



R. Wade Litchfield
Vice President & General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 691-7101

March 12, 2021

VIA ELECTRONIC FILING

Adam Teitzman, Commission Clerk
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20210015-EI
Petition by FPL for Base Rate Increase and Rate Unification

Dear Mr. Teitzman:

Attached for filing on behalf of Florida Power & Light Company ("FPL") in the above-referenced docket are the Direct Testimony and Exhibits of FPL witness Eric Silagy.

Please let me know if you should have any questions regarding this submission.

(Document 2 of 69)

Sincerely,

A handwritten signature in black ink that reads "Wade Litchfield".

R. Wade Litchfield
Vice President & General Counsel
Florida Power & Light Company

RWL:ec

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF ERIC SILAGY

DOCKET NO. 20210015-EI

MARCH 12, 2021

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

I. INTRODUCTION AND SUMMARY 3

II. MULTI-YEAR RATE PLANS HAVE BEEN KEY TO FPL’S SUCCESS.... 11

**III. FPL’S OPERATING PHILOSOPHY AND VISION REMAIN
CUSTOMER-FOCUSED, INNOVATIVE AND FORWARD-LOOKING 15**

IV. THE VALUE FPL PROVIDES CONTINUES TO IMPROVE 23

**V. CREATING VALUE THROUGH INTEGRATION AND
CONSOLIDATION..... 27**

VI. SUMMARY OF MULTI-YEAR RATE PLAN/BASE RATE REQUEST 31

VII. INTRODUCTION OF WITNESSES 37

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

I. INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is Eric Silagy. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as President and CEO.

Q. Please describe your duties and responsibilities in that position.

A. I have overall responsibility for the management and operations of FPL and Gulf Power Company (“Gulf” or “Gulf Power”).

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Arts in Economics from the University of Texas at Austin and a Juris Doctorate from the Georgetown University Law Center. I was appointed to my current position in 2011. My professional background is described in more detail in Exhibit ES-1.

Q. Are you sponsoring or co-sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- ES-1 Eric Silagy Biography
- ES-2 Value Provided to FPL Customers
- ES-3 Typical Residential 1,000 kWh Bill Comparisons
- ES-4 Gulf Power Operational Improvements
- ES-5 Gulf Power Adjusted O&M Improvements

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to provide an overview of FPL’s filing and an
3 introduction of the witnesses who are submitting direct testimony on FPL’s behalf
4 in support of the filing. I also describe how Gulf, since becoming part of the FPL
5 family, has improved reliability and customer service, reduced emission rates and
6 lowered costs for customers in Northwest Florida. Finally, I discuss our continued
7 commitment to the communities we serve in Northwest Florida -- a commitment
8 that will remain after the consolidation of operations and unification of rates.

9 **Q. Please describe the relationship of Gulf Power to FPL in connection with this**
10 **filing.**

11 A. Gulf Power was acquired by FPL’s parent company, NextEra Energy, Inc., on
12 January 1, 2019. Gulf was subsequently merged into FPL on January 1, 2021.
13 Following the acquisition, and even prior to the legal combination of FPL and Gulf
14 Power, the two companies began to consolidate their operations. That process will
15 be essentially complete prior to the 2022 test year and, as discussed at length by
16 FPL witnesses Bores, Cohen and DuBose, among others, the combination is
17 reflected in the consolidated cost of service and retail rates submitted in this base
18 rate case filing on behalf of FPL.

19 **Q. How will you and FPL’s other witnesses refer to FPL and Gulf when discussing**
20 **them in testimony?**

21 A. FPL’s witnesses will use the terms “FPL” and “Gulf” throughout. Unless otherwise
22 specifically stated or dictated by context, those references will mean the following:

- 1 • In discussing operations or time periods prior to January 1, 2019 (when
2 NextEra Energy acquired Gulf), “FPL” and “Gulf” or “Gulf Power” will
3 refer to their pre-acquisition status, when they were legally and
4 operationally separate companies.
- 5 • In discussing operations or time periods between January 1, 2019 and
6 January 1, 2022, “FPL” and “Gulf” or “Gulf Power” will refer to their status
7 as separate ratemaking entities, recognizing that they were merged legally
8 on January 1, 2021 and consolidation proceeded throughout this period.
- 9 • In discussing operations and time periods after January 1, 2022, most
10 references will be only to “FPL” because Gulf will be consolidated into
11 FPL, and FPL is proposing unified rates for the consolidated
12 company. References to “Gulf” or “Gulf Power” thereafter will primarily
13 be to address any rate differentiation between customers in the former FPL
14 and Gulf service areas.

15 **Q. Please summarize your testimony.**

16 A. FPL serves customers throughout much of peninsular Florida and now also serves
17 a significant portion of Northwest Florida. As the provider of electric service in
18 much of the state, FPL represents a major component of Florida’s economy. We
19 provide electric service to more than 5.6 million customer accounts, or more than
20 half of our state’s homes and businesses. FPL is one of Florida’s largest taxpayers.
21 The Company provides infrastructure and an essential service that deliver a wide
22 range of benefits to Florida’s economy, local governments and, most importantly,
23 to our residential and business customers. We recognize the essential role FPL

1 plays in Florida and have worked hard to continue to improve the value we provide
2 customers. Indeed, today we provide electric service that is even cleaner and more
3 reliable than when base rates were last established in a general rate proceeding. At
4 a time when the average U.S. utility bills have increased by about 30 percent over
5 the last 15 years, today our typical residential 1,000 kilowatt hour (“kWh”)
6 customer bill (“typical residential bill”) is about 10 percent *lower* than it was 15
7 years ago. Additionally, based on the 20 largest investor-owned utilities in the
8 country, ranked by number of customers, FPL has the lowest residential bill and is
9 more than 40 percent below the average.

10
11 Our ability to deliver outstanding customer value continues to be a function of
12 consistent and cumulative action over an extended period of time, reflecting a
13 philosophy and approach to our business that begins with delivering superior
14 customer service and reliability. This result promotes customer satisfaction which
15 in turn supports a constructive regulatory environment – a key predicate for FPL
16 maintaining the strong financial position that has been, and remains, critical to our
17 ability to deliver an outstanding value proposition for our customers.

18
19 Certainly, a constructive regulatory environment has allowed FPL to undertake a
20 series of forward-looking initiatives and programs over the years, all with the goal
21 of providing exceptional service and benefits for our customers. Many of the
22 decisions we have made in support of this strategy have required the approval and
23 oversight of the Florida Public Service Commission (the “Commission”). As

1 demonstrated through FPL witness Reed’s benchmarking analysis and discussed in
2 some detail by several of the FPL operational witnesses, FPL’s long-term strategy
3 has delivered exceptional value for our customers. As in prior years, this filing
4 seeks to continue the track record of success and the policies and strategies on
5 which that success has been built.

6
7 The core of our strategy over the last 15 years has remained consistent. It includes
8 four key elements: (1) a relentless focus on efficiency and productivity; (2) smart
9 investments that contribute to lower operating and maintenance (“O&M”) costs,
10 lower fuel costs, lower emissions, and better reliability, and otherwise improve
11 customer value; (3) sound financial policies including a strong balance sheet; and
12 (4) a willingness to innovate and embrace new ideas, technologies and programs.

13 The results that we have achieved through these efforts overall, and particularly
14 since our last general base rate proceeding in 2016, are exceptional. For nearly 15
15 years, we have delivered residential customer bills that have consistently been well
16 below the national average and among the lowest in Florida, and if the Commission
17 grants our rate request, we project our customers will continue to enjoy the best
18 energy value in America.

19
20 Illustrative of our consistent, strong commitment to operating efficiently is the fact
21 that, over the last five years, rather than resting on prior achievements, FPL has
22 achieved further improvements on top of our already exceptional non-fuel O&M
23 performance. As demonstrated in FPL witness Reed’s Exhibit JJR-6, FPL

1 consistently has been a best-in-class performer, and we continue to effectively
2 manage non-fuel O&M. As FPL witness Reed’s analysis shows, in 2019 alone,
3 FPL’s *annual* non-fuel O&M expense is \$2.6 billion *less* than an “average” utility.
4 Put another way, if FPL operated as an “average” electric provider, our O&M
5 would be nearly triple its current level, adding nearly 25 percent, or \$24, to the
6 monthly typical residential bill or costing an average customer nearly \$300 more
7 per year. Since FPL’s last base rate proceeding, we have saved customers more
8 than \$9 billion by operating substantially more efficiently than an “average” utility,
9 representing savings of about \$1,000 for the typical residential customer.

