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June 21, 2021

VIA ELECTRONIC FILING

Adam Teitzman, Commission Clerk
Division of the Commission Clerk and Administrative Services
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2540 Shumard Oak Boulevard
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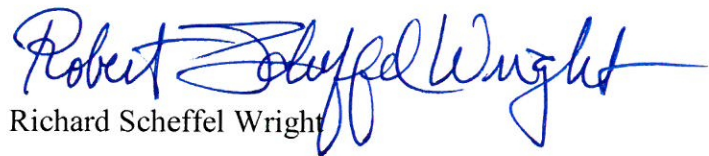
RE: Docket No. 20210015-EI
Petition by FPL for Base Rate Increase and Rate Unification

Dear Mr. Teitzman:

Attached for filing on behalf of Floridians Against Increased Rates, Inc. ("FAIR") in the above-referenced docket are the Direct Testimony and Exhibits of FAIR witness John Thomas Herndon.

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

Cordially yours,


Richard Scheffel Wright

RSW:mae
Encl.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light)
Company for Rate Unification and for) DOCKET NO. 20210015-EI
Base Rate Increase) FILED: JUNE 21, 2021
_____)

DIRECT TESTIMONY

OF JOHN THOMAS HERNDON

On Behalf of

Floridians Against Increased Rates, Inc.

**IN RE: PETITION BY FLORIDA POWER & LIGHT COMPANY FOR
RATE UNIFICATION AND FOR BASE RATE INCREASE,
DOCKET NO. 20210015-EI**

**DIRECT TESTIMONY OF JOHN THOMAS HERNDON
ON BEHALF OF FLORIDIANS AGAINST INCREASED RATES, INC.**

INTRODUCTION AND QUALIFICATIONS

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Q. Please state your name and business address.

A. My name is John Thomas Herndon, and my address is 9062 Eagles Ridge Drive, Tallahassee, Florida 32312.

Q. By whom and in what position are you employed?

A. In practical terms, I am self-employed as an independent contractor. After more than thirty years of service to two Florida governors, the Florida Legislature, the Public Service Commission, and other agencies in Florida's state government, as well as brief periods in consulting, I retired from full-time employment in 2005. Since that time, I have worked as an independent contractor, including service as a director and board member for several organizations and occasionally as a consultant on various matters, including utility issues.

1 **Q. On whose behalf are you testifying in this proceeding?**

2 A. I am testifying on behalf of Floridians Against Increased Rates, Inc., a
3 Florida not-for-profit corporation and FAIR's members who are customers
4 of FPL.

5
6 **Q. Please summarize your educational background and professional
7 experience.**

8 A. I received a Bachelor of Arts degree in Interdisciplinary Social Services from
9 the University of South Florida in 1968, and a Master of Social Work degree
10 from Florida State University in 1972. Beginning in 1974, I held several
11 positions of increasing responsibility in Florida state government, including
12 service in the Florida Legislature as staff director of the Florida House of
13 Representatives Appropriations Committee. After that I served six years as
14 state budget director and later Deputy Chief of Staff and Chief of Staff for
15 Governor Bob Graham. I then served as a Public Service Commissioner
16 from 1986 until 1990, after which Governor Bob Martinez nominated me to
17 serve as Director of the Florida Department of Revenue from 1990 to 1992.
18 Governor Lawton Chiles appointed me as his Chief of Staff for three years,
19 from 1992 until 1995. My career in Florida state government culminated with
20 my serving six years as Executive Director of the State Board of
21 Administration managing the state pension fund and other accounts. My
22 professional experience also included two relatively brief periods, 1995-

1 1996 and 2002-2005, in which I provided governmental consulting and
2 lobbying services to a range of clients. My résumé is provided as Exhibit
3 JTH-1 to my testimony.

4

5 **Q. Please describe your responsibilities and activities with respect to FAIR.**

6 A. I am a director of FAIR. In that capacity, I participate in the usual range of
7 decisions made by directors of non-profit corporations that work to promote
8 the public interest. Pursuant to applicable law, I receive no compensation for
9 my services as a director. However, I am compensated pursuant to an
10 engagement agreement for my services as an expert witness in this
11 proceeding.

12

13 **Q. Are you testifying as an expert in this proceeding? If so, please state the**
14 **area or areas of your expertise relevant to your testimony.**

15 A. Yes. From my perspective as a former member of the Florida Public Service
16 Commission, as the Executive Director of the Florida State Board of
17 Administration, as the Director of the Office of Planning and Budgeting in
18 the administration of Governor Bob Graham, and as the chief of staff for
19 Governor Bob Graham and Governor Lawton Chiles, I am testifying as an
20 expert regarding utility ratemaking, including appropriate rates of return on
21 common equity for investor-owned electric companies such as Florida Power
22 & Light Company (“FPL”) and Gulf Power Company (“Gulf”); regarding

1 the principles applicable to setting fair, just, and reasonable rates for electric
2 utility customers; and regarding sound public policy, including public
3 interest considerations applicable to promoting electric utility service and the
4 Commission's role in setting utility rates.

5
6 **Q. Have you previously testified in proceedings before utility regulatory**
7 **commissions or similar authorities?**

8 A. Yes. I testified before the Florida Public Service Commission
9 ("Commission," "Florida PSC," or "PSC") in Docket No. 20080317-EI, a
10 previous general rate case before the PSC involving Tampa Electric
11 Company. In my career, I also testified many times regarding financial,
12 investment, and policy issues before committees and subcommittees of the
13 Florida Legislature and before the Florida Governor and Cabinet.

14
15 **Q. Are you sponsoring any exhibits with your testimony?**

16 A. Yes. I am sponsoring the following exhibits:

17 Exhibit JTH-1 Résumé of John Thomas Herndon;

18

19 Exhibit JTH-2 Florida PSC document titled "REVENUE
20 REDUCTIONS AND INCREASES ORDERED
21 BY THE FLORIDA PUBLIC SERVICE
22 COMMISSION FOR CERTAIN INVESTOR-
23 OWNED ELECTRIC AND NATURAL GAS
24 UTILITIES, UTILITIES FROM 1960 TO
25 PRESENT (All Utilities from 1968 to Present);

26

- 1 Exhibit JTH-3 Articles of Incorporation of Floridians Against
- 2 Increased Rates, Inc.;
- 3
- 4 Exhibit JTH-4 FAIR Membership Application; and
- 5
- 6 Exhibit JTH-5 FPL’s Proposed Rate Increases Over 2022-2025.
- 7
- 8

9 **PURPOSE AND SUMMARY OF TESTIMONY**

10 **Q. What is the purpose of your testimony in this docket?**

11 A. The purpose of my testimony in this proceeding is to provide the
12 Commissioners with a brief description of FAIR and to share my professional
13 opinions regarding the appropriate standards for setting allowed revenues or
14 revenue requirements, for setting rates of return on common equity for rate-
15 regulated electric companies in Florida, and ultimately, for setting the retail
16 electric rates to be charged to FPL’s customers at the conclusion of this case.
17 I also address the need for the Commission to consider the overall public
18 policy aspects of the Commission’s decisions on the public interest,
19 particularly in the real-world circumstances in which this rate case is being
20 conducted. By that I mean, the disastrous impact of FPL’s proposed rate
21 increases during the recovery from the most devastating economic and
22 related challenges that the United States and the world have faced since
23 World War II.

24

1 **Q. Please summarize the main points of your testimony.**

2 A. FAIR is a Florida not-for-profit corporation that exists to inform the public
3 regarding energy issues and to advocate by all lawful means for laws, rules,
4 and government decisions – including decisions to be made by the Florida
5 Public Service Commission – that will result in the retail electric rates
6 charged by Florida’s investor-owned electric utilities being as low as
7 possible while ensuring that the utilities are able to provide safe and reliable
8 electric service. In joining FAIR, the members request and authorize FAIR
9 to represent their interests in having the lowest possible electric rates
10 consistent with their respective utility providing safe and reliable service.
11 While FAIR continues to recruit new members on an ongoing basis, as of the
12 date on which this testimony is being filed, FAIR has more than 500
13 members. The substantial majority – approximately 80 percent – of FAIR’s
14 members are customers of FPL.

15 Pursuant to Florida law and fundamental principles of utility rate-
16 making, the Commission is responsible to set a utility’s allowed revenues (or
17 “revenue requirements”) and the utility’s rates at levels that are fair, just, and
18 reasonable to both the utility and its customers.

19 From the utility’s perspective, fair, just, and reasonable rates are rates
20 that provide the utility with revenues that are sufficient to cover all of its
21 reasonable and prudent operating and maintenance (“O&M”) costs, cover its
22 reasonable costs of borrowing debt capital, and provide the utility with the

1 opportunity to earn a return on a reasonable and appropriate amount of equity
2 capital that is sufficient to attract the needed capital to finance its reasonable
3 and prudent investments that are necessary to provide safe and reliable
4 service.

5 From the perspective of customers, fair, just, and reasonable rates are
6 rates that enable the utility to provide safe and reliable service, including
7 earning a reasonable return on investment, but no more than that. This means
8 that whatever the utility pays for materials, capital equipment, and borrowed
9 capital should be no greater than the amount truly necessary to provide safe
10 and reliable service.

11 FPL's requests in this case represent the largest rate increase request
12 made by any Florida public utility in history, and if granted, these new rates
13 would be the largest rate increases in Florida history. (My Exhibit JTH-2 is
14 a copy of a PSC report of rate case decisions of the PSC; the largest previous
15 request was FPL's request in Docket No. 20080677-EI, made in 2008 and
16 decided in 2010.) FPL's requests are excessive to the degree that it is highly
17 likely that FPL can provide safe and reliable service with no rate increase
18 before 2023 at the earliest. It is my opinion, based on reviewing FPL's claims
19 and the testimony of the intervenor witnesses in this case, including the other
20 witnesses sponsored by FAIR, that FPL can recover all of its O&M costs,
21 pay all of its borrowing (debt) interest costs, and earn a fair return on its
22 equity investment if the Commission simply sets FPL's rates applying a rate

1 of return on common equity (“ROE”) close to the average currently and
2 recently approved by other states’ regulatory commissions to a capital
3 structure that includes an average amount of equity capital (“equity ratio”)
4 compared to those currently and recently approved by other state
5 commissions. A PSC decision on these principles and parameters will not
6 harm FPL’s financial integrity, and given the very low financial risks faced
7 by Florida IOUs, an average return in Florida – vs. the same return in other
8 states – will be viewed favorably by potential investors.

9 FPL’s request of for a midpoint ROE of 11.50 percent, including its
10 requested 50 basis point “ROE performance incentive,” is excessive vs. the
11 national average for vertically integrated electric utilities of 9.55 percent.
12 FPL’s proposed equity ratio of 59.6 percent is excessive vs. the national
13 average for all electric utilities of less than 50 percent. FPL’s proposed
14 values are also greater than those supported by other witnesses in this case.
15 Just these two factors taken together, if decided fairly by the Florida PSC,
16 would reduce FPL’s revenue requirement for 2022 by more than \$1 billion.
17 This means that in 2022, FPL could cover all of its labor, materials and
18 supplies, and other O&M costs, cover all of its borrowing (interest) costs,
19 and make all of its proposed investments, and still earn returns demonstrated
20 by national experience to be fair and reasonable, with no rate increase at all!
21 Another way of looking at FPL’s financial conditions is to see how they fared

1 using the existing rate plans. The answer is, they did very well as measured
2 by any financial metric.

