tampa Electric Co.*, Docket No. 130040-EI, Order No. PSC-13-0443-FOF-EI (issued Sept. 30, 2013); *In re: Petition for rate increase by Gulf Power Co.*, Docket No. 130140-EI, Order No. PSC-13-0670-S-EI (issued Dec. 19, 2013); *In re: Application of Florida Public Utilities Co.*, Docket No. 140025-EI, Order No. PSC-14-0517-S-EI (issued Sept. 29, 2014); *In re: Petition for rate increase of Florida Power & Light Co.*, Docket No. 120015-EI, Order No. PSC-13-0023-S-EI (issued Jan. 14, 2013).

Further, from 2013 to July 2016, there has been a declining trend in authorized ROEs for vertically integrated utilities. Tr. 5011; *see also* Exh. 321 (Chriss). In 2013, the average ROE for only vertically integrated utilities was 9.97 percent. *Id.* By 2014 the average ROE had dropped to 9.92 percent. *Id.* In 2014, the average ROE dropped even further to 9.75 percent, and through July 2016, the trend still favors a decline with the average ROE awarded being 9.65 percent. *Id.* Additionally, it should be noted that in 2015 through July 2016, eight vertically integrated utilities have been authorized ROEs of 9.53 percent or less. *Id.* The average ROE for vertically integrated utilities from 2013 through July 2016 is 9.88 percent. *Id.*

The ROE requested by the Company is not only contrary to this declining trend, but it is higher than any ROE awarded by any utility commission nationally. All the nationwide data merely serves to confirm that the ROE requested by the Company is excessive. Keeping in mind the downward trend of awarded ROEs nationally and the ROEs previously awarded by this Commission, this Commission should approve an ROE that is consistent with the declining trend of ROEs awarded by state regulatory commissions nationally. Tr. 5003, 5008, 5011, 5013, 5036, Exh. 321 (Chriss), Exh. 656 (Hevert).

Evidence adduced from Company witness Mr. Hevert supports an ROE lower than that proposed by the Company.

The Company has proposed an ROE of 11.0 percent, (Tr. 2126-2127 (Hevert); *see also* Tr. 2450 (Dewhust)) with an additional 0.5 percent as a performance adder, for a total of 11.5 percent. Tr. 2450 (Dewhurst). Mr. Hevert's testimony details the analyses and factors that he uses when assessing what the recommendation for the ROE should be for a utility. In his Rebuttal Testimony, he states that "the authorized ROE is a very visible measure of the regulatory environment in which utilities operate. The regulatory environment, in turn, is important to utility analysts and investors." Tr. 5623 (Hevert).

During the evidentiary hearing on cross-examination, Mr. Hevert testified as to the jurisdictional rankings from Regulatory Research Associates ("RRA") when determining an ROE and the importance of regulatory environments. Tr. 5659-5668 (Hevert). Mr. Hevert confirmed that his Exhibit RBH-42 (Exh. 383 in the record) demonstrates that Florida's jurisdictional ranking is an "Above Average 3." Tr. 5667; *see also* Exh. 383 (Hevert). In turn, the two most recent ROEs awarded to vertically integrated electric utilities in Above Average 3 jurisdictions were 10.07 percent and 9.85 percent, respectively. Tr. 5667; *see also* Exh. 383 (Hevert). Mr. Hevert also acknowledged that in his most recent testimony filed in another jurisdiction, he has recommended an ROE of 10.25 percent. Tr. 5669 (Hevert). Thus, Mr. Hevert's testimony confirms that ROEs are in fact declining, which further supports rejection of the Company's proposed ROE.

B. <u>Cost of Service and Rate Design Issues</u>

Cost of Service Methodology

Issue 136: What is the appropriate methodology to allocate production costs to the rate classes?

Position: *If the Commission determines it is appropriate to move away from the Company's currently approved 12 CP and 1/13th methodology and to discontinue the practice of allocating a portion of production capacity on an energy basis, it should approve a demand allocator based on either on the Company's 4 CP or 6 CP. If the Commission determines it is appropriate to move away from the Company's currently approved 12 CP and 1/13th methodology and to continue the practice of allocating a portion of production capacity cost on an energy basis, it should approve an A&E allocator based on the Company's GNCP.*