10
11 As explained by FPL witnesses Barrett and Bores, to maintain and even further
12 improve upon our combination of excellent service and low bills for customers over
13 the long term, we must continue to make smart, long-term capital investments in
14 our infrastructure. From the end of 2018 through 2022, on a total company basis,
15 we will have invested \$29 billion in our infrastructure, or more than \$7 billion
16 annually. Obtaining an appropriate return on equity (“ROE”) and recovering
17 prudently incurred costs are crucial to our ability to sustain such levels of
18 investment cost-effectively. The importance of our commitment to investment has
19 never been more apparent than in recent weeks as we have observed the
20 extraordinary consequences of a failure to maintain adequate levels of investment
21 in electric generation and other infrastructure.

1 Our acquisition of Gulf Power has provided us with a unique opportunity to bring
2 our value-driven approach to our customers in Northwest Florida and to clearly
3 demonstrate that FPL’s achievements are not an anomaly or driven, as some have
4 claimed, strictly by scale. The two companies that previously operated as FPL and
5 Gulf Power now are functionally and legally one utility with a proposed set of
6 unified rates. Already, we have realized significant improvements in Gulf’s
7 operations, improving its service reliability SAIDI metric by 50 percent, improving
8 the generation reliability Equivalent Forced Outage Rate metric by approximately
9 90 percent, and substantially reducing Gulf’s carbon emission rate. These are major
10 accomplishments in a very short period of time.

11
12 The base rate case filed on behalf of FPL represents a comprehensive set of
13 minimum filing requirements (“MFRs”) reflecting the consolidated operations of
14 FPL and the former Gulf Power. Whether our customers reside in Northwest
15 Florida or in Southeast Florida, they will be taking service from the same utility
16 system, functioning as one company in all respects. As a consolidated utility
17 system, FPL is well positioned to continue to improve the level of service to
18 customers and better optimize its generation, including improving system fuel
19 efficiency and lowering emissions.

20
21 In furtherance of FPL’s longstanding operational philosophy and to promote long-
22 term stability for customers, the Company and Florida’s economy, FPL’s request
23 addresses rates over a multi-year period. Specifically, we are proposing a base rate

1 adjustment in 2022, a smaller, subsequent-year adjustment in 2023, and an
2 adjustment mechanism for 2024 and 2025 that is limited only to recovery of the
3 cost of new solar installations that the Commission would review in subsequent
4 Solar Base Rate Adjustment (“SoBRA”) proceedings to determine that they are
5 cost-effective for customers. With the approval of FPL’s multi-year plan, there
6 would be no general base rate increases in 2024 and 2025. We believe this multi-
7 year approach, modeled after prior multi-year plans approved by the Commission,
8 will work well for customers in terms of providing rate stability and certainty,
9 avoiding repetitive and costly rate proceedings, and enabling the Company’s
10 continued focus on the business of providing our customers with the best value
11 proposition in the industry.

12
13 As discussed by FPL witnesses Barrett and Bores, this multi-year approach would
14 allow the Company to continue focusing on ways to improve its operations and
15 performance, better meet customer needs and expectations, and ultimately provide
16 strong, smart infrastructure that delivers reliable, clean and low-cost electricity to
17 the Floridians and businesses we serve.

18
19 As a company, we know that when people choose to live in our service area and
20 businesses choose to expand or locate here, FPL’s low bills, high reliability, clean
21 emissions and excellent customer service can play an important role in their
22 decision. The investments FPL has made with the approval of the Commission will
23 continue to help us meet the increasing needs and expectations of our customers.

1 We are proud to serve our fellow Floridians with outstanding value, supporting the
2 strength and stability of Florida’s economy while preparing responsibly today to
3 ensure we can meet the energy needs of the future. If approved, this four-year rate
4 plan would enable us to continue on this successful path.

5
6 **II. MULTI-YEAR RATE PLANS HAVE BEEN KEY TO FPL’S SUCCESS**

7
8 **Q. What role have multi-year rate plans played in FPL’s success as a service
9 provider?**

10 A. Over the last 22 years, FPL has entered into six multi-year rate plans that in each
11 instance were approved by the Commission. During the relevant periods, those
12 agreements provided customers with rate stability and certainty while at the same
13 time allowing the Company to maintain a strong credit rating and balance sheet.
14 This in turn has enabled FPL to continue to meet customer needs through multiple
15 major storms, global financial crises and the current global pandemic, challenges
16 that we hope never reoccur, but which we must remain prepared to deal with in the
17 future.

18
19 In approving our 2016 Rate Settlement, the Commission acknowledged that FPL is
20 providing excellent service and determined that the agreement “will allow FPL to
21 maintain the financial integrity necessary to make the capital investments over the
22 next four years required to sustain this level of service while providing rate stability
23 and predictability for FPL’s customers.” Order No. PSC-16-0560-AS-EI, at page

1 4. FPL's Commission-approved settlement agreements, including our most recent
2 multi-year agreement, have worked exceptionally well in meeting those objectives,
3 particularly during economic downturns. At the same time, they have avoided
4 additional costly and resource-intensive base rate proceedings, allowed us to avoid
5 \$1.7 billion in storm surcharges, and allowed the Company's management team
6 and employees to focus on new and creative ways to continue to find efficiencies,
7 develop and implement innovative technologies and solutions, and improve the
8 way in which services are delivered.

9 **Q. How has the Commission enabled FPL's high levels of service quality and**
10 **performance that benefit customers?**

11 A. Florida's constructive regulatory framework has been a critical element of our
12 success in becoming a top performer nationally in delivering clean, reliable, low-
13 cost energy to our customers. Multi-year rate solutions have been a hallmark of
14 Florida regulation over the last 22 years, providing FPL with both the opportunity
15 and the financial strength to make the necessary financial commitments to improve
16 operations, efficiencies and service quality. At the same time, these multi-year
17 plans provide a significant degree of stability and certainty that otherwise would
18 not have been possible. As discussed by FPL witness Reed, since 1980, the average
19 number of days between rate case filings for FPL is 2,140 days, a duration that is
20 more than three times longer than the nationwide utility median of 692 days,
21 making FPL's bill one of the more stable and predictable in the Southeast. This is
22 particularly striking when you consider the consistent level of investment that FPL

1 has been making in order to improve reliability, reduce our emissions impact and
2 enhance the overall customer experience.

3

4 As always, at the end of the term of any multi-year agreement the Company and
5 the Commission are able to review rate levels relative to the costs the Company is
6 incurring and expects to incur to provide service, including the investments in
7 infrastructure that the Company has made and is making. Such a review also
8 accounts for the typically rising costs of operations as well as any efficiencies and
9 cost reductions that the Company was able to realize during the term of each multi-
10 year rate plan.

11 **Q. Has the current multi-year rate plan worked well for customers?**

12 A. Absolutely. As described by FPL witness Barrett and other FPL witnesses, the
13 2016 Rate Settlement has proven to be of significant value for our customers.
14 During the term of this settlement agreement, FPL has been able to continue to
15 improve its already high levels of service and operational performance. For
16 example, FPL's non-fuel O&M cost position improved 16 percent in 2019
17 compared to our performance in 2016. As stated earlier, this period of stability has
18 been one of the key benefits of a multi-year rate solution, allowing management
19 and all employees to focus on improving service delivery for customers and
20 realizing additional efficiencies in the Company's operations.

21

22 Also, during the most recent multi-year rate plan, together FPL and Florida became
23 the national leader in the development of bringing cost-effective, utility-owned

1 large-scale solar to market. This was achieved through a combination of the
2 SoBRA mechanism and FPL’s SolarTogether™ Program – the Company’s highly
3 popular community solar program and the largest of its kind in the United States.
4 FPL leads the nation as the utility owner and operator having the most large-scale
5 solar and is currently Florida’s largest generator of solar power – operating 33 solar
6 power plants (representing approx. 2,345 MW of large-scale solar capacity).
7 Facilitated by its request in this proceeding, FPL will remain on track to achieve its
8 “30-by-30” plan to install 30 million solar panels by 2030. FPL also completed
9 construction of the Okeechobee Clean Energy Center on time and under budget.
10 Similar results are expected for the construction of the Dania Beach Clean Energy
11 Center Unit 7, which is expected to become operational on, if not ahead of, schedule
12 and on budget. Relative to FPL’s cost to build similar projects, other generation
13 projects in the state have generally been costlier and less efficient. FPL’s
14 disciplined approach to procurement and construction has consistently resulted in
15 project costs at or below budget. These achievements are evident in significantly
16 lower average installed capacity costs on the FPL system – specifically, as
17 mentioned by FPL witness Valle, FPL’s actual costs are approximately 5 percent
18 lower than budgeted costs over the last 15 years. FPL witness Barrett provides one
19 significant example where FPL constructed a new combined cycle generating unit
20 at a much lower installed cost compared to another utility.