3 From the basic viewpoint of good public policy, FPL's requests for
4 the largest rate increases in Florida history and for an equity return that is
5 dramatically greater than relevant national averages on an inflated equity
6 ratio that is also substantially greater than relevant national averages, are
7 excessive and unnecessary. In the simplest terms, FPL wants to overcharge
8 its customers by more than \$1 billion annually. For FPL to make this request
9 against the backdrop of its earning returns much, much greater than the
10 national averages over the past three years defies logic. And finally, for FPL
11 to make these requests in the context of Florida and the United States still
12 recovering from the most devastating economic, public health, and related
13 challenges that the United States and the world have faced since World War
14 II, is plainly contrary to the public interest of Florida and Florida's citizens.

15 The Florida PSC should stand up for what its statutes require: the
16 Commission should appropriately consider the public interest of all
17 Floridians and set rates for FPL and its customers that will enable FPL to
18 recover its costs and earn a fair return on reasonable investment, sufficient to
19 provide safe and reliable service, no more and no less. The PSC should deny
20 FPL's excessive requests.

21

22

1 **BACKGROUND – FLORIDIANS AGAINST INCREASED RATES, INC.**

2 **Q. Please describe FAIR and its purposes.**

3 A. FAIR is a Florida not-for-profit corporation that was formed in March of this
4 year. FAIR’s purposes are set forth in the corporation’s Articles of
5 Incorporation, which are included as Exhibit JTH-3 to my testimony. In
6 summary, FAIR’s purposes are to inform the public regarding energy issues
7 and to advocate by all lawful means for laws, rules, and government
8 decisions – including decisions to be made by the Florida Public Service
9 Commission – that will result in the retail electric rates charged by Florida’s
10 investor-owned electric utilities being as low as possible while ensuring that
11 the utilities are able to provide safe and reliable electric service.

12
13 **Q. Who are FAIR’s members?**

14 A. Membership in FAIR is open to any customer, including both residential and
15 business customers, of any Florida investor-owned utility, i.e., FPL, Duke
16 Energy Florida, Tampa Electric Company, Gulf Power Company, and
17 Florida Public Utilities Company. In joining FAIR, the members request and
18 authorize FAIR to represent their interests in having the lowest possible
19 electric rates consistent with their respective utility providing safe and
20 reliable service. A copy of FAIR’s basic membership application is included
21 as Exhibit JTH-4 to my testimony.

1 **Q. How many members does FAIR have?**

2 A. As indicated above, FAIR is a relatively new organization. Thus, not
3 surprisingly, FAIR has an ongoing membership recruitment program. As of
4 the time that this direct testimony is being filed, FAIR has more than 500
5 members, including customers of FPL, Duke Energy Florida, Tampa Electric
6 Company, Gulf Power Company, and Florida Public Utilities Company's
7 electric division. FAIR's members include customers from residential and
8 general service rate classes. The vast majority of FAIR's members –
9 approximately 80 percent of the total membership as of this date – are
10 customers of FPL.

11

12 **BACKGROUND – REGULATORY PRINCIPLES**

13 **Q. From your perspective as a former Florida Public Service**
14 **Commissioner, what do you believe are the primary policies and**
15 **principles that should guide the PSC's decisions in this case?**

16 A. In general, the fundamental principles of setting a utility's allowed revenues
17 and rates are simple: the utility should be allowed to recover all of its
18 reasonable and prudent operating and maintenance ("O&M") costs, its
19 reasonable and prudent costs of borrowing debt capital (i.e., interest
20 expense), and a reasonable return on its reasonably and prudently incurred
21 investments necessary to provide safe and reliable service at the lowest
22 possible cost. In this context, "reasonable and prudent" costs must be

1 determined as those that are cost-effective as compared to available
2 alternatives, and this principle applies equally to the cost paid for a length of
3 power line, a power pole, the interest cost on a bond, the ROE rate required
4 in objective and competitive capital markets to attract equity capital, and the
5 amount of equity capital that the utility objectively needs in order to support
6 its investments.

7 These fundamental principles are frequently referred to as a set of
8 policies and principles known as the “Regulatory Compact.” The “bargain”
9 contained within this Regulatory Compact is that the utility enjoys a
10 government-protected monopoly in its service area, in return for which it is
11 allowed to recover its necessary costs incurred in providing safe and reliable
12 service to its captive customers. This bargain is fair to utilities because it
13 ensures that, assuming reasonable and sound management, the utility will
14 recover its legitimate costs and earn a fair and reasonable return, and it is fair
15 to customers because, properly followed, it will ensure that customers
16 receive safe and reliable utility services, like electricity, which is generally
17 regarded as a necessity, at the lowest possible cost. In this context, cost-
18 effective means at the lowest cost available from functionally equivalent
19 alternatives; if the utility overpays or attempts to charge rates based on such
20 over-payments, the bargain is violated.

1 **Q. How does this relate to utility rates?**

2 A. The utility's rates must be fair, just, and reasonable (and not unduly
3 discriminatory). Fair, just, and reasonable rates are those that allow the
4 utility to recover its reasonable, legitimate costs incurred through cost-
5 effective management and to recover a reasonable and cost-effective return
6 on its investments, also evaluated on the basis of cost-effective financing and
7 management. Rates that include expenses for materials or labor that could
8 have been procured at lower cost, and rates that include excessive returns,
9 are unfair, unjust, and unreasonable.

10

11 **BACKGROUND – FPL'S RATE INCREASE REQUESTS**

12 **Q. Please summarize your understanding of FPL's requested rate**
13 **increases in this case.**

14 A. From FPL's petition filed on March 12, 2021, and from the letter submitted
15 by FPL's president, Eric Silagy, to PSC Chairman Gary Clark on January
16 11, 2021, I understand FPL's requests to include the following:

- 17 1. An increase in FPL's general base rates of \$1.108 billion per year to
18 be effective on January 1, 2022;
- 19 2. An additional increase in FPL's general base rates of \$607 million
20 per year (on top of the \$1.108 billion increase in 2022) to be
21 effective on January 1, 2023; and

1 3. Additional increases in base rates for planned solar generation
2 investments in 2024 and 2025. (The revenue requirements for FPL’s
3 planned solar expansions are not specified in FPL’s MFRs or
4 testimony, so I have omitted these amounts from further discussion
5 here.)

6 Adding all of these requested increases together over the four-year
7 period from 2022 through 2025 covered by FPL’s requests, it appears that
8 FPL is requesting that its customers pay approximately \$6.25 billion in
9 additional base rates over this period. My Exhibit JTH-5 shows a simple
10 tabulation of these amounts, excluding any of the 2024 and 2025 solar rate
11 increases.

12

13 **Q. Do FPL’s proposals include any other features that affect its customers**
14 **rates?**

15 A. Yes. FPL also proposes to implement a “Reserve Surplus Amortization
16 Mechanism” (to which FPL applies the acronym “RSAM”) that would
17 impact at least the rates of future FPL customers. This RSAM proposal is
18 discussed further below and more fully by another FAIR witness, Timothy
19 J. Devlin, a Certified Public Accountant and former Executive Director of
20 the PSC.

21

22

1 RETURN ON EQUITY

2 **Q. What is meant by “return on equity” in the context of regulatory**
3 **decisions determining a utility’s allowed revenues and rates?**

4 A. Given the monopoly enjoyed by electric utilities such as FPL, these utilities
5 are generally regulated by government agencies and are entitled to recoup
6 through their regulated rates prudently incurred costs for O&M, cost of
7 borrowing debt capital, and a reasonable return on investment such that
8 investors are willing to support the utility operations.

9
10 **Q. What is the basic standard that a regulatory authority, such as the**
11 **Florida PSC, should use in deciding what ROE to use in setting a**
12 **utility’s allowed revenue requirements and rates?**

13 A. Consistent with the Regulatory Compact principles and the PSC’s
14 obligation to set fair, just, and reasonable rates, the basic standard is that the
15 ROE should be sufficient to enable the utility to cover its O&M costs,
16 borrowing costs, and prudently incurred investments that are necessary to
17 provide reliable, safe, and adequate service to its customers. No more, no
18 less!

19
20 **Q. How would you go about evaluating a utility’s ROE?**

21 A. While there are other analytical methods used by ROE witnesses in cases
22 such as this, as an investor and as a former investment manager of major

1 public funds, I believe that it is also useful and meaningful to “ground
2 truth” any such estimates against what can be observed in the real world as
3 the ROEs that are used by other regulatory authorities and the experience of
4 utilities subject to those other authorities’ decisions in being able to fulfill
5 their obligation to provide safe and reliable service.

6 I would review, as many observers do, reports such as the S&P
7 Global Market Intelligence Report. I would then look at the rates approved
8 by other commissions and authorities and observe how the utilities whose
9 rates were thus determined or approved are functioning in the real world.
10 In the simplest terms, if the utilities are providing safe and reliable service
11 with rates set based on the reported values, then it is obvious that those
12 values are sufficient to enable the utility to do its job and to recover a fair
13 return to equity capital.

14 Note that all of this assumes, reasonably, that the utility is allowed to
15 recover all of its reasonable O&M costs and all of its borrowing (interest)
16 costs. One can then observe whether the utility is able to issue bonds,
17 whether it has experienced a debt downgrade, whether it (or its parent) has
18 been able to issue new stock, and whether it has any readily observable
19 reliability issues, that is, whether it is, in fact, providing safe and reliable
20 service.

21

1 **Q. Where does FPL's requested midpoint ROE of 11.5 percent fall**
2 **relative to national averages?**

3 A. FPL's request is substantially higher than the national average of 9.55%
4 approved by other states' regulatory bodies – public service commissions
5 and public utility commissions – for vertically integrated electric utilities in
6 2020, and it is excessive by any measure.

7

8 **Q. Do you believe that FPL is really asking that it be allowed to earn an**
9 **ROE of 11.5 percent?**

10 A. No. I believe that, by use of its proposed RSAM, FPL wants to earn an
11 ROE of 12.5 percent, just as it has earned 100 basis points above the
12 midpoint of its current ROE range for the past 30-plus months for which
13 data are available. This pattern of FPL's use of the RSAM and earning
14 hundreds of millions of dollars a year above the midpoint ROE is
15 documented in the exhibits of FAIR's witness Tim Devlin.

16

17 **Q. Do you believe that FPL needs an ROE of 11.5 percent in order to**
18 **attract sufficient equity capital and debt capital to support the**
19 **investments that are reasonable, prudent, and necessary to maintain**
20 **reliable service?**

21 A. No. I believe that FPL's requested ROE of 11.5 percent is far out of line
22 with what would be required in any objective capital market.

1 **Q. What are the consequences to customers?**

2 A. Again referring to the fundamental principles of utility ratemaking, the
3 Regulatory Compact, and the principle that rates must be fair, just, and
4 reasonable, if the PSC were to set FPL's allowed revenue requirements and
5 rates using an ROE rate greater than what is required to attract needed
6 capital, FPL and the PSC would be violating the Regulatory Compact and
7 causing customers to pay rates that are too high – i.e., in regulatory
8 terminology, rates that are unfair, unjust, and unreasonable.

9

10

EQUITY RATIO

11 **Q. What is meant by the “equity ratio” in electric utility rate cases like
12 this one?**

13 A. It is a financial metric based on the amount of debt a company has vs. the
14 shareholder equity in the company.

15

16 **Q. How does the equity ratio affect customer rates?**

17 A. Rates are set to recover the utility's costs, including a fair and reasonable
18 return on equity (common stock). In capital markets, the cost of equity
19 capital – i.e., the ROE – demanded by common stock investors is greater
20 than the interest cost on long-term debt. Since utilities generally need some
21 balance of equity and debt to support their investments, the question or
22 issue for regulatory commissions becomes what the appropriate balance is.

