John T. Burnett
Vice President & General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
(561) 304-5253

February 28, 2025

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

Re: Docket No. 20250011-EI
Petition by Florida Power & Light Company for Base Rate Increase

Dear Mr. Teitzman:

Attached for filing on behalf of Florida Power & Light Company ("FPL") in the above docket are the direct testimony and exhibits of FPL witness Tara Dubose.

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

Sincerely,

s/ John T. Burnett
John T. Burnett
Vice President & General Counsel
Florida Power & Light Company

(Document 17 of 30)

CERTIFICATE OF SERVICE
Docket 20250011-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service this 28th day of February 2025 to the following:

Shaw Stiller
Timothy Sparks
Florida Public Service Commission
Office of the General Counsel
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
sstiller@psc.state.fl.us
tsparks@psc.state.fl.us

Walt Trierweiler
Mary A. Wessling
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Rm 812
Tallahassee, Florida 32399-1400
trierweiler.walt@leg.state.fl.us
wessling.mary@leg.state.fl.us
Attorneys for the Citizens of the State of Florida

By: *s/ John T. Burnett*
John T. Burnett

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250011-EI

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF TARA DUBOSE

Filed: February 28, 2025

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Tara DuBose. 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 the Director of Cost of Service and Wholesale.

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

A. I am responsible for managing FPL's load research and cost of service activities for retail rates and wholesale sales. In this capacity, my retail cost of service responsibilities include the preparation and filing of the load research sampling plans and study results with the Florida Public Service Commission ("Commission"), the development of annual energy and demand line loss factors by rate class, and the preparation of jurisdictional separation and retail cost of service studies ("COSS").

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science in Business Administration with a concentration in Accounting from the University of South Carolina - Aiken in 1996. In 2007, I earned a Master of Business Administration with a concentration in International Business from the University of South Carolina. I am also a Certified Public Accountant in the state of South Carolina. From 1996 to 2000, I was employed as a Financial Analyst for the Comptroller General's office for the state of South Carolina and as an Auditor in public accounting firms. From 2000 to 2011, I was employed at SCANA Corporation (now Dominion Energy), where I held a variety of positions including

Auditor III in Internal Audit, Senior Regulatory Accountant for Retail Electric and Gas Distribution Rates, and Supervisor of Electric Transmission Rates and Gas Transportation Rates. I joined FPL in 2011 as a Principal Rate Analyst for Rate Design, responsible for retail tariff and rate development and progressed to my current position of Director of Cost of Service and Load Research.

I am a member of the Edison Electric Institute ("EEI") Rates and Regulatory Affairs Committee. I have completed various relevant training courses throughout my career including the New Mexico State University Center for Public Utilities Basics Course for gas rates, the EEI Advanced Rate Design Course for electric rates, the EEI and University of Wisconsin - Madison Transmission & Wholesale Markets School, and the Association of Edison Illuminating Companies ("AEIC") Fundamentals of Customer Load Data Analysis Course. I was also a past member of the Southern Gas Association, served as the Chair of the Southeastern Electric Exchange ("SEE") Rate & Regulatory Committee, and have been a guest speaker at SEE Committee meetings.

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

A. Yes. I am sponsoring the following exhibits:

- Exhibit TD-1 – List of MFRs Sponsored or Co-Sponsored by Tara DuBose
- Exhibit TD-2 – Rates of Return and Parity at Present Rates
- Exhibit TD-3 – Equalized Revenue Requirements at Proposed Rate of Return
- Exhibit TD-4 – Load Research Details
- Exhibit TD-5 – Separation Process for Stratified Contracts

Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements in this case?

A. Yes. Exhibit TD-1 lists the minimum filing requirements ("MFRs") that I am sponsoring and co-sponsoring.

Q. What is the purpose of your testimony?

A. First, my testimony outlines the process of developing load research, its application in jurisdictional separation studies, and retail COSS, as well as how the projected load forecasts by rate class were created. Second, I detail the methodology used to develop FPL's jurisdictional separation studies, including the calculation of line loss factors and the resulting jurisdictional separation factors. Third, I describe the preparation of the retail COSS and explain the proposed methodologies used to allocate production, transmission, and distribution plant to retail rate classes. Finally, I discuss the results of the FPL retail COSS for the for the test year ending December 31, 2026 (referred to as the "2026 Projected Test Year"), and for the test year ending December 31, 2027 (referred to as the "2027 Projected Test Year").