21
22 FPL also has continued to improve its performance in several key categories both
23 nationally and statewide. Specifically, FPL has: (1) lowered O&M costs; (2) made

1 important infrastructure investments to support growth and maintain reliability; (3)
2 worked to reduce future costs, as demonstrated by the planned retirement of our
3 interests in Plant Scherer Unit 4 coal generating facility; (4) lowered emissions even
4 further; (5) continued to make improvements in system fuel efficiency; and (6)
5 continued to strengthen or “harden” the system to better withstand and restore
6 service due to bad weather and improve reliability. These achievements are
7 discussed in detail by FPL witnesses Barrett, Bores, Valle, Forrest, Broad, Spoor,
8 and others. In short, during the settlement period we continued to look for ways to
9 provide the highest level of overall service to Florida customers at a reasonable
10 cost, delivering significant improvements in customer value.

11
12 **III. FPL’S OPERATING PHILOSOPHY AND VISION REMAIN**
13 **CUSTOMER-FOCUSED, INNOVATIVE AND FORWARD-LOOKING**

14
15 **Q. Please describe FPL’s operating philosophy.**

16 A. Central to our operating philosophy is a strong and steady focus on improving
17 customer value in both the short and long term. We approach this as an ongoing
18 process involving smart investments in our infrastructure, innovation and a
19 sustained commitment to efficiency and productivity and, in general, improving all
20 aspects of our service and reliability. Our ability to deliver outstanding customer
21 value does not happen overnight. Rather, it is, and must be, the result of consistent
22 and cumulative action over an extended period of time – enabled by a series of
23 multi-year rate plans, as described earlier.

1 We strive to do the right thing before we are ordered, or even asked, to do so – and
2 at times in the face of intervenor opposition that is focused primarily on short term
3 outcomes. Even during market disruptions and economic downturns, we have
4 maintained our long-term perspective, continuing to make smart investments in our
5 infrastructure and building a system that will provide long-term benefits to
6 customers in terms of both reliability and low bills. Events of recent weeks in Texas
7 have brought a powerful reminder of the importance of long-term planning and
8 continuous investment in our power generation and power delivery systems.

9
10 A key example is our ongoing investment and leadership in clean solar energy,
11 helping the state become a global leader in the development of cost-effective solar
12 power, investing in Florida’s economy and making Florida a more attractive place
13 in which to live and do business. Another strong example, as further described by
14 FPL witness Spoor, is our on-going commitment with the support of this
15 Commission to develop a stronger and smarter grid, making investments that
16 significantly enhanced storm restoration during a record-breaking 2020 storm
17 season. With the modernization of our grid, we are building one of the strongest,
18 highly resilient and smartest grids in America today. At a time when many areas
19 of our country are struggling to deal with daunting infrastructure problems (e.g.,
20 rehabilitating roads, bridges, highways, dams, water treatment plants,
21 communications poles and equipment, schools etc.), and a shortage of reliability
22 generation capacity, we can be proud of the smart, modern electric infrastructure
23 we have built in Florida and the value that it brings to customers every day. We

1 have been able to do this at the same time we are saving our customers billions of
2 dollars in fuel costs. There is no question that Florida’s statutory and regulatory
3 framework and the constructive approach of this Commission in its role of
4 regulator, is critical to the Company’s ability to construct, operate and maintain a
5 highly reliable and cost-efficient utility system.

6 **Q. Please provide examples of FPL’s innovative solutions that resulted in benefits**
7 **to customers.**

8 A. FPL witnesses Broad and Spoor discuss a series of innovations that have been
9 developed by a highly dedicated and motivated team who reflect FPL’s culture of
10 continuous improvement. I am extremely proud of these efforts and the employees
11 who generated these innovative and industry leading ideas. They include:
12 establishing a Renewable Operations Control Center to efficiently and effectively
13 provide centralized remote operations for solar and storage facilities, utilizing smart
14 devices such as automated feeder switches avoiding 1.6 million customer
15 interruptions in 2020, and deploying cutting edge technology like drones with high
16 definition and thermal cameras to perform equipment inspections and assess
17 damage to critical electric facilities in flooded or impassable areas following a
18 severe weather event.

19
20 Another great example is “Spot,” a break-through robotics application that reduces
21 inspection costs by reducing more routine work, mitigates safety risks and increases
22 equipment reliability through real-time online monitoring. Significantly, FPL was

1 the first in the nuclear industry to utilize Spot. This program is discussed in more
2 detail by FPL witness Coffey.

3 **Q. Please provide examples of benefits realized through FPL’s forward-looking**
4 **investment strategy.**

5 A. Had we not started investing in clean, efficient generation years ago, we would not
6 be positioned as we are today – providing significant fuel savings to customers and
7 eliminating millions of tons of carbon dioxide emissions. Had we not started years
8 ago to build a smarter and stronger grid, we would not be in the position today of
9 providing best-in-class reliability to our customers. Had we not invested in FPL’s
10 and Florida’s future, we would likely be just an average performing utility today –
11 meeting our basic regulatory requirements, but not providing the billions in annual
12 savings and superior reliability that we currently provide our customers. FPL’s
13 track record demonstrates that there are real, tangible customer benefits from FPL’s
14 approach, including comparatively low electric bills and high reliability.

15

16 Simply put, FPL has provided substantial benefits for our customers, day in and
17 day out, by not settling for being an “average utility.” For example, in 2019 alone,
18 if FPL were an average performing utility:

- 19
- 20 • Our customers’ reliability would be worse by 138 percent based on PA
21 Consulting’s annual 2019 ReliabilityOne® benchmarking data for
22 Distribution System Average Interruption Duration Index (“SAIDI”)
23 showing an industry average of 123 minutes versus FPL’s 51 minutes;
 - Annual fuel costs would be \$595 million higher;

- 1 • Annual non-fuel O&M expense would be \$2.6 billion higher;
- 2 • The annual typical residential bill would be about \$300 higher overall; and
- 3 • Emissions would be significantly higher, adding to the atmosphere the
- 4 equivalent CO₂ of almost three million cars on our roads for an entire year.

5

6 FPL’s commitment and ability to take a long-term, big picture perspective has
7 worked well for our customers. Our multi-year rate plan will enable us to continue
8 to work and invest for the benefit of current customers and future generations of
9 Floridians.

10 **Q. What forward-looking plans does FPL include in this rate request?**

11 A. Certainly, our request contemplates that we will continue to make investments in
12 all aspects of our generation, transmission and distribution (“T&D”) systems to
13 realize further operating, cost-efficiency and service and reliability improvements.
14 Other FPL witnesses discuss those specific plans. I will mention a couple of
15 projects that are particularly intriguing and which, if approved, will represent
16 additional industry “firsts” for FPL. One such example is our new “green
17 hydrogen” fuel generation pilot at the Okeechobee Clean Energy Center. This pilot
18 will include a 25 MW hydrogen electrolyzer that will allow FPL to determine how
19 a “green hydrogen” fuel-producing facility can be effectively used with gas-fired
20 units to produce a supplemental, carbon-free fuel source. This is a very exciting
21 opportunity for FPL, the state of Florida, the nation and the planet.

22

1 A second example is FPL's role as a leader in piloting battery storage applications
2 and electric vehicle ("EV") programs. FPL has invested in ten separate battery
3 projects as part of the 50 MW pilot approved in its 2016 Rate Settlement. These
4 projects are providing customer benefits and valuable information on how batteries
5 can further increase the performance of FPL's grid and the deployment of
6 renewable energy. FPL's investments in EV charging ports allow us to gather data
7 and learnings which allow FPL to efficiently plan, adapt and react to the growing
8 use of EVs by our customers. FPL witness Valle discusses these projects in his
9 direct testimony.

10 **Q. What areas are you particularly proud of as far as FPL's accomplishments as**
11 **an industry leader?**

12 A. I think it's fair to say that we have not been afraid to tackle new challenges and
13 solutions in the energy industry that bring benefits to our customers. We have been
14 leading the way in Florida in terms of large-scale solar facilities including the
15 development and regulatory approval of the SoBRA mechanism. This innovative
16 approach has also been emulated by other investor-owned utilities in Florida,
17 resulting in new solar investment statewide. Our SolarTogether Program was the
18 first of its kind and represents the largest community solar program in the nation.
19 Our battery pilot program was the first of its kind and now we are building the 400
20 MW Manatee battery storage facility, which will be powered by an existing FPL
21 solar plant and is the largest battery storage facility in the world. The asset
22 optimization program was the first of its kind in Florida and as FPL witness Forrest

1 confirms, has brought \$122.6 million in incremental benefits to customers since
2 approved as part of our 2012 settlement agreement.