1 Keeping in mind that, adhering to the Regulatory Compact, the utility and
2 its regulators should always be striving to ensure safe and reliable service at
3 the lowest possible cost, the regulatory authority must consider and
4 determine the appropriate balance. Since equity capital costs more than
5 debt, a higher equity ratio will (within a broad range) result in higher
6 customer rates than a lower equity ratio.

7 To give a simple example, if a utility pays 5 percent on its bonds and
8 a pre-tax ROE of 14 percent on its equity capital, its weighted cost of
9 capital will be 9.5 percent if it has a 50 percent equity ratio (i.e., if it
10 finances its investments with 50 percent equity and 50 percent debt or
11 bonds). On the other hand, if the utility uses 60 percent equity, its weighted
12 cost of capital will be 10.4 percent. On a rate base of \$10 billion, this
13 would cost customers roughly \$90 million a year more than if the utility
14 were to use the 50-50 financing structure.

15
16 **Q. Do you believe that FPL needs an equity ratio of 59.6 percent?**

17 A. No! The national average equity ratio approved by other state commissions
18 for electric utilities in 2020 was 49.69 percent, nearly twenty percent lower,
19 and nearly ten full percentage points lower, than FPL's request. This
20 demonstrates that, in an objective capital market, utilities do not need
21 equity ratios like FPL's requested 59.6 percent to attract capital, cover their
22 costs, and provide service.

1 From my perspective as a former member of the PSC and as a
2 former manager of the State’s major pension funds, I will simply say that
3 FPL’s requested equity ratio of 59.6 percent is excessive. This issue is
4 addressed in witness Mac Mathuna’s testimony, with due consideration to
5 FPL’s financial integrity and bond rating considerations, and he
6 recommends an equity ratio of 55 percent. Even though that is higher than
7 current national averages, I would not object to that value.

8
9 **FPL’S PROPOSED “RESERVE SURPLUS AMORTIZATION MECHANISM”**

10 **Q. What is FPL’s proposed “Reserve Surplus Amortization Mechanism,”**
11 **or “RSAM?”**

12 A. The RSAM as employed by FPL is the functional equivalent of a
13 specialized depreciation reserve amortization scheme. According to the
14 testimony that I have seen, the basic mechanism of FPL’s RSAM arose
15 from settlement agreements in 2010, 2012, and 2016; as far as I can tell, it
16 was never specifically voted on as a separate litigated issue by the Florida
17 PSC. FPL should be required to explicitly detail how it has used the
18 RSAM in the past and how it proposes to utilize it going forward.

19 As employed by FPL, FPL can debit the RSAM or “Reserve
20 Surplus” account in its discretion to offset amortization expense, which
21 increases book earnings, and it can use any amount available in the RSAM
22 account to achieve earnings up to the top of its ROE range. If FPL is

1 allowed to use up a depreciation surplus of any amount, e.g., the \$1.48
2 billion surplus proposed by FPL, such that that surplus is fully depleted at
3 the end of the four-year period, then FPL's customers as of that time will be
4 deprived of the rate-reduction benefits that the surplus would provide when
5 applied to FPL's future rate base. Whatever the amount of FPL's rate base
6 might be in the future, if FPL is allowed to use up the surplus, then FPL's
7 rate base in its next rate case would be \$1.48 billion greater than if the
8 surplus were not used up, and FPL's future customers would be saddled
9 with the capital costs – return on equity and interest cost – of that much
10 greater rate base. This is clearly intergenerational inequity!

11 To emphasize this point, customers create any depreciation surplus
12 by over-paying depreciation expense over time. Standard regulatory
13 accounting and ratemaking practice is to flow back this customer-created
14 value to the utility's customers; although there are sometimes arguments
15 over the term of the amortization period (e.g., 4 years vs. 20 years), the
16 value is always flowed back to customers. FPL's proposal, in stark
17 contrast, would keep up to the entire \$1.48 billion of customer-created
18 value for FPL and its shareholder.

19

20 **Q. Is this RSAM proposal appropriate?**

21 A. At a minimum, it is not appropriate as proposed by FPL. I have reviewed
22 the testimony of FAIR's witness Tim Devlin on this subject, and I agree

1 with Mr. Devlin that it is not appropriate. I further agree that, if any
2 RSAM-type proposal is to be allowed in this case, FPL's ability to use it
3 should be capped to only amounts necessary for FPL to achieve its
4 midpoint ROE, which is the fair and reasonable return to FPL's equity
5 investor. Anything more than that is taking customer-created value away
6 from customers, and any such practice is unfair, unjust, and unreasonable.
7

8 SERVING THE PUBLIC INTEREST

9 **Q. What is the Florida PSC's basic statutory mandate?**

10 A. As articulated by the Florida Legislature in Section 366.01, Florida
11 Statutes, the PSC's basic statutory mandate is as follows:

12 The regulation of public utilities as defined herein is declared
13 to be in the public interest and this chapter shall be deemed to
14 be an exercise of the police power of the state for the
15 protection of the public welfare and all the provisions hereof
16 shall be liberally construed for the accomplishment of that
17 purpose.

18 As a non-lawyer and former PSC Commissioner, I believe that this
19 means what it says: the PSC is charged by the applicable Florida Statutes
20 with carrying out its duties to protect the public welfare of the citizens of
21 the state.
22

1 **Q. From your perspective as a former Public Service Commissioner, as a**
2 **former staff director for committees of the Florida Legislature, as a**
3 **former policy and budget director and chief of staff to two Florida**
4 **governors, and as a lifelong citizen of Florida, what does the “public**
5 **interest” mean to you?**

6 A. I believe that the “public interest” means the public welfare generally, and
7 this includes considerations of the overall health of the Florida economy
8 and the welfare of all citizens. With respect to a specific utility such as
9 FPL, including both the historical FPL and the new, combined FPL
10 including Gulf Power Company, this means at least the welfare of all of the
11 people served and directly affected by the utility’s service. This includes
12 considerations of the economic impacts of a utility’s rates and rate increase
13 requests on individuals, households, and businesses. To be completely
14 clear, I am not advocating in any way that low-income customers should be
15 subsidized by a utility’s other customers or by the utility’s shareholders, but
16 I am saying that the PSC must consider the overall impacts on the Florida
17 economy and on all customers.

18 In present-day, real-world circumstances, the PSC must recognize
19 that many Floridians, Florida households, and Florida businesses are still
20 struggling toward recovery from the impacts of the COVID-19 pandemic.

21

1 **Q. Considering all of the circumstances confronting Florida and**
2 **Floridians at the present time, what opinions, if any, do you have**
3 **regarding whether FPL’s proposed rate increases are consistent with**
4 **the public interest of Florida and her citizens?**

5 A. I believe that FPL’s rate increase requests are excessive and contrary to the
6 public interest. Particularly considering the amounts of equity returns that
7 FPL hopes to harvest from its captive customers, FPL’s requests are
8 harmful to the Florida economy and to Floridians because they would, if
9 allowed by the PSC, drain several billion dollars away from customers and
10 give that money to FPL’s shareholder, NextEra Energy. The requested
11 increases are demonstrably and observably excessive compared to the
12 returns – due both to an excessive ROE and an excessive equity ratio – that
13 have been recently and currently approved by other state regulatory
14 commissions, which tells the PSC that FPL can obtain needed capital at
15 costs much, much less than what it is asking in this case.

16 As a side note, FPL requests a 50 basis point "ROE performance
17 incentive" for what it claims is superior performance better than its peers. I
18 would hope that FPL strives for superior performance as a matter of routine
19 operation. Further, FPL's proposal is not an incentive at all - they are really
20 asking for a reward for past behavior. Their behavior going forward will
21 not in any way be incentivized by giving them a higher ROE. Their
22 requested ROE performance incentive should be rejected.

1 **Q. What, if anything, should the PSC do with respect to these public**
2 **interest concerns in this case?**

3 A. Again being perfectly clear, FPL should be allowed to recover its legitimate
4 O&M and debt costs. If a length of power line costs \$10 a foot, then that's
5 what FPL should be allowed to recover in its rates. If an experienced line-
6 worker's fair compensation is \$90,000 a year, plus benefits and overtime
7 premiums where applicable, then that's what FPL should be allowed to
8 recover.

9 When it comes to FPL's equity costs, however, the PSC often
10 applies a "range of reasonableness," typically framed as a range of 100
11 basis points below to 100 basis points above a defined midpoint. The PSC
12 also frequently discusses a reasonable range for an ROE in deciding on that
13 midpoint. In today's real world conditions facing Floridians, if the PSC
14 recognizes that the "reasonable range" of ROEs is probably somewhere
15 between 8.5 percent and 10.0 percent, given the national averages clustered
16 around 9.5 percent, the PSC should act in the public interest to set rates
17 using a value in the low end of any range of reasonableness.

18 This result would fulfill the PSC's statutory mandate to regulate in
19 the public interest and to promote the public welfare by keeping spending
20 power in the pockets of customers rather than unnecessarily transferring it
21 to FPL and NextEra.

1 And the PSC must remember again that this assumes that FPL will
2 be allowed to recover all of its O&M and debt costs, and to make all of
3 whatever rate base investments the PSC deems reasonable and prudent.
4 Any argument advanced by FPL that it would not have sufficient funds to
5 provide reliable service, to make needed investments, to restore service
6 following a hurricane, or any other such assertion, is a complete red
7 herring. This principle of promoting the public interest by keeping
8 spending power in customers' pockets for the health of the Florida
9 economy and the welfare of those customers, while providing returns that
10 are within a range of reasonableness as determined by reference to
11 objective national averages is exactly what the PSC should be doing.

12

13 **SUMMARY AND RECOMMENDATIONS**

14 **Q. Please summarize your opinion regarding FPL's requested rate**
15 **increases.**

16 A. In closing, it is my opinion that FPL has generally fulfilled its mission to
17 provide safe, reliable, and reasonably priced energy services within the
18 revenue parameters of its current rate plan, and no further rate increase is
19 necessary!