Currently, the Company allocates production capacity cost using a 12 CP and 1/13th methodology, in which 12/13 of the production capacity cost is allocated using the Company's 12 CP and the remaining 1/13 is allocated using the Company's energy allocator. Tr. 2925 (Deaton). Walmart has no issue with the Commission maintaining this cost allocation method. Tr. 5037-5038 (Chriss). In this proceeding, however, the Company requests to allocate

production capacity cost using a 12 CP and 25% methodology. Tr. 2925 (Deaton). The 12 CP and 25% methodology allocates 75 percent of production capacity cost using the Company's 12 monthly CP demands for the test year and the remaining 25 percent using the Company's energy allocator. *Id.* The Commission should reject the Company's proposed 12 CP and 25% methodology as a greater portion of production capacity cost is allocated as energy-related compared to FPL's current 12 CP and 1/13th methodology. Tr. 5003-5004, 5022 (Chriss). In the alternative, if the Commission determines it is appropriate to move away from the 12 CP and 1/13th methodology but <u>discontinue</u> the allocation of a portion of production capacity cost on an energy-basis, then Walmart recommends the Commission use the 4 CP or 6 CP methodology. *Id.*

As stated in Mr. Chriss' Direct Testimony, "basing the allocation of production capacity cost on the utility's system peak ensures that the resulting rates reflect cost causation and minimizes cost responsibility shifts between rate classes." Tr. 5016 (Chriss). The Company's proposed and current methodologies allocate a fixed portion of production capacity cost on a variable or energy-basis. *Id.* As a result, these methodologies can introduce shifts in cost responsibility from lower load factor classes to higher load factor classes. *Id.* This use of an energy allocator incorrectly implies that the generation plant to which that allocator is applied has no fixed cost. *Id.*

Based on Walmart witness Mr. Chriss's analysis of FPL's monthly peaks for the proposed test year and adjusted for losses, FPL's CP-based production cost allocator should use 4 CP, as there were only four months of the test year that exceeded the 90 percent threshold. Tr. 5017-5019; *see also* Exh. 322 (Chriss). There are two additional months that would be reasonable to include in the CP, as in two of the last three years these months exceeded the 90 percent

threshold. Tr. 5018-5019; *see also* Exh. 322 (Chriss). As a result, the optimal production cost allocator would be based on 4 CP or 6 CP. Tr. 5020 (Chriss).

Although historically this Commission has approved production capacity cost allocators that contain an energy component, if, in this case, the Commission were to determine it is appropriate to move away from FPL's current 12 CP and 1/13th methodology but continue its practice of allocating a portion of production capacity cost on an energy-basis, then Walmart recommends the Commission use an allocator based on an A&E methodology. Tr. 5004, 5014, 5020-5022 (Chriss). With this methodology, as described in the Direct Testimony of Walmart witness Mr. Chriss, an A&E allocator "is an allocator that recognizes the contribution of each class to average demand, as well as the relative peak demand of each class." Tr. 5020 (Chriss).

Under the A&E methodology, as the system load factor increases, more weight is given to the energy portion of the allocator. Tr. 5021 (Chriss). Additionally, as a class load factor increases, the allocator for that class reflects an increase in the weight given to the energy portion of the allocator. *Id.* At a theoretical maximum of 100 percent load factor, the A&E allocator is essentially an energy allocator. *Id.* As such, this methodology recognizes production plant as being used to meet peak demand as well as provide energy. *Id.* Thus, while use of an A&E methodology allocates a significant portion of capacity cost on an energy-basis, it avoids the mathematical issues inherent in other hybrid demand-energy allocators. *Id.* The A&E methodology, as proposed by Walmart, allows the Commission to continue with the tradition of determining the amount of production capacity cost allocated on an energy-basis for each class based on system load factor and class load factor, not an "arbitrary value." *Id.*

Rate Design

Issue 146: **What are the appropriate customer charges**

A. **Effective January 1, 2017?**

Position: See Issue 148A.

B. **Effective January 1, 2018?**

Position: See Issues 148A and 148B.

Issue 147: **What are the appropriate demand charges**

A. **Effective January 1, 2017?**

Position: See Issue 148A.

B. **Effective January 1, 2018?**

Position: See Issues 148A and 148B.