3

4 Whether it's our wide array of battery storage projects, our green hydrogen pilot
5 project (another first for Florida if approved in this docket), nuclear uprates adding
6 520 MW of baseload, zero carbon energy in our South Florida load pocket,
7 deployment of smart meters, storm hardening or combining solar and storage, FPL
8 has often been first, not just in Florida, but nationally, leading the industry. Our
9 approach, as an innovative industry leader, has produced best-in-class reliability
10 and clean energy at affordable rates for our customers.

11 **Q. What has been FPL's response to the global pandemic and the current**
12 **economic downturn?**

13 A. FPL understands the critical role electricity plays in the daily lives of Floridians,
14 whether at work or at home. We have a long history of working with our customers
15 – they are our neighbors, our friends and our families. In the face of the pandemic
16 and the hardships experienced by many of our customers, FPL executed on an
17 unprecedented outreach effort last year – we initiated over 5 million customer
18 contacts, urging customers to call us to make payment arrangements and to generate
19 awareness of available financial assistance.

20

21 We have taken extraordinary measures to assist our customers in response to the
22 global pandemic. In mid-March 2020, FPL implemented COVID-19 crisis policies
23 by voluntarily suspending disconnections for nonpayment, offering special

1 payment extensions, and waiving late fees for customers experiencing hardship due
2 to the pandemic. FPL also received Commission approval to fast-track annual fuel
3 savings, providing customers a one-time decrease in May of nearly 25 percent on
4 the typical residential bill. We offered direct relief to customers including those
5 significantly behind on bills due to COVID-19. Residential and small business
6 customers past due on two or more FPL bills were eligible for up to a \$200 credit.
7 We also created the Main Street Recovery Credit Program, a program filed by FPL
8 and approved by the Commission to help rebuild Florida's economy by providing
9 financial relief to qualifying small businesses. In addition, FPL recently
10 implemented shareholder funded low-income initiatives that included: providing a
11 credit of up to \$20 each month on qualifying customer bills; additional advertising
12 to enhance awareness to the Low Income Home Energy Assistance Program, Care
13 To Share and weatherization programs; and a \$5 million employee and shareholder
14 funded donation to Care To Share.

15 **Q. Did Gulf also take extraordinary measures to assist customers in response to**
16 **the global pandemic?**

17 A. Yes. Much like FPL, Gulf responded in an unprecedented way by voluntarily
18 suspending disconnections for more than eight months. Gulf also reached out to
19 customers to connect them with assistance in paying their bills, make payment
20 arrangements, offer energy efficiency tips, and connect small businesses with
21 federal Coronavirus Aid Relief and Economic Security Act opportunities. In
22 addition, Gulf made several shareholder-funded donations to further assist
23 communities in Northwest Florida.

1 FPL is very proud of these efforts and is committed to supporting our customers
2 during unprecedented times such as these. In addition to the policies and initiatives
3 mentioned, FPL witness Chapel discusses in more detail additional initiatives
4 implemented to assist our customers during the global pandemic.

5
6 **IV. THE VALUE FPL PROVIDES CONTINUES TO IMPROVE**

7
8 **Q. Please highlight FPL’s performance and service to its customers.**

9 A. FPL is an industry leader in the core aspects of its operations and service. Exhibit
10 ES-2 provides a summary of the value that our customers enjoy as a result of our
11 strong overall performance. In addition, FPL witnesses describe in more detail key
12 elements of the Company’s performance and service, including the following
13 examples:

- 14 • FPL witness Broad explains that the transformation of FPL’s generating
15 fossil/solar fleet since 1990 has resulted in industry-leading “top decile” or
16 “best-in-class” performance across key indicators (e.g., heat rate, forced
17 outage rate and avoided non-fuel O&M). In fact, our efficiency
18 improvements since 2001 have resulted in approximately \$11 billion in
19 customer fuel savings that stem strictly from lower fuel consumption by
20 FPL’s modern, more efficient generating units. At the same time, FPL’s
21 investments in fuel-free solar plants and battery storage facilities have
22 avoided millions of tons of air emissions;

- 1 • FPL witness Chapel shares in greater detail the extraordinary measures
2 taken to assist our customers in response to the COVID-19 global pandemic
3 and explains that FPL’s Customer Service continues to be recognized
4 nationally, as evidenced by numerous awards. This superior customer
5 service and high level of customer satisfaction is achieved through FPL’s
6 commitment to continuous process improvement and state-of-the-art
7 technology deployment;
- 8 • FPL witness Spoor presents FPL’s outstanding Power Delivery reliability.
9 FPL’s T&D SAIDI for more than a decade has been, and remains, best
10 among the Florida investor-owned utilities. Additionally, FPL’s 2019
11 SAIDI performance ranked 58 percent better than the national average,
12 based on PA Consulting’s annual 2019 ReliabilityOne® benchmarking
13 data. Importantly, FPL is an industry leader in logistics, storm preparedness
14 and storm response;
- 15 • FPL witness Coffey addresses the availability, efficiency and safe
16 operations of FPL’s nuclear units, which for decades have delivered billions
17 of low-cost kilowatt hours to customers with zero emissions;
- 18 • FPL witness Reed discusses the Company’s outstanding non-fuel O&M
19 performance and other operational and efficiency benchmarks;
- 20 • FPL witness Cohen provides context for the value FPL delivers for typical
21 residential bills that have consistently been among the lowest in the nation;
22 and

1 • As further context for FPL’s request, FPL witnesses Park and Cohen show
2 that, over the last 15 years, inflation was more than 28 percent, and the costs
3 of many other goods and services have increased even more. For example,
4 food and housing costs have both increased by more than 33 percent while
5 the cost of medical care has increased by 54 percent. Over that same period,
6 the national average typical residential electric bill has increased by about
7 30 percent. However, over that same period, FPL’s typical residential bill
8 has *gone down* 10 percent, and typical commercial and industrial bills also
9 have *gone down*, with decreases ranging between 14 to 19 percent. The
10 progress over the last decade and a half has been remarkable, considering
11 FPL’s typical residential bill was above the national average in 2006 and is
12 now more than \$37 per month, or nearly 30 percent, *below* the national
13 average, as shown on Exhibit ES-3. As FPL witness Cohen mentions,
14 today, FPL has the lowest residential bill among the 20 largest investor-
15 owned utilities in the country, and is more than 40 percent below the
16 average, ranked by number of customers.

17 **Q. Please summarize the value FPL expects to realize for customers through the**
18 **integration of the FPL and Gulf utility systems.**

19 A. Indicative of our approach to delivering exceptional value and improving
20 operations for all our customers through the consolidation of the FPL and Gulf
21 systems, we are projecting more than \$2.8 billion of Cumulative Present Value of
22 Revenue Requirement (“CPVRR”) savings. As witnesses Bores and Sim describe,
23 more than \$1.5 billion of the total CPVRR value is being achieved through

1 generation upgrades, addition of solar generating facilities, construction of the
2 North Florida Resiliency Connection (“NFRC”) and the resulting ability to plan
3 and jointly dispatch a combined fleet. The remaining \$1.3 billion of savings is due
4 to annual O&M expense reductions of approximately \$86 million. These annual
5 O&M savings are a result of strong cost management and enhancements made to
6 Gulf’s operations since the acquisition.

7 **Q. How has FPL’s performance in the industry been recognized?**

8 A. FPL is an internationally recognized company, having received many prestigious
9 and significant awards, as described by other FPL witnesses. In addition, there are
10 three NextEra Energy awards that I believe underscore FPL’s high level of overall
11 performance and contribution to our parent company’s success. NextEra Energy
12 has been ranked No. 1 in the Electric and Gas Utilities sector on Fortune’s list of
13 “World’s Most Admired Companies” 14 out of the last 15 years. NextEra Energy
14 also has been named a World’s Most Ethical Company® 14 times by the Ethisphere
15 Institute, an independent center of research promoting best practices in corporate
16 ethics and governance. In addition, Escalent – a top human behavior and analytics
17 firm – recognized FPL as one of the most trusted U.S. electric utilities in 2020.
18 This is the seventh consecutive year FPL has received this recognition, which
19 reflects customers’ assessment of the Company’s performance on customer focus,
20 community support, communications effectiveness, reliable quality, environmental
21 dedication and reputation.