20

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

22 A. Yes, it does.

May 2021

RESUME
JOHN T. (TOM) HERNDON

RESIDENCE

9062 Eagles Ridge Drive
Tallahassee, FL 32312

850-893-2252 (Home)
850-459-3513 (Cell)
tom-herndon@comcast.net

EDUCATION

St. Petersburg Junior College, 1966
University of South Florida, Interdisciplinary Social Services, B.A., 1968
Florida State University, Master's Degree in Social Work, 1972

WORK EXPERIENCE

Independent Contractor
As of October 2005

Southern Strategies Group
Governmental Consulting & Lobbying Firm
August 21, 2002 to October 2005

Executive Director
State Board of Administration
November 12, 1996 to August 21, 2002

President
Tom Herndon and Associates
August 11, 1995 to November 11, 1996

Chief of Staff to Governor Lawton Chiles
Executive Office of the Governor
August 10, 1992 to August 11, 1995

Executive Director
Florida Department of Revenue
April 18, 1990 to August 7, 1992

Commissioner
Florida Public Service Commission
January 6, 1986 to April 17, 1990

Chief of Staff to Governor Bob Graham
Executive Office of the Governor
July 1, 1985 to January 5, 1986

Deputy Chief of Staff and Director
Office of Planning and Budgeting
Executive Office of the Governor
October 1984 to July 1985

Director
Office of Planning and Budgeting
Executive Office of the Governor
August 1980 to July 1985

Staff Director
Florida House of Representatives
Committee on Appropriations
August 1978 to August 1980

Deputy Assistant Secretary of Operations
Dept. Health & Rehabilitative Services
October 1977 to August 1978

Administrator, District V
State of Florida, DHRS
November 1975 to October 1977

Staff Director
House of Representatives
Committee on HRS
June 1974 to November 1975

CURRENT ACTIVITIES as INDEPENDENT CONTRACTOR

- Current Board Member **Citizens for Lower Electric Rates:** Secretary
- Current Board Member **Floridians Against Increased Rates:** Secretary
- Current Executive Director, Treasurer and Board Member of the **Claude Pepper Foundation**
- Current Board member **Capital Health Plan:** Member of Personnel, Compensation, and Finance Committees; Chair of Audit Committee
- Current Board member **Helios Education Foundation:** Member of Executive, Finance, Public Policy and Audit Committees

SELECTED PROFESSIONAL ACTIVITIES:

- Former Board member and member of Executive Committee of the **Federation of Tax Administrators**
- **National Association of State Budget Officers,** Chairman of Education and Human Resources Committee and Executive Committee, Southern Regional Director
- Past President of the National Governors' Association **Council of State Planning Agencies** for 1985-86
- Former member of the **National Association of Regulatory Utility Commissioners**
- Former member of the **Southern States Energy Board**
- Former Chairman of the **Florida Energy Center** Advisory Board
- **Council of Institutional Investors,** Board of Directors and past Chair of Executive Committee
- Two term member, **New York Stock Exchange's** Pensions Managers Advisory Committee

CIVIC AND VOLUNTARY ACTIVITIES:

- Past President, **Big Bend United Way**
- Current member **Lawton Chiles Foundation**
- Past President, **Florida Economics Club**
- Past Chairman, **Big Bend Child Care Coordinating Council**
- Past Chairman, **Florida Comprehensive Health Association**
- Former Two Term Board member of the **FSU Foundation**
- Past Treasurer of **Highlands Falls Country Club**

- Past President, **Highlands Falls Homeowner Association**

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SELECTED AWARDS:

- 1983 Outstanding Public Administrator by the American Society of Public Administrators
- 1985 Distinguished Alumnus for the University of South Florida, Florida Chapter
- 1990 Distinguished Alumnus for the University of South Florida, National
- 1990 Distinguished Alumnus for Florida State University School of Social Work
- 1995 Jack Brizius Memorial Roughrider Award for Excellence in Public Policy
- 1995 Florida Distinguished Service Medal for Exceptionally Meritorious Service to the State

REVENUE REDUCTIONS AND INCREASES ORDERED
BY THE FLORIDA PUBLIC SERVICE COMMISSION FOR CERTAIN
INVESTOR-OWNED ELECTRIC AND NATURAL GAS UTILITIES
UTILITIES FROM 1960 TO PRESENT
(All Utilities from 1968 to Present)

Revised 06/17/2021

ELECTRIC UTILITIES										
Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range	
DUKE ENERGY FLORIDA, LLC d/b/a DUKE ENERGY (Formerly DUKE ENERGY FLORIDA, INC. d/b/a DUKE ENERGY (Formerly Progress Energy FL., Inc. (Formerly Florida Power Corpor.										
6414-EU		02-28-62	05-01-62	Company Request		1,600,000				
	3684	08-31-64	10-01-64	Company Request		513,000				
7739-PU	3843	07-22-65	08-01-65	Commission Required		2,418,638				
7767-EU	4139	03-15-67	01-01-68	Commission Required		726,000				
9426-EU	4341	04-09-68	06-01-68	Commission Required		4,094,000				
9731-EU	4488	12-31-68	02-01-69	Company Request		1,519,213				
69230-EU	4654	05-07-69	07-01-69	Commission Required		1,730,998				
69486-EU	4804	12-01-69	01-01-70	Commission Required		2,500,000				
71370-EU	5619	12-29-72	02-01-73	Company Request	18,600,000		1,796,096	13.75%	13.50 - 14.25%	
	5904	10-24-73	11-30-73				1,558,016			
74061-EU	6094	04-05-74	04-10-74	Company Request	12,348,975		12,120,919	13.50%	13.50 - 14.25%	
74461-EU	6289	09-18-74		Company Request	14,500,000					
74806-EU	6450	01-09-75	01-29-75	Company Request	65,600,000	(Interim)	33,283,144			
	6794	07-22-75	08-22-75			(Final)	45,081,074	14.60%	14.30 - 14.90%	
770316-EU	7791	04-28-77	04-28-77	Company Request	62,325,262	(Interim)	60,767,961			
	8160	02-02-78	02-07-78			(Final)	59,468,468	14.30%	14.30 - 14.90%	
800119-EU	9451	07-15-80	08-06-80	Company Request	99,000,000	(Interim)	54,606,000			
	9577	10-02-80	10-07-80			(Interim)	40,434,000			
	9864	03-11-80	03-22-81	Company Request		(Final)	58,378,993	15.50%	14.50 - 16.50%	
	10162	07-27-81	07-30-81			(Reconsideration)	57,108,497			
820100-EU	11165	09-15-82	09-29-82	Company Request	169,225,000	(Interim)	33,129,000			
	11628	02-17-83	02-27-83			(Final)	111,330,000	15.85%	14.85 - 16.85%	
830470-EU	13771	10-12-84	10-11-84	Company Request	40,827,000		10,182,000	15.55%	14.55 - 16.55%	
		01-31-85		Company Request (CR5)	83,259,000		83,253,000	15.55%	14.55 - 16.55%	
861096-EI	16862	11-19-86	01-01-87	Income Tax & ROE		54,000,000 #		12.50%		
870220-EI	18627	01-04-88	01-01-88	Complaint-Occidental	(61,679,000)	121,500,000		12.60%	12.60 - 13.60%	
						18,500,000 #				
	20632	01-20-89	01-01-89	Complaint-Occidental	10,669,000		10,669,000			
					(11,879,000)	11,879,000 #				
891298-EI	22437	01-22-90	01-01-90	Commission Required		11,879,000				
900935-EI	23910	12-21-90	01-01-91	Company Request			11,879,000			
910890-EI	92-0208	04-14-92	04-23-92	Company Request	11,879,000		31,208,000			
	92-1197	10-22-92	11-01-92	Company Request	31,601,000	(Interim)	57,986,000	12.00%	11.00 - 13.00%	
			04-01-93	Company Request	108,096,000	(Final)	9,660,000 #	12.00%	11.00 - 13.00%	
			11-01-93	Company Request	13,320,000 *		18,111,000 #	12.00%	11.00 - 13.00%	
000824-EI	02-0655	05-14-02	05-01-02	Earnings Review	24,437,000 *					
				Earnings Review		35,000,000 #				
				Earnings Review		125,000,000				
	03-0876	07-30-03		2002 Sharing		23,034,004 #				
				2003 Sharing		18,354,585 #				
				2004 Sharing		9,051,959 #				
				2005 Sharing		0				
050078-EI	05-0945	09-28-05	01-01-06	Company Request 2006	205,556,000		0	11.75%	N/A	
070290-EI	07-0900	11-07-07	01-01-08	Hines Unit 2	36,339,546		36,339,546			
				Hines Unit 4	52,354,000		52,354,000			
080603-EI	08-0779	11-26-08	01-01-09	CR3 Uprate (MUR)	1,297,979		1,297,979			
090144-EI	09-0415	06-12-09	07-01-09	Bartow Repowering Project	126,212,000		126,212,000			

090079-EI	09-0413	06-10-09	07-01-09	Company Request	13,078,000	(Interim)	13,078,000		
	10-0131	03-05-10	04-04-10	Company Request	499,997,000	(Final)	0	10.50%	9.50 - 11.50%
	10-0398	06-18-10	07-17-10	Reconsideration	36,179,000		0		
120022-EI	12-0104	03-08-12	01-01-13	Settlement	150,000,000		150,000,000		
			01-01-13			129,000,000 #		10.50%	9.50 - 11.50%
			01-01-14			139,000,000 #			
			01-01-15			50,000,000 #			
			01-01-16			70,000,000 #			
130208-EI	13-0597	11-12-13		Revised Settlement				10.50%	9.50 - 11.50%
20170183-EI	17-0451	11-20-17	2018	2nd Revised Settlement Citrus Co. GBRA	TBD		TBD	10.50%	9.50 - 11.50%
			2019	2nd Revised Settlement	67,000,000		67,000,000	10.50%	9.50 - 11.50%
			2020	2nd Revised Settlement	67,000,000		67,000,000	10.50%	9.50 - 11.50%
			2021	2nd Revised Settlement	67,000,000		67,000,000	10.50%	9.50 - 11.50%
			2019	SoBRA 2019	15,232,000		15,232,000		
			2020	SoBRA 2020	32,000,000		32,000,000		
			2021	SoBRA 2021	62,600,000		TBD		

* Step Increase

One-time Refund

⊖ Stipulation

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
FLORIDA POWER & LIGHT COMPANY									
6015-EU		03-25-60	04-01-60	Commission Required		200,000			
6165-EU		12-19-60	01-01-61	Commission Required		6,250,000			
U-273		05-08-64	05-08-64	Commission Required		10,000,000			
7739-PU	3737	01-11-65	02-01-65	Commission Required		3,750,000			
7759-EU	3926	11-10-65	01-01-66	Commission Required		9,467,900			
	4078-A	12-15-66	01-01-67	Commission Required		7,073,000			
71627-EU	5620	12-29-72	01-31-73	Company Request	80,000,000		14,566,384	12.875%	12.75 - 13.25%
	5696	04-03-73	05-10-73	Company Request	79,900,000		40,062,804		12.75 - 13.25%
	5905	10-25-73	11-30-73				6,173,528		
74509-EU	6456	01-10-75	01-28-75	Company Request	143,000,000	(Interim)	68,983,743		
	6591	04-01-75	05-01-75			(Final)	77,377,918	13.75%	13.50 - 14.00%
760727-EU	7668	03-04-77	03-14-77	Company Request	349,000,000	(Interim)	87,877,577		
	7943	06-16-77	07-08-77			(Final)	195,496,841	13.75%	13.50 - 14.00%
770810-EU	9025	08-22-79	11-01-79	Commission Required		14,446,975 #			
810002-EU	9941	04-09-81	04-29-81	Company Request	476,000,000	(Interim)	147,928,930		
	10306	09-23-81	10-04-81			(Final)	257,004,289	15.85%	14.85 - 16.85%
	10467	12-21-81	02-01-82			(Reconsideration)	255,832,324		
820097-EU	10931	06-23-82	07-22-82	Company Request	281,220,000	(Interim)	44,427,000		
	11437	12-22-82	12-23-82			(Final)	100,805,000	15.85%	14.85 - 16.85%
	12348	08-09-83	09-07-83	Company Request	256,716,000		237,816,000 †		
830465-EI	13537	07-24-84	07-20-84	Company Request	335,274,000	(Final)	81,464,000		
	13948	12-28-84	10-31-84			(Reconsideration)	84,103,000	15.60%	14.60 - 16.60%
	13537	07-24-84	01-31-85	Company Request	120,279,000	(Final)	114,984,000		
	14005	01-16-85	01-31-85			(Reconsideration)	120,447,000	15.60%	14.60 - 16.60%
880355-EI	19158	04-19-88	06-01-88	1987 Tax Savings		56,470,774 #		13.60%	
890319-EI	21143	04-28-89	05-01-89	1988 Tax Savings		38,221,663 #		13.60%	
	22334	12-22-89	01-01-90	1988 Tax Savings		38,460,672			
900478-EI	23349	08-13-90	09-04-90	1989 Tax Savings		39,553,605 #			
890319-EI	23727	11-07-90	10-01-90	1988 Tax Savings		6,716,875 #			
900038-EI	23996	01-16-91	01-16-91	Earnings Review				12.80%	11.80 - 13.80%
900478-EI	24644	06-10-91	09-01-91	1989 Tax Savings		2,835,466 #			
930612-EI	93-1024	07-16-93	07-13-93	ROE Review				12.00%	11.00 - 13.00%
990067-EI	99-0519	03-17-99	04-15-99	Earnings Review	350,000,000			11.00%	10.00 - 12.00%
				Year 1 Sharing	22,774,000 #				
				Year 2 Sharing	108,827,000 #				
				Year 3 Sharing	86,184,000 #				
001148-EI	02-0501	04-11-02	04-15-02	Earnings Review	250,000,000				
				2002 Sharing	11,156,000 #				
				2003 Sharing	3,071,000 #				
				2004 Sharing	0				
				2005 Sharing	0				
050045-EI	05-0902	09-14-05	01-01-06	Company Request 2006	430,198,000		0	11.75%	N/A
				Company Request 2007	122,757,000		120,100,000		
060001-EI	06-1057	12-22-06	05-01-07	Turkey Point Unit 5	126,800,000		126,800,000		
080001-EI				Turkey Point Unit 5	(5,490,000)	5,490,000			
				West County Energy Center					
			06-09	Unit 1	138,520,000		138,520,000		
			11-09	Unit 2	127,100,000		127,100,000		
080677-EI	10-0153	03-17-10	03-01-10	Company Request 2010	1,043,535,000	(Final)	75,470,948	10.00%	9.00 - 11.00%
	10-0153	03-17-10	N/A	Company Request 2011	247,367,000	(Final)	0		
	11-0089	02-01-11	N/A	Reconsideration	0		0		
090529-EI	10-0207	04-05-10	04-26-10	Nuclear EPU Project	371,149		361,361		
100419-EI	11-0078	01-31-11	02-10-11	Nuclear EPU Project	2,199,261		2,199,261		