Issue 148: **What are the appropriate energy charges**

A. **Effective January 1, 2017?**

Position: *Walmart's recommendations for the Commission are as follows:

1. For Rates GSLD-1, GSLDT-1, GSD-1, and GSDT-1, approve the Company's proposed customer charge methodology;

2. For GSLD-1 and GSLDT-1, set the demand charge at 90 percent of the demand unit cost per the approved revenue requirement and COSS;

3. For GSD-1 and GSDT-1, set the demand charge for schedules at 85 percent of the demand unit cost per the approved revenue requirement and COSS;

4. For GSLD-1 and GSD-1, apply the remaining revenue requirement to the energy charge; and

5. For GSLDT-1 and GSDT-1, apply the remaining revenue requirement to the on-peak and off-peak energy charges per the Company's proposed relationship between those charges and GSLD-1 and GSDT-1, respectively.*

B. Effective January 1, 2018?

Position: *If the Commission were to approve the Company's proposal for an incremental rate change in 2018, the Commission should apply the same rate design methodology as described by Walmart under 148A.*

2017 Rate Design

In this proceeding, the Company's proposed rate design for Rates GSLD-1, GSLDT-1, GSD-1, and GSDT-1 does not move rates sufficiently toward fully cost-based rates; specifically, the Company's proposed changes would underprice demand charges resulting in a shift of fixed demand-related costs to variable kWh energy charges. Tr. 5023 (Chriss). In turn, this shift of demand costs from $/kW demand charges to $/kWh energy charges will cause the transfer of demand cost responsibility from lower load factors customers to higher load factor customers, such as Walmart. *Id.* The consequence of this misallocation of cost responsibility causes higher load factor customers to overpay for the demand-related costs incurred by the Company to serve them, as well as moving rates for the customer classes further from their cost of service. *Id.* In other words, the Company's proposed rate design is not based on cost causation, even though the Company claims that it is.

In that regard, the Company's proposed Rate GSLDT-1 and Rate GSLD-1 are not reflective of their cost of service. The revisions proposed by the Company to Rate GSLDT-1 would only allow recovery of approximately 57 percent of the schedule's revenue requirement, where a cost-based demand charge would collect approximately 76 percent of the schedule's revenue requirement. Tr. 5025 (Chriss). The Company's proposed GSLDT-1 demand charge is set at approximately 75 percent of full cost. *Id.* The revisions to GSLD-1 would only allow for the collection of approximately 64 percent of the GSLD-1 revenue requirement, which is still only approximately 84 percent of full cost. Tr. 5026 (Chriss).

The Company has also proposed revisions to Rates GSD-1 and GSDT-1. Like the Company's proposed revisions to Rates GSLD-1 and GSLDT-1, these revisions do not move Rates GSD-1 and GSDT-1 materially closer to their cost of service. Under the Company's proposal for Rate GSD-1, the demand charges are set to collect approximately 54 percent of the GSD-1 revenue requirement, which is approximately 72 percent of full cost. Tr. 5029 (Chriss). For Rate GSDT-1, the Company's proposed demand charge of $10.40/kW would only recover approximately 52 percent of the schedules revenue requirement, where a cost-based demand charge would collect approximately 75.6 percent of the schedules revenue requirement. *Id.* The proposed GSDT-1 demand charge is only at approximately 69 percent of full cost. *Id.*

Because, as the Company admits that one of the goals of electric utilities is to move customer classes closer to the cost of service, (Tr. 5302 (Cohen)), the Commission should reject the Company's proposed demand charges for Rates GSLDT-1, GSLD-1, GSD-1, and GSDT-1. The Commission should instead approve demand charges for Rates GSLDT-1 and GSLD-1 reflecting 90 percent of actual cost, and for Rates GSD-1 and GSDT-1 reflecting 85 percent of the demand unit cost per the approved revenue requirement and COSS as proposed by Walmart witness Mr. Chriss. Tr. 5004, 5027, 5030 (Chriss). Additionally, for Rates GSLD-1 and GSD-1, the Commission should apply the remaining revenue requirement to the energy charge, and for Rates GSLDT-1 and GSDT-1, apply the remaining revenue requirement to the on-peak and off peak energy charges per the Company's relationship between those charges and GSLD-1 and GSD-1, respectively. *Id.* Although the Company's witnesses criticize witness Chriss's rate design proposed in this regard (*see*, *e.g.*, Tr. 5314 (Cohen)), Mr. Chriss clearly has not proposed to move demand charges to achieve a 100 percent cost basis because as he testified:

> While it would be optimal and a goal of the Commission to set the rates for every class as their cost of service level, I recognize the

> breadth and diversity of customers on each rate schedule can require a gradual approach to this goal.