22 **Q. What are the impacts on the state of Florida from FPL’s investments?**

23 A. FPL’s value to the state as a whole is significant. FPL’s major capital projects

1 employ thousands of people in Florida. In 2019 alone, FPL’s presence in Florida
2 facilitated more than 81,000 jobs. FPL contributes approximately \$38 billion a year
3 to Florida’s economy through its operations and investments, affordable pricing,
4 reliable service, charitable giving, and economic development activities, and FPL’s
5 investment enabled by the four-year rate plan will further enhance this substantial
6 impact to our state economy. Also, as I have mentioned earlier, particularly when
7 reflecting upon the challenges from COVID-19, a historic hurricane season and the
8 near catastrophic failures that occurred recently in Texas, it would be difficult to
9 overstate the importance of FPL’s investments to the state of Florida from the
10 standpoint of the physical and economic reliability of the state’s electric
11 infrastructure.

12
13 **V. CREATING VALUE THROUGH INTEGRATION AND**
14 **CONSOLIDATION**

15
16 **Q. How is the consolidation of FPL and Gulf creating value?**

17 A. Exhibit ES-4, Gulf Power Operational Improvements, highlights a few key
18 improvements since Gulf became part of the NextEra family. As this exhibit shows,
19 as we have brought the two systems together, making smart capital investments and
20 implementing best practices, we are providing better, more reliable and cleaner
21 service to customers in Northwest Florida by:

- 22 • improving service reliability SAIDI metric in Northwest Florida by 50
23 percent;

- 1 • improving Northwest Florida generation reliability Equivalent Forced
- 2 Outage Rate metric by approximately 90 percent; and
- 3 • reducing carbon emission rate 18 percent.

4

5 Improvements to service reliability for the combined system are discussed in detail
6 by FPL witness Spoor, and improvements to generation availability and emission
7 rates are discussed in detail by FPL witness Broad.

8

9 Fundamentally, we are committed to achieving high standards of operational
10 excellence for all customers of the combined system regardless of geographic
11 location, regardless of which utility system served them previously, and without
12 compromising our focus on keeping costs low for customers in the long term.

13

14 As shown in Exhibit ES-5, Gulf Power Adjusted O&M Improvements, which
15 graphically depicts the information presented by FPL witness Bores in his Exhibit
16 SRB-3, successful execution of our business plan has reduced projected O&M by
17 greater than 30 percent from pre-acquisition spend in 2018 of \$254 million to a
18 projected test year spend of \$168 million. FPL witness Reed's analysis shows that
19 under FPL's ownership, Gulf improved its non-fuel O&M cost per customer
20 ranking, with a 2019 non-fuel O&M per customer cost that was 14 percent lower
21 than the average utility.

22

1 As I referenced earlier in my testimony, FPL is projecting more than \$2.8 billion
2 of CPVRR savings for customers through the integration of the FPL and Gulf utility
3 systems.

4
5 In addition to these significant CPVRR benefits, we are also driving customer value
6 through process, systems, and organizational alignment through consolidation with
7 FPL. For example, FPL witness Spoor addresses the benefits of the combined
8 system's joint storm preparation and response.

9 **Q. Please describe some of the benefits of FPL's investment in North Florida.**

10 A. Capital investments in the Northwest Florida service area not only are improving
11 reliability, reducing emission rates, and providing significant CPVRR savings, they
12 are also benefiting the local economies. Major projects such as new solar
13 development sites and the NFRC create jobs during construction, and these
14 investments will produce valuable tax revenues for the local economies for years
15 to come.

16 **Q. Has Gulf's service to communities in Northwest Florida benefitted through its
17 consolidation with FPL?**

18 A. Yes. As FPL witness Spoor explains, NextEra Energy maintains a Corporate
19 Emergency Management Plan that provides a framework by which FPL and Gulf
20 Power can jointly respond effectively to all types of threats and hazards. For the
21 first time in 2020, an annual dry-run exercise simulating a hurricane impacting both
22 utilities during a pandemic event was conducted jointly by FPL and Gulf. This
23 coordination proved invaluable, as Northwest Florida later experienced significant

1 impacts from the most active Atlantic hurricane season on record, amid the
2 COVID-19 pandemic. In recognition of Gulf's 2020 storm season performance,
3 Edison Electric Institute named Gulf Power as recipient of both the Emergency
4 Response Assistance award for mutual assistance and the Emergency Recovery
5 award for the restoration following Hurricane Sally.

6 **Q. Will FPL, as a combined utility system, continue Gulf's commitment to**
7 **Northwest Florida communities?**

8 A. Yes, absolutely. At FPL, we work together with the communities we serve to help
9 make Florida an even better place to live, work and raise a family. It is a natural
10 extension of our core values, which are committed to excellence, do the right thing
11 and treat people with respect. Gulf Power has a long history of partnering with the
12 communities it serves and remains committed to growing that partnership. For
13 example, Gulf Power's annual Economic Symposium brings together regional
14 business and community leaders to collaborate on initiatives which will grow
15 economic opportunities in Northwest Florida. Additionally, the Gulf Power
16 Foundation partners and invests in communities throughout Northwest Florida,
17 building strong and sustainable communities and improving the lives of our
18 residents. Our commitment will take many forms, including corporate
19 philanthropy, employee involvement and key initiatives to assist customers and
20 businesses in the region. We believe we need to be involved in all of our
21 communities in order to best serve our customers. Gulf has been a tremendous
22 partner in Northwest Florida. That will not change as a result of consolidating
23 operations and rates with FPL.

1 **VI. SUMMARY OF MULTI-YEAR RATE PLAN/BASE RATE REQUEST**

2

3 **Q. Please describe FPL's proposed four-year rate plan.**

4 A. Prior multi-year rate settlements have allowed FPL to focus on improving its
5 performance and service delivery for customers and have provided the Company
6 with the financial capacity to make the necessary investments to improve the
7 infrastructure through which those services are delivered. FPL's current base rate
8 plan with unified rates for the consolidated utility similarly lays out a multi-year
9 approach with those same objectives. FPL's request will allow it to continue to
10 improve on the value FPL provides customers and enhance bill certainty and
11 stability through 2025.

12

13 Specifically, we are proposing a comprehensive base rate adjustment for 2022, a
14 smaller, subsequent-year adjustment in 2023, and adjustments in 2024 and 2025
15 limited to the recovery of cost-effective solar power plants, as confirmed by the
16 Commission and once those plants begin generating power for our customers.
17 Approval of these requests would allow us to commit to no general base rate
18 increase until 2026, at the earliest.

19

20 As addressed by FPL witness Fuentes, absent new rates in 2022, the Company's
21 ROE is projected to fall to 8.4 percent, which is well below the bottom end of the
22 current authorized ROE range. Absent any rate adjustments in 2022 and 2023, the
23 Company's ROE is projected to be 7.0 percent. Rather than conduct base rate cases

1 for both 2022 and 2023 and create uncertainty around subsequent potential needs
2 for 2024 and 2025, approval of our proposed plan (general increases in 2022 and
3 2023, and limited increases in 2024 and 2025) would enable the Company to
4 continue investing in operational and service-related improvements without
5 additional base rate proceedings for rates effective through 2025. We believe this
6 is the most efficient and effective approach to long-term rate and revenue certainty
7 and, as we have demonstrated over the past nine years, is in the best interest of our
8 customers and the state.

9 **Q. Please describe the Company's request for a base rate increase in 2022.**

10 A. The 2016 Rate Settlement provided for limited base rate increases and deferred a
11 general base rate proceeding for four years. In fact, because of the flexible
12 framework of the 2016 Rate Settlement, the Company was able to avoid a base rate
13 increase for an additional year beyond the original term. As a result, and as
14 described by FPL witness Bores and other witnesses, FPL's base rate request for
15 2022 is driven in large part by the significant investment during the four-year period
16 from 2019-2022, for which there was no provision for recovery in the current
17 settlement agreement. This investment has been and continues to be necessary to
18 address customer growth, improve reliability and storm resiliency, expand cost-
19 effective clean energy generation capabilities, meet regulatory compliance
20 requirements and provide long-term customer savings and other benefits.

21
22 FPL does not operate as a short-term thinker and, indeed throughout the term of the
23 current settlement, we have continued to maintain a long-term, customer-centric

1 approach to our planning. The investments we have made are designed to maintain
2 the strong value that the Company delivers to customers – high reliability, clean
3 energy and low bills.