110270-EI	11-0575	12-14-11	01-03-12	Nuclear EPU Project	20,856,111		20,383,107		
120015-EI	13-0023	01-14-13	01-02-13	☒ Settlement	350,000,000		350,000,000	10.50%	9.50% - 11.50%
			04-23-13	☒ Cape Canaveral	163,673,000		163,673,000		
			06-01-14	☒ Riviera	234,000,000				
			06-01-16	☒ Port Everglades	216,000,000				
120244-EI	12-0647	12-11-12	01-02-13	Nuclear EPU Project	246,053,294		246,047,170		
130245-EI	14-0024	01-10-14	01-02-14	Nuclear EPU Project	113,206,484		113,030,694		
140197-EI	14-0686	12-10-14	01-02-15	EPU True-Up		761,690			
150208-EI	16-0075	02-17-16	03-01-16	Rate Reduction		222,192			
160021-EI	16-0560	12-15-16	01-01-17	☒ Company Request 2017	866,000,000		(Final) 400,000,000	10.55% *	9.60% - 11.6%
			01-01-18	Company Request 2018 - SYA	262,000,000		211,000,000		
			01-01-18	2017 SoBRA	60,523,000		60,523,000		
			03-01-18	2018 SoBRA	59,890,000		59,890,000		
			06-01-19	Pending In-Service Date of Okeechobee	209,000,000		200,000,000		
			03-01-19	2019 SoBRA	51,685,454		51,685,454		
			2020	2020 SoBRA	50,491,000		50,491,000		

☒ Generation Base Rate Adjustment (GBRA)

☒ St. Lucie No. 2 Increase

@ Rate Base Reduction

One-time Refund

☒ Stipulation

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
FLORIDA PUBLIC UTILITIES COMPANY									
8567-EU	4506	01-14-69	06-19-69	Commission Required Marianna Division		34,500			
69443-EU	4776	10-20-69	11-01-69	Company Request Fernandina Division		48,000			
750289-EU	7001	11-17-75	12-17-75	Company Request Marianna Division	463,747		306,671	14.50%	14.25 - 14.75%
770652-EU	8502	10-04-78	11-03-78	Company Request Marianna Division	456,200		397,840	13.25%	12.75 - 13.75%
780921-PU	9456-A	10-03-80	11-01-80	Commission Required Fernandina Division		31,257 #			
800609-EU	9613	10-27-80	11-01-80	Commission Required Marianna Division		55,227 #			
790637-EU	10261	09-03-81	10-03-81	Commission Required Fernandina Division		26,000 #			
810342-EU	10526	01-19-82	02-04-82	Company Request Fernandina Division	(269,311)	243,311			
810271-EU	10605	02-17-82	03-19-82	Commission Required Fernandina Division		94,440 #			
	10832	06-02-82	07-02-82	Commission Required Fernandina Division		16,008 #			
840100-EI	13672	09-13-84	09-13-84	Commission Required Fernandina Division		13,152 #			
880558-EI	20472	12-20-88	12-29-88	Company Request Marianna Division	690,888	(Interim)	473,603		
	21532	07-12-89	06-24-89	Company Request Fernandina Division		(Final)	539,720	13.55%	12.35 - 14.35%
881056-EI	21211	05-09-89	05-18-89	Company Request Fernandina Division	908,662	(Interim)	456,195	12.85%	11.85 - 13.85%
	22224	11-27-89	11-15-89	Company Request Marianna Division		(Final)	579,872		
930400-EI	93-1640	11-08-93	10-19-93	Company Request Marianna Division	857,520	(Interim)	137,172	10.85%	9.85 - 11.85%
	94-0170	02-10-94	02-17-94	Company Request MMFR-Fernandina		(Final)	515,108	11.60%	10.60 - 12.60%
930720-EI	94-0983	08-12-94	09-03-94	1995 Overearnings - Fernandina		63,506 →			
961542-EI	97-0135	02-10-97	01-01-96	1996 Overearnings - Fernandina		136,019 →			
971227-EI	97-1505	11-25-97	01-01-97	1996 Overearnings - Marianna		37,148 →			
971228-EI	97-1487	11-24-97	01-01-97	1997 Overearnings - Fernandina		248,145 →			
981678-EI	99-0022	01-04-99	01-01-98	1998 Overearnings - Fernandina		139,228 →			
991109-EI	99-2119	10-25-99	01-01-99	1999 Overearnings - Marianna		8,561 →			
001146-EI	00-1685	09-20-00	01-01-00	1999 Overearnings - Fernandina		204,670 →			
001147-EI	00-1883	10-16-00	01-01-00	Company Request Marianna & Fernandina Combined	4,117,121		1,820,373	11.50%	10.50 - 12.50%
030438-EI	04-0369	04-06-04	04-15-04	Company Request		790,784	(Interim)	790,784	
070304-EI	07-0897	11-05-07	11-22-07	Company Request	790,784	(Final)	3,856,897	11.00%	10.00 - 12.00%
	08-0327	05-19-08	05-22-08	Rate Case Settlement Agreement	5,249,895		3,750,000	10.25%	9.25 - 11.25%
140025-EI	14-0517	09-29-14	11-01-14	Limited Proceeding Settlement Agreement	5,852,171		1,558,050	10.25%	9.25 - 11.25%
20170150-EI	17-0488	12-26-17	1-1-18	TCJA Rate Reduction Settlement	1,823,869		-638,158		
20180048-EI	19-0010	01-02-19	01-01-19	TCJA Rate Reduction Settlement	-638,158		-288,230		
		01-02-19	01-01-21	Storm Settlement Agreement(UPIS/AD)	-288,230		7,306,454		
20200156-EI	20-0347	10-08-20	11-01-20		7,306,454		3,355,080		

→ Applied to Storm Damage Reserve

One-time Refund

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
GULF POWER COMPANY									
U-398		12-21-64	01-01-65	Company Request		424,548			
7739-PU	3849	08-04-65	10-01-65	Commission Required		677,974			
71342-PU	5471	06-30-72	07-19-72	Company Request	6,726,000	(Final)	3,722,866		
			01-08-73			(Reconsideration)	2,833,425	14.13%	13.50 - 14.75%
73695-EU	6116	04-22-74		Company Request	9,606,000				
74437-EU	6420	12-20-74	01-08-75	Company Request	18,798,000	(Interim)	17,220,182		
	6650	05-07-75	05-07-75			(Final)	17,306,001	14.25%	14.00 - 14.50%
760858-EU	7727	03-31-77	04-10-77	Company Request	31,800,000	(Final)	11,307,335		
	7978	09-27-77	10-08-77			(Reconsideration)	10,145,953	14.25%	14.00 - 14.50%
770872-EU	8305	05-15-78	05-16-78	Company Request	12,563,049	(Interim)	6,697,331		
	5424	08-07-78	09-07-78			(Final)	10,856,437	13.50%	13.25 - 13.75%
800001-EU	9311	04-02-80	05-02-80	Company Request	46,376,576	(Interim)	6,257,000		
	9628	11-10-80	11-10-80			(Final)	34,366,065		
	9852	03-05-81	04-01-81			(Reconsideration)	33,769,065	14.75%	13.75 - 15.75%
						2,405,000 #			
810136-EU	10557	02-01-82	02-12-82	Company Request	38,663,000	(Final)	5,543,620		
	10963	07-07-82	06-17-82			(Reconsideration)	6,917,897	15.85%	14.75 - 16.75%
820150-EU	11498	01-11-83	01-21-83	Company Request	36,944,000		3,366,000	15.85%	14.85 - 16.85%
840086-EI	14030	01-21-85	12-17-84	Company Request	28,447,000		4,659,000	15.60%	14.60 - 16.60%
880360-EI	19185	04-19-88	06-01-88	1987 Tax Savings		1,143,211 #		13.60%	
	20969	03-31-89	05-01-89	1987 Tax Savings		416,328 #		13.60%	
890324-EI	23536	09-27-90	10-01-90	1988 Tax Savings		3,618,332 #			
891345-EI	22681	03-13-90	03-10-90	Company Request	26,295,000	(Interim)	5,751,000		
	23573	10-03-90	09-13-90			(Final)	11,838,000 †	12.05%	11.55 - 13.55%
			09-13-92				14,131,000	12.55%	11.55 - 13.55%
930139-EI	93-0771	05-20-93	06-11-93	☐ ROE Review				12.00%	11.00 - 13.00%
990947-EI	99-2131	10-28-99	11-04-99	☐ Earnings Review		10,000,000			
				2000 Sharing		7,203,024 #			
				2001 Sharing		1,529,875 #			
010949-EI	02-0787	06-10-02	06-07-02	Company Request	69,867,000		53,240,000	12.00%	10.75 - 12.75%
110138-EI	11-0382	09-12-11	09-22-11	Company Request	38,549,000	38,549,000 (Interim)			
	12-0179	04-03-12	04-11-12	Company Request	93,504,000	64,101,662 (Final)		10.25%	9.25 - 11.25%
130140-EI			01-01-14	☐ Settlement	35,000,000		35,000,000	10.25%	9.25 - 11.25%
			01-01-15		20,000,000		20,000,000		
160186-EI	17-0178	05-16-17	07-01-17	☐ Settlement	56,000,000		56,000,000	10.25%	9.25 - 11.25%
20180039	18-0548	11-19-18	01-01-19	TCJA Rate Reduction Settlement	-9,600,000		-9,600,000		