Tr. 5024 (Chriss). Accordingly, Mr. Chriss's rate design proposal moves rates gradually toward a cost basis while protecting both high and low load customers on these rate schedules. The Company's proposal, however, makes no material effort to move charges closer toward actual unit cost. Tr. 5023 (Chriss). The effect is to harm high load factor customers at the benefit of low load customers. *Id.* Conversely, Mr. Chriss's proposal fairly balances the interest of all users while still moving toward cost-based rates. *Id.*

2018 Rate Design

If the Commission were to adopt the Company's proposal for an incremental rate change in 2018, then Walmart recommends the Commission apply the same rate design methodology as described above for Rates GSLD-1, GSLDT-1, GSD-1, and GSDT-1. Tr. 5005, 5031 (Chriss). Again, this methodology will bring the rates closer to their cost of service on a gradualized basis.

LSA Rate Design

Issues 156: Is FPL's proposed allocation and rate design for the new Okeechobee Energy Center limited scope adjustment, currently scheduled for June 1, 2019, reasonable?

Position: *No. If the Commission approves the 2019 Okeechobee LSA, for rate schedules that contain demand charges, the increase to those schedules should only be applied to the demand charge.*

As part of its rate increase filing, the Company has proposed a rate design for the 2019 Okeechobee LSA where FPL would apply an equal percent increase to all base charges and non-clause recoverable credits. Tr. 2821 (Cohen). This approach means the majority of the base rate revenue increase due to the LSA is related to the installed capacity cost of the Okeechobee unit, which is the fixed cost of the unit. Tr. 1436 (Barrett). As such, for rate schedules that contain demand charges, it is not appropriate to apply the increase to the non-demand charges such as the

customer or energy charges. Tr. 5032 (Chriss). Walmart recommends that if the Commission were to approve the proposed 2019 Okeechobee LSA, the Commission require that for rate schedules that contain demand charges, the increase to those schedules should only be applied to the demand charge, and not the energy or customer charge. Tr. 5005, 5032 (Chriss).

II. CONCLUSION

WHEREFORE, Walmart respectfully requests that:

1. When the Commission considers the appropriate revenue requirement for FPL in the current proceeding, it closely examines: (1) the impact the resulting revenue increase will have on customers; (2) the use of a future test year, which reduces the risk due to regulatory lag; (3) the percentage of the Company's total jurisdictional revenues recovered through base rates that are at risk due to regulatory lag versus the amount of revenues collected through cost recovery clause charges; (4) the trend of rate case ROEs that have been approved by state regulatory agencies nationwide; and, (5) evidence adduced from Company witness Mr. Hevert that supports an ROE lower than that proposed by the Company.

2. The Commission reject the Company's proposed 12 CP and 25% energy methodology for the allocation of production capacity cost and continue use of the 12 CP and 1/13th methodology.

3. Alternatively, if the Commission determines it that it is appropriate to move away from the Company's currently approved 12 CP and 1/13th methodology and discontinue the practice of allocating a portion of production capacity on an energy basis, it should approve a demand allocator based on either on the Company's 4 CP or 6 CP. If the Commission determines it is appropriate to move away from the Company's currently approved 12 CP and 1/13th methodology and to continue the practice of allocating a portion of production capacity cost on an energy basis, it should approve an A&E allocator based on the Company's GNCP.

4. For the Company's 2017 proposed Rates GSLD-1, GSLDT-1, GSD-1, and GSDT-1, the Commission should:

   a. Approve the Company's proposed customer charge methodology for Rates GSLD-1, GSLDT-1, GSD-1, and GSDT-1;

   b. Set the demand charge at 90 percent of the demand unit cost per the approved revenue requirement and COSS for Rates GSLD-1 and GSLDT-1;

   c. Set the demand charge at 85 percent of the demand unit cost per the approved revenue requirement and COSS for Rates GSD-1 and GSDT-1;

   d. Apply the remaining revenue requirement to the energy charge for Rates GSLD-1 and GSD-1; and,

   e. Apply the remaining revenue requirement to the on-peak and off-peak energy charges per the Company's proposed relationship between those charges and GSLD-1 and GSDT-1, and respectively, for Rates GSLDT-1 and GSDT-1.

5. If the Commission approves an incremental rate change for 2018, the Commission should apply the same rate design recommended by Walmart for 2017.

6. If the Commission were to approve the Company's proposed 2019 Okeechobee LSA, for rate schedules that contain demand charges, the increase to those schedules should only be applied to the demand charge.

Respectfully submitted,

By */s/ Stephanie U. Roberts*

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