4
5 FPL witnesses Bores, Valle, Sim, Coffey, Broad and Spoor will address these
6 investments in their testimonies, but I provide a brief overview below:

- 7 • Reliability: While our service reliability is excellent, to continue to meet the
8 ever-increasing expectations of our customers, we must continue to invest
9 to make the grid stronger, smarter, more responsive and more resilient to
10 outage conditions. FPL will deploy innovative technology to further
11 leverage our existing smart grid to prevent outages and reduce restoration
12 time, thereby improving reliability and increasing customer satisfaction.
- 13 • Capital requirements for customer growth: From 2018 to 2022, we project
14 to add approximately 292,000 customer accounts, and almost 500,000 new
15 customer accounts are expected to be added by 2025. In the face of such
16 significant growth, FPL must build facilities in advance to meet the needs
17 of these additional customers. To put this in perspective, only three of
18 Florida’s 54 electric utilities have more than 500,000 customers – in effect,
19 by 2025, we project to add what would equate to the fourth largest electric
20 utility in Florida.
- 21 • Generation advancements: FPL’s high-efficiency nuclear and fossil/solar
22 fleet has one of the cleanest emission profiles among comparable utilities
23 nationwide, and we continue to invest in cleaner, more fuel-efficient

1 generation, including several generation upgrade projects, six new 74.5
2 MW solar facilities in 2022 and another ten new 74.5 MW solar facilities in
3 2023, continuing FPL’s strategy of advancing clean energy while providing
4 significant fuel savings for customers. In December 2019, FPL received
5 subsequent license renewals (“SLR”) for an additional 20 years of operation
6 for Turkey Point Units 3 and 4, making Turkey Point the first nuclear
7 facility in the U.S. to receive SLR approval from the Nuclear Regulatory
8 Commission (“NRC”). Later this year, FPL will file a similar request with
9 the NRC to extend the operating licenses for St. Lucie Units 1 and 2 for an
10 additional 20 years.

11
12 Finally, the 2016 Rate Settlement authorized an ROE midpoint of 10.55 percent.
13 As FPL witnesses Barrett and Coyne discuss, a solid financial platform, regardless
14 of unexpected external events, such as major storms, economic cycles, and even
15 such unprecedented events as the recent global pandemic, is essential to FPL’s
16 ability to attract low-cost capital. Moreover, the market’s positive perception of
17 Florida’s regulatory environment is directly related to our ability to continue
18 investing capital strategically and beneficially for customers in a variety of market
19 conditions and to respond quickly to emergency situations.

20
21 Fundamentally, we believe that sound regulatory policy suggests that companies
22 with a proven record of delivering better value for their customers should be
23 encouraged to continue their best-in-class performance. Taken in combination,

1 FPL witnesses Barrett and Coyne recommend an appropriate allowed retail
2 regulatory ROE midpoint for FPL of 11.5 percent, which includes a performance
3 incentive of one-half percent that would recognize FPL’s strong track record of
4 superior performance and provide an incentive for continued future strong
5 performance. This Commission has utilized performance incentives in the past to
6 encourage superior performance. As FPL witnesses Reed and Barrett address, the
7 performance incentive is an appropriate mechanism by which the Commission can
8 encourage utilities to strive to be exceptional – not just FPL, but all utilities.

9
10 One final note on what is *not* in the 2022 request. In most rate cases, increases in
11 non-fuel O&M costs are a significant driver of the base rate request. However, a
12 key factor in FPL’s ability to avoid the need for a base rate increase since 2018 has
13 been our aggressive focus in tightening our own belt and controlling these O&M
14 costs. FPL witness Barrett’s Exhibit REB-9 shows that in 2019, FPL’s cost
15 performance on a non-fuel O&M per MWh basis, even when adjusted for scale,
16 was best in the nation by a wide margin. As FPL witness Bores describes, despite
17 general inflation-related increases and customer growth that are projected to add
18 \$134 million to our non-fuel O&M expense, we estimate that our non-fuel O&M
19 cost will actually be *lower* in 2022 than the cost to perform those same activities in
20 2018. FPL witness Reed’s analysis shows that since FPL’s last base rate
21 proceeding, we have saved customers more than \$9 billion by operating
22 substantially more efficiently than an “average” utility, representing savings of
23 about \$1,000 for the typical residential customer. This is a remarkable achievement

1 by our employees, and as a result, FPL continues its position as the best-in-class
2 utility in non-fuel O&M cost management. This extraordinary efficiency provides
3 real and substantial savings for our customers every single day.

4 **Q. Please describe the Company's request for a base rate increase in 2023.**

5 A. As noted above and as described by FPL witness Fuentes, even with the full
6 adjustment in 2022, the Company's ROE will fall more than 100 basis points below
7 the requested ROE in 2023. Rather than file a separate case in 2022 for new rates
8 in 2023, we are requesting a Subsequent Year Adjustment for 2023. As addressed
9 in the testimony of FPL witness Bores, the primary drivers of the increase in
10 revenue requirements in 2023 include continued investments in infrastructure to
11 support system growth and to provide long-term economic and/or reliability
12 benefits to customers.

13 **Q. Please describe FPL's request for SoBRAs in 2024 and 2025.**

14 A. As addressed by FPL witness Valle, the Company's investment in the construction
15 of large-scale solar plants will continue in 2024 and 2025. As described by FPL
16 witness Valle, the proposed cost recovery mechanism is consistent with the
17 methodology approved in FPL's 2016 Settlement Agreement and its previous
18 SoBRA filings. FPL witnesses Barrett and Bores explain that the proposed SoBRA
19 mechanism is an essential component of FPL's multi-year rate plan.

20 **Q. Please describe the specific rate adjustments that FPL is requesting.**

21 A. As FPL witnesses Bores and Fuentes describe, and as is presented in the MFRs, the
22 Company is requesting approval of the four-year rate plan summarized below:

- 23 • \$1,108 million increase effective in January 2022;

- 1 • \$607 million subsequent year adjustment effective in January 2023; and
2 • SoBRAs in 2024 and 2025 for 1,788 MW of solar that is determined by the
3 Commission to be cost-effective for customers.

4

5 This structured approach will ensure continuation of the industry-leading value
6 proposition that we deliver to customers – high reliability, clean energy and low
7 bills.

8

9

VII. INTRODUCTION OF WITNESSES

10

11 **Q. Who will be testifying on FPL’s behalf in this proceeding?**

12 **A.** The following witnesses also will testify as part of FPL’s direct case:

- 13 • Robert E. Barrett – Capital structure and financial policies, ROE
14 performance incentive, storm recovery mechanism, Reserve Surplus
15 Amortization Mechanism, Four Year Rate Plan;
- 16 • Scott R. Bores – Benefits of consolidation of FPL and Gulf, drivers for the
17 increase in revenue requirement, CPVRR associated with retirement of
18 Scherer Unit 4; and proposal for possible tax reform;
- 19 • Liz Fuentes – Calculation of the revenue requirements and requested
20 revenue increases, accounting issues and Company adjustments;
- 21 • James M. Coyne, Concentric Energy Advisors – Cost of equity and capital
22 structure;
- 23 • Michael Spoor – Power Delivery costs and performance;

- 1 • Thomas Broad – Power Generation costs and performance;
- 2 • Christopher Chapel – Customer Service costs and performance;
- 3 • Robert Coffey – Nuclear costs and performance;
- 4 • Sam Forrest – Incentive Mechanism, retirement of Scherer Unit 4, and
- 5 consolidated system dispatch;
- 6 • Matthew Valle – Solar development, pilot programs, and Property Held for
- 7 Future Use;
- 8 • Dr. Steven R. Sim – Appropriate incentives for FPL’s Commercial/
- 9 Industrial Demand Reduction and Commercial/Industrial Load Control
- 10 programs, economic analysis of 400 MW Manatee battery and retirement
- 11 of Manatee Units 1 & 2, economic analysis of the NFRC, and the resource
- 12 planning integration of the FPL and former Gulf systems;
- 13 • John J. Reed, Concentric Energy Advisors – FPL’s operational and financial
- 14 performance relative to industry benchmarks, unification of rates, and ROE
- 15 performance incentive;
- 16 • Jun Park – Customers, sales and load forecasts;
- 17 • Kathleen Slattery – Payroll and benefits expense;
- 18 • Tiffany C. Cohen – Rate design and consolidated tariffs;
- 19 • Tara DuBose – Cost of service and load research;
- 20 • Keith Ferguson – Company adjustments related to Depreciation and
- 21 Dismantlement, Capital Recovery Schedules and affiliate transactions;
- 22 • Ned W. Allis, CDP, Gannett Fleming Valuation and Rate Consultants, LLC
- 23 – 2021 Depreciation Study; and

- 1 • Jeffrey T. Kopp, 1898 & Co., a division of Burns & McDonnell Engineering
2 Company, Inc. – 2021 Dismantlement Study

3

4 Some of these individuals, as well as others, also may provide rebuttal testimony
5 on behalf of FPL.

6 **Q. What conclusion should the Commission draw from your testimony and that
7 of the other FPL witnesses?**

8 A. We at FPL are proud of the achievements that allow us to consistently deliver
9 exceptional customer value – low bills combined with high reliability, excellent
10 customer service and low emissions rates. And consistent with our culture of
11 continuous improvement and innovation, we intend to continue to improve even
12 further. That objective underscores FPL’s request in this proceeding. Our request
13 will enable us to continue to invest in our system and deliver exceptional customer
14 value today and for generations to come. With a constructive regulatory outcome,
15 our customers’ and the state’s interests in low-cost, reliable, clean power will be
16 best served.