† Reduced by 2 Year Annual Penalty of \$2,293,000

One-time Refund

☐ Stipulation

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
TAMPA ELECTRIC COMPANY									
6240-EU	3078	12-29-60	01-01-61	Company Request			1,585,000		
7739-PU	3782	03-25-65	04-01-65	Commission Required		1,331,000			
8935-EU	4200	05-29-67	08-01-67	Commission Required		2,608,992			
9776-EU	4490	01-06-69	02-01-69	Company Request	2,286,000		2,286,000	13.75%	
70532-EU	5278	11-30-71	01-01-72	Company Request	13,900,000		11,495,559	15.50%	
73604-EU	6133	05-02-74	06-01-74	Company Request	11,200,000		10,024,366	15.50%	
74597-EU	6539	02-28-75	03-15-75	Company Request	43,000,000		(Interim) 20,179,000		
	6681	05-21-75	06-20-75				(Final) 37,116,177	14.75%	
760846-EU	7987	10-04-77	10-05-77	Company Request	39,900,000		19,309,135	13.75%	13.50 - 14.00%
800011-EU	9288	03-18-80	04-17-80	Company Request	50,704,000		(Interim) 20,429,000		
	9599	10-17-80	10-18-80				(Final) 31,030,000	14.50%	13.50 - 15.50%
	9810	02-23-81	03-01-81	Commission Required		1,078,000 #			
820007-EU	11307	11-10-82	11-20-82	Company Request	124,894,000		61,971,000	15.75%	14.75 - 16.57%
830012-EU	11964	05-24-83	06-16-83	Company Request	80,189,000		(Interim) 3,391,000		
	12663	11-07-83	11-16-83				(Final) 23,539,000	15.50%	14.50 - 16.50%
850050-EI	14538	07-08-85	06-28-85	Company Request	136,518,000		(Interim) 21,446,000		
	15451	12-13-85	12-04-85				(Final) 45,683,000	14.50%	13.50 - 15.50%
			01-31-87				10,408,000 #		
			01-31-88				7,688,000 #		
880356-EI	19185	04-19-88	06-01-88	1987 Tax Savings		4,822,613 #			13.60%
890325-EI	21136	04-27-89	05-02-89	1988 Tax Savings		21,850,882 #			13.60%
891140-EI	22217	11-21-89	01-01-90	Commission Required		22,017,000			
900153-EI	22719	03-22-90	04-13-90	1989 Tax Savings		20,426,922 #			13.60%
	23883	12-14-90	01-08-91	1989 Tax Savings		68,586 #			13.60%
920062-EI	92-0022	03-10-92	04-01-92	ROE					12.50%
920324-EI	93-0165	02-02-93	02-04-93	Company Request '93	42,331,000		1,163,000	12.00%	11.50 - 12.50%
			01-01-94	Company Request '94	30,736,000		17,412,000 #		11.00 - 13.00%
930987-EI	94-0337	03-25-94	02-03-94	ROE		4,000,000 (2)			11.35%
950379-EI	95-0580	05-10-95	01-01-95	1995 Overearnings					11.75%
			01-01-96			12,000,000			
	96-0670	05-20-96	10-01-96	1995 Overearnings		10,000,000 #			
				1996 Overearnings		15,000,000 #			
960409-EI	96-1300	10-24-96	10-01-97			25,000,000 #			
950379-EI	00-1441	08-08-00	09-01-00	1997 & 1998 Overearnings		13,000,000 #			
	01-2515	12-24-01	01-01-02	1999 Overearnings		6,307,427 #			
080317-EI	09-0283	04-30-09	05-07-09	Company Request	228,167,000		(Final) 104,268,536	11.25%	10.25 - 12.25%
			01-01-10	Step Increase	0		33,561,370		
	09-0571	08-21-09	08-13-09	Reconsideration - Base Rates			9,335,585		
			01-01-10	Reconsideration - Step Increase			515,709		
090368-EI	10-0572	09-16-10	11-14-10	Refund	(24,000,000)	24,000,000 #			
			01-01-11	IS Customer Class Reduction	(1,280,000)	1,280,000			
130040-EI	13-0443	09-30-13	11-01-13	Settlement	57,000,000	0	57,000,000	10.25%	9.25 - 11.25%
			11-01-14		7,500,000	0	7,500,000		
			11-01-15		5,000,000	0	5,000,000		
			01-01-17	GBRA	110,000,000	0	110,000,000		
20170210-EI	15-0456	11-27-17	11-27-17	Settlement Agreement	0		0	10.25%	9.25 - 11.25%
			2018	Settlement Agreement SoBRA 1	30,600,000		30,600,000		
			2019	Settlement Agreement SoBRA 2	50,900,000		50,900,000		
			2020	Settlement Agreement SoBRA 3	30,600,000		30,600,000		
			2021	Settlement Agreement SoBRA 4	10,200,000		10,200,000		
20180045-EI	18-0457	09-10-18	01-01-19	TCJA Rate Reduction Stipulation	(102,700,000)		(102,700,000)		

* Step Increase

□ Stipulation

(2) Storm damage accrual

One-time Refund

REVENUE REDUCTIONS AND INCREASES ORDERED
BY THE FLORIDA PUBLIC SERVICE COMMISSION FOR CERTAIN
INVESTOR-OWNED ELECTRIC AND NATURAL GAS UTILITIES
UTILITIES FROM 1960 TO PRESENT
(All Utilities from 1968 to Present)

GAS UTILITIES

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
CHESAPEAKE UTILITIES CORPORATION (Formerly Central Florida Gas Company and Plant City Natural Gas Company)									
891179-GU	22475	01-29-90	02-01-90	Company Request	1,315,496	(Interim)	328,301		
	23166	07-10-90	07-09-90			(Final)	780,097	13.00%	12.00 - 14.00%
920729-GU	92-0817	08-14-92	07-01-92	1991 Overearnings		284,782 #		12.00%	11.00 - 13.00%
920729-GU	93-0520	04-06-93	04-30-93	1991 Overearnings		116,849 +			
931099-GU	93-1772	12-10-93	01-01-94	ROE				11.00%	10.00 - 12.00%
940818-GU	95-1205	09-28-95	12-31-94	1994 Overearnings		62,360 ✓			
970023-GU	97-0136	02-10-97	01-01-96	1995 Overearnings		229,679 +			
000108-GU	00-1416	08-03-00	08-10-00	Company Request	830,330	(Interim)	591,579		
	00-2263	11-28-00	12-07-00		1,826,569	(Final)	1,251,900	11.50%	10.50 - 12.50%
090125-GU	09-0606	09-08-09	09-17-09	Company Request	417,555	(Interim)	417,555		
	10-0029	01-14-10	01-14-10	Company Request	2,965,398	(Final)	2,536,307	10.80%	9.80 - 11.80%
			01-14-10	Environmental Clean-Up Surcharge			239,064		
FLORIDA CITY GAS (Formerly City Gas Company of Florida)									
6001-GU	4064	09-07-66	11-01-66	Commission Required Miami Division		172,600			
8766-GU	4186	04-19-67	05-05-67	Company Request Brevard Division	299,963		299,963		
8960-GU	4342	04-09-68	05-08-68	Company Request Miami Division	425,802		321,647		13.00 - 13.60%
70576-GU	5164	07-16-71	08-21-71	Company Request Miami Division	563,219		372,000	14.00%	13.75 - 14.25%
70577-GU	5164	07-16-71	08-21-71	Company Request Brevard Division	311,595		311,595	14.00%	13.75 - 14.25%
74596-GU	6544	03-04-75	03-17-75	Company Request All Divisions	1,484,599		1,144,428	14.50%	
810004-GU	10192	08-07-81	09-02-81	Company Request All Divisions	4,451,687	(Interim)	855,455		
	10395	11-06-81	12-03-81			(Final)	3,706,276	16.00%	15.00 - 17.00%
830581-GU	13271	05-04-84	05-31-84	Company Request All Divisions	4,870,385	(Interim)	2,330,555		
	13609	08-22-84	09-08-84			(Final)	3,887,830	15.75%	14.75 - 16.75%
891175-GU	23159	07-09-90	07-05-90	Company Request	6,757,589	(Interim)	2,501,885		
	24013	01-23-91	01-21-91			(Final)	3,106,420	13.00%	12.00 - 14.00%
	24925	08-19-91	08-30-91	PC Debt		119,012			
931098-GU	93-1820	12-22-93	01-01-94	ROE				11.00%	10.00 - 12.00%
940276-GU	94-0957	08-09-94	08-19-94	Company Request	1,193,525	(Interim)	260,169		
	94-1570	12-19-94	12-29-94		8,594,727	(Final)	1,566,657	11.30%	10.30 - 12.30%
960502-GU	96-1113	09-03-96	09-23-96	Company Request	2,312,853	(Interim)	2,151,503		
	96-1404	11-20-96	11-29-96		5,283,344	(Final)	3,752,678	11.30%	10.30 - 12.30%
000768-GU	00-2101	11-06-00	11-16-00	Company Request	1,886,605	(Interim)	1,640,777		
	01-0316	02-05-01	02-15-01		7,181,988	(Final)	5,132,356	11.50%	10.50 - 12.50%
030569-GU	03-1217	10-27-03	11-06-03	Company Request	3,548,987	(Interim)	2,942,306		
	04-0128	02-09-04	02-20-04		10,489,305	(Final)	6,699,655	11.25%	10.25 - 12.25%
20170179-GU	18-0011	01-04-18	01-11-18	Interim Rate Increase	4,893,061	(Interim)	4,893,061		

20170179-GU	18-0190	04-20-18	06-01-18	Company Request	19,300,000	11,500,000	10.19%	9.19 - 11.19%
20180154-GU	18-0596	12-20-18	01-01-19	TCJA Rate Reduction Settlement	-304,943	-304,943		

One-time Refund
 Stipulation

+ Applied to environmental clean-up costs
 Deferred to following year

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
FLORIDA PUBLIC UTILITIES COMPANY									
9937-GU	4795-A	11-20-69	12-01-69	Company Request	14,128		14,128		
9935-GU	4794	11-20-69	12-01-69	Sanford Division Company Request	20,692		20,692		
73589-GU	6273	09-05-74	10-05-74	Deland Division Commission Required		159,572		14.50%	14.25 - 14.75%
760469-GU	7629	02-04-77	02-21-77	West Palm Beach Division Company Request	784,725		570,916	14.50%	14.25 - 14.75%
800414-GU	9584	10-06-80	10-30-80	Company Request	724,983		282,940		
	9956	04-20-81	04-30-81				(Final) 656,907	15.00%	14.00 - 16.00%
820249-GU	11389	12-07-82	12-15-82	Company Request	1,080,199		(Interim) 725,736		
	11855	04-19-83	05-01-83				(Final) 915,806	16.04%	16.04 - 16.14%
850172-GU	15460	12-18-85	01-16-86	Company Request	1,923,989		(Interim) 697,917		
	16195	06-06-86	06-06-86				(Final) 1,283,781	14.50%	13.50 - 15.50%
900151-GU	23516	09-19-90	09-27-90	Company Request	2,239,827		(Interim) 997,055		
	23987	01-15-91	02-23-91				(Final) 2,320,561	13.00%	12.00 - 14.00%
931100-GU	94-0249	03-07-94	01-01-94	ROE				11.00%	10.00 - 12.00%
940620-GU	94-1519	12-09-94	12-22-94	Company Request	496,326		(Interim) 386,927		
	95-0518	04-26-95	05-06-95		2,079,120		(Final) 1,282,001	11.40%	10.40 - 12.40%
040216-GU	04-0721	07-26-04	08-05-04	Company Request	1,490,980		(Interim) 1,236,108		
	04-1110	11-08-04	11-18-04		8,186,989		(Final) 5,865,903	11.25%	10.25 - 11.25%
050224-GU	05-0769	07-25-05	08-15-05	2002 Overearnings		142,963 (1)			
070107-GU	07-0671	08-21-07	09-11-07	2005 Overearnings		735,182 (2)			
080514-GU	08-0697	10-20-08	11-10-08	2006 Overearnings		176,144 (2)			
080366-GU	09-0123	03-03-09	03-12-09	Company Request	984,054		(Interim) 984,054		
	09-0375	05-27-09	06-03-09	Company Request	9,917,690		(Final) 8,496,230	10.85%	9.85 - 11.85%
	09-0848	12-28-09	01-14-10	Reconsideration		527,230			
INDIANTOWN GAS COMPANY									
020470-GU	02-1666	11-26-02	12-20-02	Company Request				11.50%	10.50 - 12.50%
030954-GU	04-0180	02-23-04	03-03-04	Company Request	138,602		(Interim) 137,014		
	04-0565	06-02-04	06-17-04		306,751		(Final) 131,539	11.50%	10.50 - 12.50%

Stipulation

- (1) Applied to Storm Restoration Costs, and NTAC and TCR factor final true-ups.
- (2) Applied to Storm Surcharge and Storm Reserve.

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Allowable Return on Equity Range
PEOPLES GAS SYSTEM, INC.									
5760-GU	3452	09-26-62		Company Request			43,771	11.32%	
6076-GU		09-26-62		East Coast Division Company Request				11.32%	
72446-GU	5826-A	08-14-73	08-30-73	West Coast Division Company Request	1,907,374		1,325,283	14.25%	14.00 - 14.50%
74767-GU	6542	03-04-75	03-20-75	All Divisions Company Request	2,986,421	(Interim)	1,165,510		
	6737	06-24-75	07-24-75	All Divisions		(Final)	2,203,997	14.75%	14.50 - 15.00%
760922-GU	7897	07-15-77	08-14-77	Company Request	3,930,381		2,950,310	14.75%	14.50 - 15.00%
				All Divisions					
810302-GU	10397	11-10-81	12-04-81	Company Request	15,793,907	(Interim)	6,739,616		
	11612	02-14-83	03-28-82			(Final)	10,836,670		
	11612-A	03-22-83	04-01-83			(Reconsideration)	9,405,473	16.00%	15.00 - 17.00%
830123-GU	12271	07-18-83	07-28-83	Company Request	12,102,111	(Interim)	3,360,776		
	12712	11-28-83	11-05-83			(Final)	6,326,005	15.75%	14.75 - 16.75%
850811-GU	15762	02-28-86	03-20-86	Company Request	11,242,000 *	(Interim)	2,958,000		
	16313	07-08-86	07-18-86	Company Request		(Final)	12,776,000	14.25%	13.25 - 15.25%
891353-GU	23858	12-11-90	11-16-90	Company Request	14,283,000		7,489,913	13.00%	12.00 - 14.00%
911150-GU	92-0188	04-13-92	04-24-92	Company Request	4,406,000	(Interim)	3,268,080		
	92-0924	09-03-92	09-11-92	Company Request	15,410,924	(Final)	11,861,944	12.00%	11.00 - 13.00%
931101-GU	93-1773	12-10-93	01-01-94	ROE		1,248,000 +		11.25%	10.25 - 12.25%
971310-GU	98-0329	02-24-98	12-31-96	1996 Overearnings		973,572 +			
980434-GU	98-0739	05-28-98	08-01-98	WFNG Reserve		626,334 #			
020384-GU	02-1227	09-09-02	09-19-02	Company Request	5,421,000	(Interim)	1,461,000		
	03-0038	01-06-03	01-13-03	Company Request	22,615,228	(Final)	12,050,000	11.25%	10.25 - 12.25%
080318-GU	08-0696	10-20-08	10-28-08	Company Request	3,748,000	(Interim)	2,380,000		
	09-0411	06-09-09	06-18-09	Company Request	26,488,091	(Final)	19,152,365	10.75%	9.75 - 11.75%
	10-0208	04-05-10	05-04-10	Reconsideration	169,912		0		
100462-GU	11-0111	02-10-11	04-01-11	2010 Overearnings	(3,000,000) #	3,000,000			
20180044-GU	18-0501	10-18-18	01-01-19	TCJA Rate Reduction Settlement	-11,599,038		-11,599,038		
20200051-GU	20-0485	12-10-20	01-01-21	Rate Case Settlement	85,300,000		58,000,000	9.90%	8.90 - 11.0%

One-time Refund

Stipulation

* Due to rate restructuring and loss of load, company would have asked for \$16,461,000

+ Applied to environmental clean-up costs

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Range
ST. JOE NATURAL GAS COMPANY									
8702-GU	4138	02-16-67	04-04-67	Company Request	25,205		19,895		
820490-GU	12372	08-16-83	08-16-83	Commission Required					
870986-GU	19793	08-11-88	08-11-88	Commission Required		8,665 #		16.00%	15.70 - 17.70%
890620-GU	22199	11-20-89	12-11-89	Tax Refund		138,867		13.70%	12.70 - 14.70%
931102-GU	93-1775	12-10-93	01-01-94	ROE		24,340 #			
960930-GU	96-1188	09-23-96	10-15-96	1994 Overearnings		183,339 ≡		11.00%	10.00 - 12.00%
			10-15-96	1995 Overearnings		77,979 ≡			
001447-GU	01-0465	02-26-01	02-06-01	Company Request	459,185	(Interim)	355,984		
	01-1274	06-08-01	06-14-01		551,923	(Final)	327,149	11.50%	10.50 - 12.50%
070592-GU	08-0135	03-03-08	03-13-08	Company Request	274,981	(Interim)	157,775		
	08-0436	07-08-08	07-17-08		624,166	(Final)	543,868	11.00%	10.00 - 12.00%
SEBRING GAS SYSTEM, INC.									
910873-GU	92-0229	04-20-92	03-30-92	Company Request	422,795		422,795	12.00%	11.00 - 13.00%
931103-GU	93-1774	12-10-93	01-01-94	ROE				11.00%	10.00 - 12.00%
040270-GU	04-0860	09-02-04	09-16-04	Company Request	110,957	(Interim)	97,211		
	04-1260	12-20-04	12-30-04		234,641	(Final)	163,262	11.50%	10.50 - 12.50%
SOUTH FLORIDA NATURAL GAS COMPANY (Merged with Florida Public Utilities Company)									
72344-GU	5816	08-03-73	10-20-73	Company Request	96,923		82,906	14.50%	14.00 - 16.00%
810147-GU	10425	11-25-81	12-25-81	Company Request	211,907	(Interim)	89,743		
	10695	04-05-82	04-11-82			(Final)	170,873		
	11280	10-29-82	09-29-82			(Reconsideration)	168,471		
830330-GU	12789	12-16-83	01-05-84	Company Request	258,651	(Interim)	217,627		
	13193	04-16-84	05-04-84			(Final)	218,564	15.75%	14.75 - 16.75%
860341-GU	16861	11-19-86	12-04-86	Company Request	343,414	(Interim)	88,392		
	17933	08-04-87	08-14-87			(Final)	49,542	13.23%	12.23 - 14.23%
900623-GU	24056	02-04-91	02-15-91	Company Request	509,765	(Interim)	297,577		
	24608	06-03-91	06-14-91			(Final)	329,255	13.00%	12.00 - 14.00%
931104-GU	93-1776	12-10-93	01-01-94	ROE				11.00%	10.00 - 12.00%
WEST FLORIDA NATURAL GAS COMPANY (Merged with Peoples Gas System, Inc.)									
8574-GU	4502	01-06-69	05-25-69	Commission Required		56,000			
				Panama City Division					
69490-GU	4878	12-19-69	01-12-70	Company Request	56,500		56,500		
				Panama City Division					
72676-GU	5685	03-29-73	04-28-73	Company Request	169,655		99,145	14.75%	
820404-GU	11516	01-18-83	02-03-83	Company Request	1,339,195	(Interim)	780,716		
	12217	07-11-83	07-11-83			(Final)	572,861	16.20%	15.20 - 17.20%
850503-GU	15527	01-06-86	01-16-86	Company Request	1,453,598	(Interim)	947,537		
	16549	09-05-86	09-04-86			(Final)	694,808	13.15%	12.15 - 14.15%
871255-GU	19239	04-28-88	05-19-88	Company Request	1,109,227	(Interim)	584,212		
	21054	04-17-89	02-25-89			(Final)	1,518,271	13.50%	12.50 - 14.50%
910778-GU	25522	12-23-91	01-02-92	Company Request	1,930,801	(Interim)	853,689		
	92-0580	06-29-92	07-08-92			(Final)	1,023,118	12.00%	11.00 - 13.00%
931105-GU	93-1777	12-10-93	01-01-94	ROE				11.00%	10.00 - 12.00%
930091-GU	94-0452	04-14-94	06-30-94	6-30-93 Overearnings		515,622 +			
						64,006 #			
940927-GU	95-0964	08-08-95	06-30-94	6-30-94 Overearnings		347,718 ✕			

One-time Refund
⊖ Stipulation
⊖ Partially deferred to next rate case

+ Applied to environmental clean-up costs
✖ Applied to debt refinancing costs

**ARTICLES OF INCORPORATION
OF
FLORIDIANS AGAINST INCREASED RATES, INC.**

The undersigned hereby associate themselves to form a corporation not for profit under Chapter 617 of the Florida Statutes, and, for these purposes, do hereby adopt the following Articles of Incorporation.

ARTICLE I - NAME

The name of the corporation shall be FLORIDIANS AGAINST INCREASED RATES, INC.

ARTICLE II - PURPOSES

The purposes for which the corporation is organized are: to advance the welfare of the State of Florida, residential, business, institutional, and governmental customers served by investor-owned electric utilities whose rates are set by the Florida Public Service Commission, and of all Florida citizens, businesses, institutional and governmental entities generally, by advocating for and providing analyses to the general public concerning State of Florida governmental policies and regulatory or administrative actions that will lead to retail electric rates that are as low as possible while ensuring safe and reliable electric service. Similarly, such purposes include advancing the welfare of the State of Florida, residential, business, institutional and governmental customers served by investor-owned electric utilities, and of all Florida citizens, businesses, institutional and governmental entities generally by opposing and advocating against, and providing analyses to the general public concerning State of Florida governmental policies and regulatory or administrative actions that the corporation determines will adversely impact the economy of the State of Florida, the customers of investor-owned electric utilities and Florida's citizens, businesses, institutional and governmental entities

generally, because such policies and actions are likely to result in electric rates being greater than necessary to ensure the provision of safe and reliable electric service. Such purposes will further include other matters that the corporation determines are in the best economic interests of the citizens of the State of Florida, its electric utility customers and its citizens generally; and, in general, to do any and all acts and things, and to exercise any and all powers which now or hereafter are lawful for the corporation to do or exercise under and pursuant to the laws of the State of Florida for the purpose of accomplishing any of the purposes of the corporation.

The purposes for which the corporation is organized shall be limited to those which it determines are in the best economic interests of the State of Florida, the residential and business customers of investor-owned electric public utilities, and the state's citizens generally; including, but not limited to, directly advocating before Florida policy-makers and decision-makers in support of governmental policies and regulatory or administrative actions that advance the goal of lower electric rates for electric utility customers in Florida whose rates are set by the Florida Public Service Commission, and opposing proposed governmental policies and regulatory or administrative actions that have the potential to increase the electric rates charged to those customers. The corporation plans to provide information and analyses to the general public of the State of Florida to inform members of the public of existing or proposed governmental policies, including proposed regulations, and regulatory or administrative actions that affect the electric rates charged to and paid by the residential and business customers of investor-owned public electric utilities in Florida. In no event shall the corporation engage in any activity which would be contrary to the purposes and activities permitted to be engaged in by any organization the activities of which are exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1986, as hereafter amended, and the applicable rules and regulations thereunder (the "Code").

The corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office, nor shall the corporation engage in activities subversive to the United States of America.

The corporation shall not be operated for the primary purpose of carrying on an unrelated trade or business as defined in Section 513 of the Code.

No compensation shall be paid to any Member, officer, director, trustee, creator or organizer of the corporation or substantial contributor to the corporation for such person's or entity's service or status in such capacity, provided, however, that the corporation may pay fair and reasonable compensation to any such person or entity for services actually rendered to or for the corporation, beyond those services that are expected and directly associated with such person's or entity's status as a Member, officer, director, trustee, creator, organizer or substantial contributor; and provided further that any such person may be reimbursed for actual out-of-pocket costs incurred by such person in furtherance of the ongoing business of the Corporation.

The corporation shall not conduct its business or affairs in such a manner as to discriminate against any person on the basis of race, color, religion, sex, or age. It is the specific intention of the incorporator that the purposes and application of the corporation be as broad as permitted by Section 617.0301 of the Florida Not For Profit Corporation Act, but only to the extent that the corporation qualifies as a tax-exempt organization within the meaning of Section 501(c)(4) of the Code.

The corporation is organized to serve public interests. Accordingly, it shall not be operated for the benefit of private interests.

ARTICLE III - POWERS

The corporation shall have all the powers granted to not for profit corporations under the laws of the State of Florida which are necessary or convenient to effect any and all purposes for which the corporation is organized. In no event, however, shall the corporation have or exercise any power which would cause it not to qualify as a tax-exempt organization under Section 501(c)(4) of the Code; nor shall the corporation engage directly or indirectly in any activity which would cause the loss of such qualification. No part of the assets or the net earnings, current or accumulated, of the corporation shall inure to the benefit of any private individual or organization.

ARTICLE IV - MEMBERS

Membership in the corporation shall be comprised of one (1) or more classes of Membership admitted in such manner as is set forth in the Bylaws and Members shall have all rights and privileges of Members of the corporation as outlined in the Bylaws.

ARTICLE V - TERM OF EXISTENCE

The corporation shall have perpetual existence.

ARTICLE VI - OFFICERS AND DIRECTORS

The affairs of the corporation shall be managed by a Board of Directors and managed on a day-to-day basis by officers elected by a majority vote of the Board of Directors. The officers of the corporation shall consist of a President, Secretary and Treasurer. Such other officers and assistant officers and agents (including, but not limited to, a Vice President, Assistant Secretaries or Assistant Treasurers) as may be deemed necessary may be elected or appointed by the Board of Directors from time to time. The length of terms to be served, qualifications, manner of election and removal of officers shall be set forth in the Bylaws of this corporation.

ARTICLE VII - FIRST BOARD OF DIRECTORS

The number of persons constituting the first Board of Directors shall be three (3); provided, however, that the number of directors may expand as provided for in the corporation's Bylaws but shall never be less than three (3). The names and addresses of the persons who are to serve as directors until their successors are duly elected and qualified in accordance with the Bylaws of the corporation are as follows:

<u>Name</u>	<u>Address</u>
Michael R. Hightower	2662 Beauclerc Road Jacksonville, Florida 32257
John Thomas Herndon	552 Woodfern Court Tallahassee, Florida 32312
Frederick Bryant	447 Shantilly Terrace Tallahassee, Florida 32312

The length of terms to be served, qualifications, number of Directors and the manner of their election and removal shall be set forth in the Bylaws of this corporation.

ARTICLE VIII – INITIAL OFFICERS

The names of the initial officers who are to serve until their successors are duly elected and qualified in accordance with the Bylaws of the corporation are as follows:

<u>Name</u>	<u>Office</u>
Michael R. Hightower	President
John Thomas Herndon	Secretary
Nancy H. Watkins	Treasurer

ARTICLE IX - BYLAWS

The Bylaws of the corporation shall be initially approved by a majority vote of the Board of Directors, and thereafter may be altered or rescinded by a majority vote of the Board of Directors at a duly called meeting of the Board of Directors in accordance with the Bylaws.

ARTICLE X - AMENDMENTS TO THE ARTICLES OF INCORPORATION

These Articles of Incorporation may be amended in the manner provided by law.

ARTICLE XI - DISSOLUTION

Upon the liquidation or dissolution of the corporation, its assets, if any, remaining after payment (or provision for payment) of all liabilities of the corporation, shall be distributed to, and only to, any one or more organizations qualified as exempt under Section 501(c)(3) or 501(c)(4) of the Code as determined by the Board of Directors. Any such assets not so disposed of shall be distributed by the Circuit Court of the County in which the principal office of the corporation is located, exclusively for the purposes described herein, to such organization or organizations as said Court shall determine. No part of the assets or the net earnings, current or accumulated, of the corporation shall inure to the benefit of a private individual.

ARTICLE XII - INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the corporation shall be:

GrayRobinson, P.A.
301 E. Pine Street, Suite 1400
Orlando, Florida 32801

The name of the initial registered agent of the corporation shall be:

William A. Boyles, Esq.

ARTICLE XIII - CORPORATION'S PRINCIPAL OFFICE AND MAILING ADDRESS

The corporation's principal office and mailing address shall be:

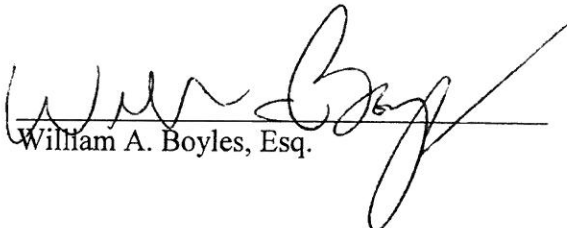
GrayRobinson, P.A.
c/o William A. Boyles, Esq.
301 E. Pine Street, Suite 1400
Orlando, Florida 32801

ARTICLE XIV - INCORPORATOR

The following is the name and street address of the incorporator signing these Articles:

William A. Boyles, Esq.
GrayRobinson, P.A.
301 E. Pine Street, Suite 1400
Orlando, Florida 32801

IN WITNESS WHEREOF, I submit these Articles of Incorporation and affirm that the facts stated herein are true. I am aware that any false information submitted in a document to the Florida Department of State constitutes a third degree felony as provided for in Section 817.155 of the Florida Statutes. I have set my hand and seal this March 16, 2021.

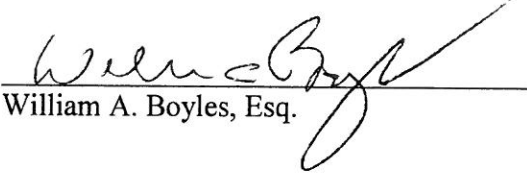


William A. Boyles, Esq.

CERTIFICATE OF ACCEPTANCE AS REGISTERED AGENT

Having been named as Registered Agent to accept service of process for FLORIDIANS AGAINST INCREASED RATES, INC. at the place designated in Article XII of these Articles of Incorporation, I am familiar with and accept the appointment as Registered Agent and agree to act in this capacity.

Dated: March 16, 2021.



William A. Boyles, Esq.

State of Florida



The seal of the State of Florida, featuring a central figure holding a scale and a sword, surrounded by a wreath and the motto "IN GOD WE TRUST".

Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of FLORIDIANS AGAINST INCREASED RATES, INC., a Florida corporation, filed on March 16, 2021, as shown by the records of this office.


I further certify the document was electronically received under FAX audit number H21000106133. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below.

The document number of this corporation is N21000003036.

Authentication Code: 221A00005639-031721-N21000003036-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Seventeenth day of March, 2021




Secretary of State

Docket No. 20210015-EI
FAIR's Articles of Incorporation
Exhibit JTH-3, Page 9 of 9



March 17, 2021

FLORIDA DEPARTMENT OF STATE
Division of Corporations

FLORIDIANS AGAINST INCREASED RATES, INC.
GRAYROBINSON, P.A., WILLIAM A. BOYLES, E
301 E. PINE STREET, SUITE 1400
ORLANDO, FL 32801

The Articles of Incorporation for FLORIDIANS AGAINST INCREASED RATES, INC. were filed on March 16, 2021, and assigned document number N21000003036. Please refer to this number whenever corresponding with this office.

Enclosed is the certification requested. To be official, the certification for a certified copy must be attached to the original document that was electronically submitted and filed under FAX audit number H21000106133.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. It is your responsibility to remember to file your annual report in a timely manner.

A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Apply today with the IRS online at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have questions regarding corporations, please contact this office at (850) 245-6052.

Tyrone Scott
Regulatory Specialist II
New Filings Section
Division of Corporations

Letter Number: 221A00005639

P.O BOX 6327 - Tallahassee, Florida 32314



I hereby request to become a member of Floridians Against Increased Rates, Inc. (FAIR).

I confirm that I am a customer of the Florida electric utility identified below. I support FAIR's purposes of (a) advocating by all lawful means for the lowest possible electric rates that are consistent with my utility providing safe and reliable electric service, and (b) opposing by all lawful means utility proposals for rates and rate increases that are greater than necessary for my utility to provide safe and reliable service. I request and authorize FAIR to represent my interests in having the lowest possible rates for my electric service that are consistent with my utility providing safe and reliable service. I understand that no payment of dues is required for my membership in FAIR. I consent to FAIR's collection and use of my personal information provided below for the purposes associated with my membership as described in my application.

Signature: _____

Printed Name: _____

Business Name: _____
(Only if joining as a business electric customer)

Address: _____
(Location where you receive your utility service)

Address Line 2: _____

City: _____

ZIP Code: _____

Email: _____

Name of Utility: _____

Please note: We respect your privacy. We will not send you hard copy mail. We need your address in case FAIR is required to prove that its members are customers of utilities in proceedings before the Florida Public Service Commission (PSC), including cases before the PSC where your utility is seeking to increase your rates. As unlikely as this may sound, we have to recognize that when FAIR challenges a utility's proposed rate increases, the utility may try to keep FAIR from intervening to represent customers' interests. We also represent that FAIR will not share your information with others unless FAIR is required by law, rule, or order to do so, and if we are required to provide such information in legal proceedings before the PSC, FAIR will seek to protect the confidentiality of your information.

Floridians Against Increased Rates, Inc.
301 East Pine Street, Suite 1400
Orlando, Florida 32801

FLORIDA POWER & LIGHT COMPANY
PROPOSED RATE INCREASES, ANNUALLY AND CUMULATIVE
2022-2025

EXHIBIT JTH-5
DOCKET NO. 20210015-EI

Docket 20210015

2022 Request	\$1,108,000,000	\$1,108,000,000	\$1,108,000,000	\$1,108,000,000	\$1,108,000,000	\$4,432,000,000
2023 Request	\$607,000,000		\$607,000,000	\$607,000,000	\$607,000,000	\$1,821,000,000
2024 Request	(*)		(*)	(*)	(*)	
2025 Request	(*)			(*)	(*)	
Total Requested Over 4 Years						\$6,253,000,000

NOTE: (*) FPL has requested authorization to increase its base rates in 2024 and 2025 to recover the costs of certain solar generating facilities that it plans to add to its rate base. Since neither its MFRs nor testimony specify the associated revenue requirements, no values for these potential increases are included here.