17 **Q. Does this conclude your direct testimony?**

18 A. Yes.



Eric Silagy

President and CEO of Florida Power & Light Company

Eric Silagy is president and CEO of Florida Power & Light Company (FPL), a subsidiary of NextEra Energy, Inc. (NEE) and one of the largest investor-owned electric utilities in the nation. He was appointed to his current position in December 2011.

Previously, Mr. Silagy served as senior vice president of regulatory and state governmental affairs, where he was responsible for directing regulatory and legislative priorities. He has also served as FPL's chief development officer, where he managed all generation development at the utility, including renewable, fossil and nuclear projects. He also served as vice president / general manager for the Texas region at NextEra Energy Resources, where he managed all business activities related to the company's generation assets in the region. Prior to undertaking his duties in Texas, Mr. Silagy served as vice president, business development for NextEra Energy Resources with responsibility for managing and supporting all merger and acquisition activities, including all nuclear power plant acquisitions.

Mr. Silagy has also served as vice president, mergers, acquisitions & divestitures at Entergy Wholesale Operations, based in Houston, and as vice president / managing director, Southeast Asia for The Wing Group, a subsidiary of Western Resources.

He held several positions of increasing responsibility on the staff of U. S. Senator J. Bennett Johnston of Louisiana, including chief of staff.

Mr. Silagy holds a bachelor of arts degree in economics from the University of Texas at Austin and a juris doctorate from the Georgetown University Law Center.

The Value Provided to FPL Customers¹

Low Typical Residential 1,000-kWh Bill

- 2021 bill is lower than it was 15 years ago
- Consistently among the lowest bills in Florida
- 30% lower than national average
- 20% lower than state average
- Current typical residential bill is lower than it was 15 years ago, versus inflation of more than 28% during that same time period
- Current typical residential bill is lower than it was 15 years ago, while other consumer goods (e.g., food, housing and medical care) increased between 33% and 54% during that same time period

Superior Reliability/Storm Resistant

- T&D SAIDI best among Florida investor-owned utilities for the last 15 years and first utility to achieve T&D SAIDI below 50 minutes (2020)
- Distribution SAIDI 58% better than national average (Based on PA Consulting's annual 2019 ReliabilityOne® benchmarking data)
- ReliabilityOne® National Reliability Excellence Award, for the fifth time in six years (2020, PA Consulting)
- ReliabilityOne® Outstanding Technology and Innovation Award (2019, PA Consulting)
- Emergency Response Assistance Award for power restoration efforts during the 2020 Hurricane Season (Edison Electric Institute)
- Emergency Assistance Award for Puerto Rico Power Restoration (2018 Edison Electric Institute)

Industry-Leading Fossil Generation Performance

- Best-in-Class Performance for the last 15 years among large electric utility fossil fleets (in heat rate and non-fuel O&M)
- Top decile or better Performance for the last 15 years in fossil fleet forced outage rate

Low Emissions Profiles

- Ranked best in overall emissions and one of the lowest profiles among major U.S. utilities in terms of carbon dioxide, sulfur dioxide and nitrogen oxides

Outstanding Customer Service

- Ranked first in residential and second in business electric utility customer satisfaction among peer utilities in the U.S. south region² (2020) and one of the top digital experiences in the utility industry for the second consecutive year by a global leader in consumer insights, advisory services and data and analytics (2021)
- Ranked No. 1 based on a customer's overall experience and satisfaction with customer service, reliability, price, and website³
- Designated a Customer Champion, which recognizes a utility for exceptional performance in brand trust, service satisfaction and product expertise, by leading nationwide research firm Escalent for sixth consecutive year (2019)

¹ Based on testimony and exhibits of FPL witnesses Cohen, Park, Spoor, Broad, Barrett, Chapel and Reed, or other publicly available information.

² <https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study>;
<https://www.jdpower.com/business/press-releases/2020-electric-utility-business-customer-satisfaction-study>

³ Based on the 2020 Verint Experience Index for Electric Utilities.

Cost Efficiency for the past 15 years (Total non-fuel O&M per MWh)

- Non-fuel O&M cost performance is the best in the industry by a wide margin
- Fifteen Years Best Performance Among the Florida Utility Group
- Thirteen Years Best Performance Among the Large US Utility Group

Economic Development

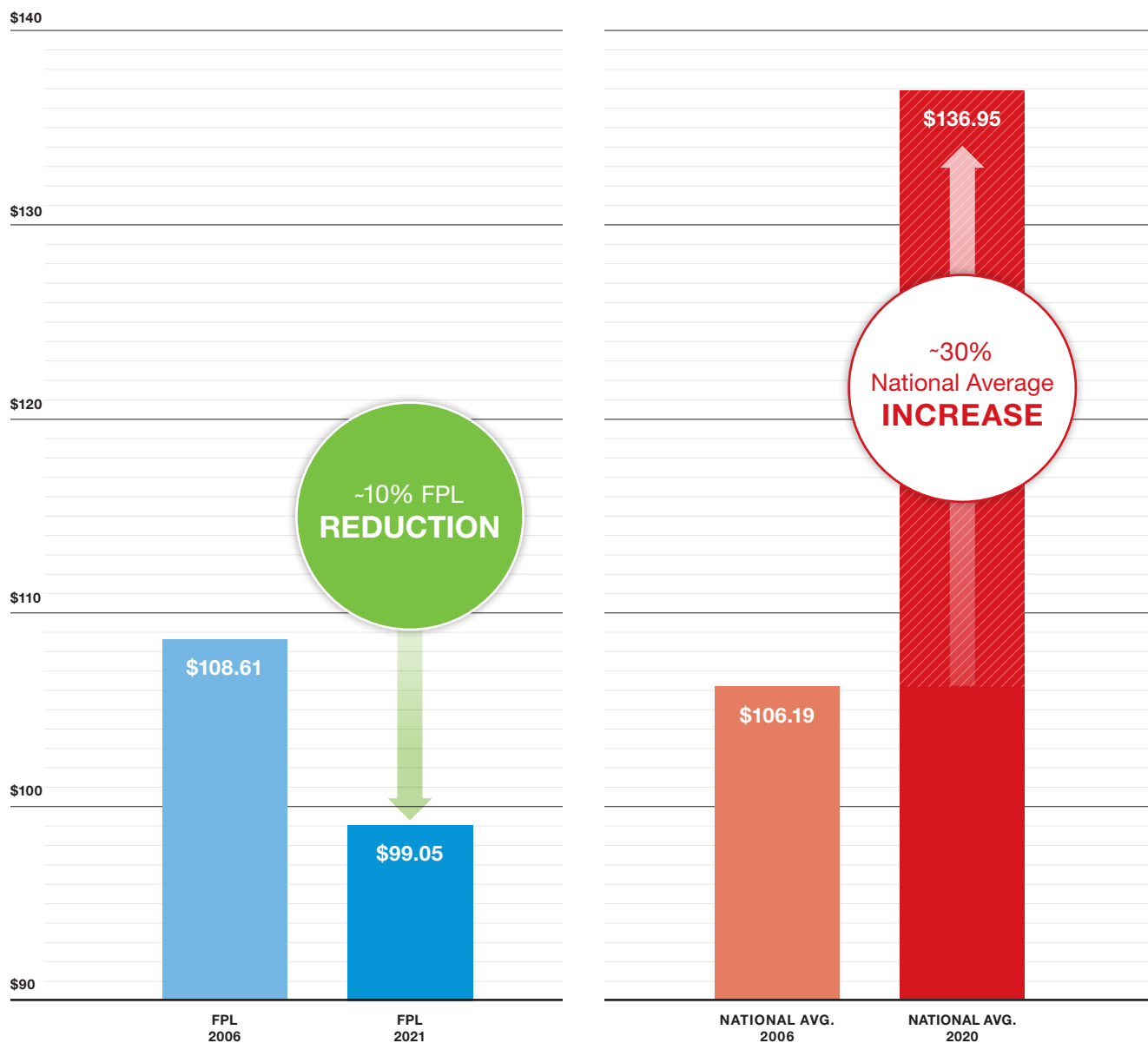
- One of the top utilities in economic development by Site Selection magazine for the seventh consecutive year (2020) and the fourth consecutive year by Business Facilities magazine (2021)
- Top utility in the Southeast in economic development in 2019 by Southern Business & Development magazine

Corporate Recognition

- Ranked No. 1 in the electric and gas utilities industry on Fortune magazine's list of World's Most Admired Companies for the 14th time in 15 years and tied for the highest overall company score across all industries in Florida (2021)
- Named among the Most Trusted by Escalent for the seventh consecutive year (2020)
- Recognized by Forbes as one of America's Best Employers for five years (2021) and one of America's Best Employers for Diversity for the third consecutive year (2020)
- Recognized for the 14th time as one of the World's Most Ethical Companies® by the Ethisphere Institute (2021)
- Received the S&P Global Platts Energy Transition Award in recognition of the company's leadership in environmental, social and governance (2020)
- Numerous other nationally recognized awards for outstanding performance



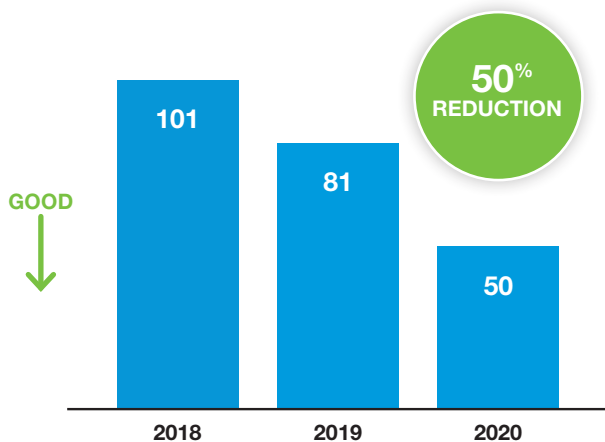
FPL Typical Residential 1,000-kWh Bill



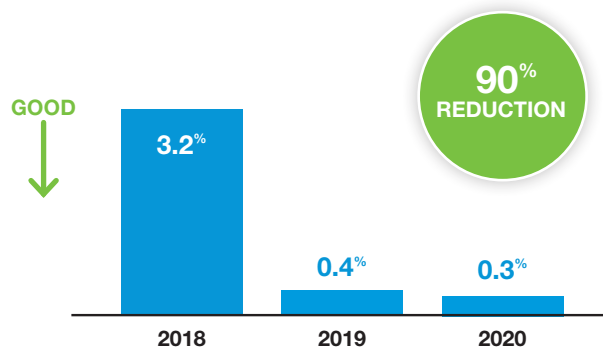


Gulf Power is increasing value through operational improvement since acquisition¹

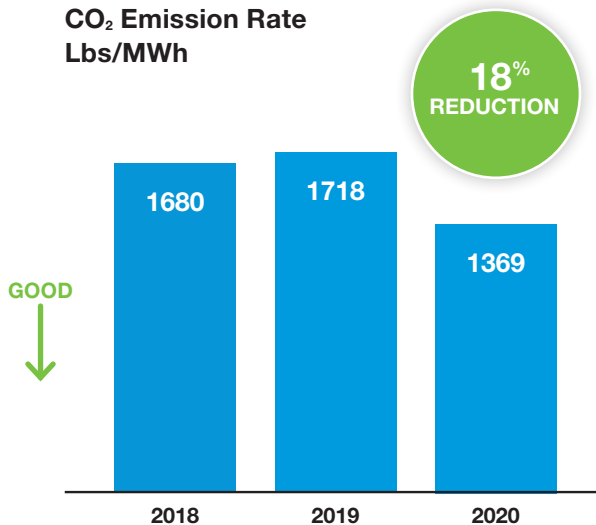
System Average Interruption Duration Index (SAIDI)²
Minutes



Equivalent Forced Outage Rate (EFOR)³



CO₂ Emission Rate
Lbs/MWh



¹ Source: Direct testimony and exhibits of FPL witnesses Spoor and Broad.

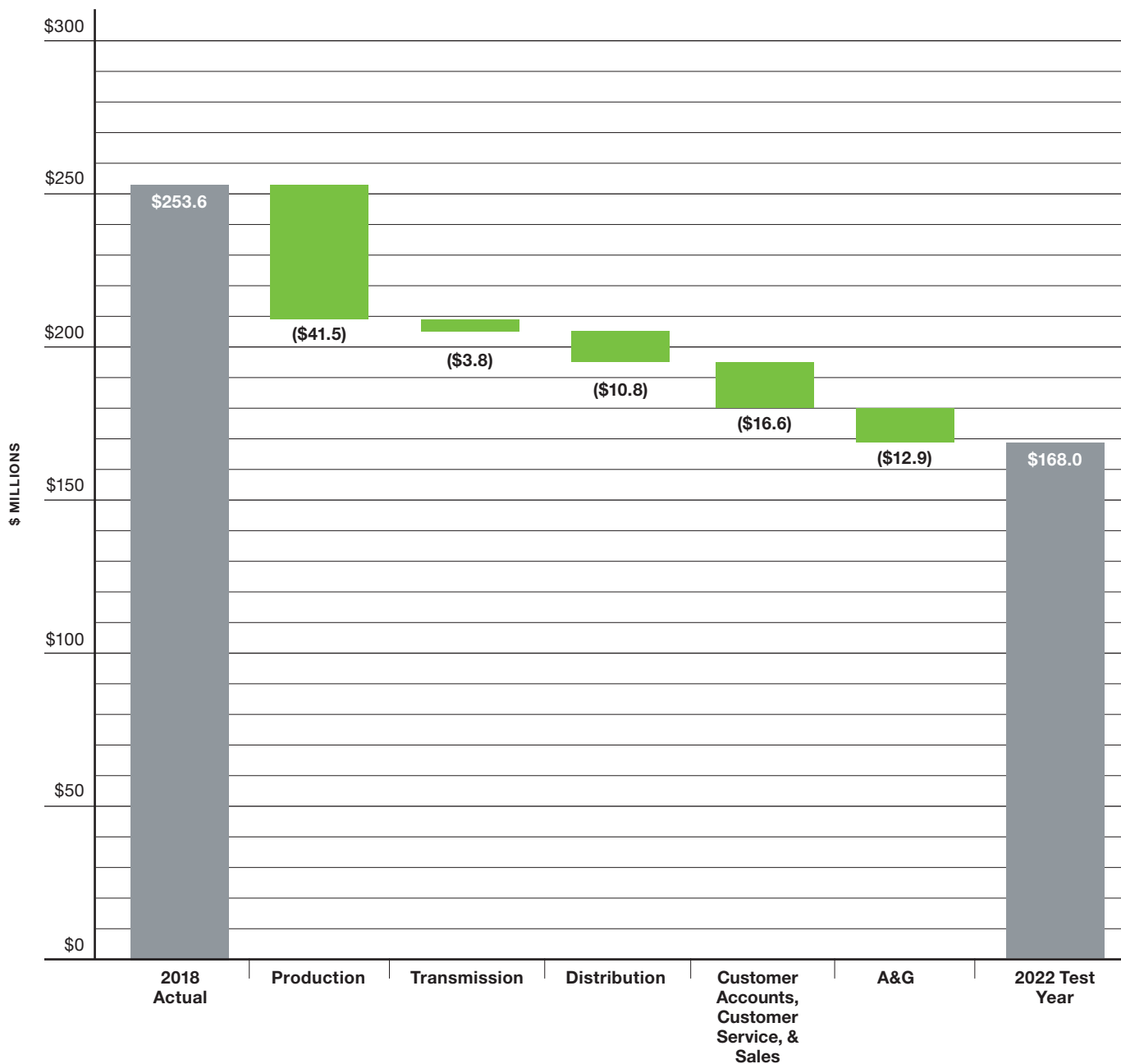
² SAIDI reflects the number of minutes the average customer is without power over a one year period.

³ EFOR reflects a generating unit's inability to provide electricity when it was scheduled to operate over a one year period.



Gulf Power is increasing value through O&M improvement since acquisition

Adjusted O&M by Function



Source: Exhibit SRB-3 Gulf Power O&M Performance 2018 vs. 2022