Q. Please summarize your testimony.

A. My testimony supports the results of the FPL COSS for the 2026 and 2027 Projected Test Years. The FPL COSS fairly presents each rate class's cost responsibility, rate of return ("ROR"), and parity position (*i.e.*, rate class ROR relative to system average ROR). The FPL load research study, which provides the basis for cost allocations, is developed from the historical FPL load research sampling plans approved by the Commission. The separation studies are conducted to allocate rate base, revenues, and expenses between retail and wholesale jurisdictions. The retail COSS allocates the

retail jurisdictional rate base, revenues, and expenses to individual rate classes based on appropriate cost drivers consistent with how FPL designs and operates its system. In this proceeding, FPL is proposing a 12CP and 25% allocation method for production plant to better align cost allocations among customer classes with FPL's portfolio of generation resources.

The results of the FPL COSS show that at present rates several rate classes are above parity, while other rate classes are below parity. Exhibit TD-2 lists the ROR and related parity index for each rate class along with the revenue requirement and percent differential needed to achieve full parity at present rates before any revenue increase is applied. MFR E-1 provides the details supporting these results.

Finally, the FPL COSS provides target equalized revenue requirements by rate class and the underlying unit costs for each billing determinant (*e.g.*, demand, energy, lighting, and customer charges). This information is presented on MFR E-6b and provides the basis for designing rates to improve the parity among rate classes and better align FPL rates and charges with the costs to serve each rate class. Exhibit TD-3 provides target equalized revenue requirements for each rate class using the 12CP and 25% cost allocation method for production, the 12CP cost allocation method for transmission, and distribution allocation methods based on the specific functions of the distribution plant.

The Commission should approve the methodologies and results of the proposed jurisdictional separation and COSS presented in my testimony and exhibits. The methodologies used to allocate rate base, revenues, and expenses were applied accurately and have evolved consistent with FPL's transition to a higher percentage of renewable generation resources. The results of the COSS study are fair and reasonable, and properly allocate costs to the appropriate rate classes.

II. LOAD RESEARCH STUDIES

Q. What is a load research study, and why is it a necessary input into the jurisdictional separation and COSS?

A. A load research study provides information on customer usage characteristics, which provides the basis for allocating costs between retail and wholesale jurisdictions and for allocating costs among retail rate classes. Rule 25-6.0437, Florida Administrative Code, requires that investor-owned utilities serving more than 50,000 retail customers submit a load research sampling plan to the Commission for review and approval every three years. The rule also states that "the approved sampling plan shall be used for all load research performed for cost of service studies and other studies submitted to the Commission until a new sampling plan is approved by the Commission."[1]

[1] The Rule also requires that utilities submit a complete load research study every three years. FPL's most recent load research study was filed with the Commission on May 31, 2024, and was based on the Load Research Sampling plan approved by the Commission on February 20, 2023.

Q. Has the Commission reviewed and approved the load research sampling plans used in this filing?

A. Yes. FPL's sampling plan for the 2022 to 2024 sample deployments was submitted on November 4, 2022, and approved by the Commission on February 20, 2023, with no suggested changes. This sampling plan is the most recently deployed sampling plan that was available at the time the COSS was prepared for this proceeding.

Q. What information is provided by load research?

A. For each wholesale customer and retail rate class ("rate class"), load research provides the class contribution to the system peak (Coincident Peak or "CP"), the class peak (Group Non-Coincident Peak or "GNCP"), the customers' Non-Coincident Peak ("NCP"), and the class energy consumption or kilowatt hours ("kWh"). The CP represents the rate class demand at the time of the system peak. The GNCP represents a rate class's maximum demand as a class, regardless of the time of the system peak. The NCP is the sum of the peak demands for all customers within the rate class, regardless of when they occur. The kWh is the aggregation or sum of the class usage for the year. Load research also provides load shapes, hourly data, and load factors for each rate class. Load research data reflecting these attributes is developed monthly for each wholesale customer and retail rate class. The monthly data is analyzed and reported on an annual basis.

Q. Please explain what is meant by "rate classes."

A. In general terms, rate classes are groups of individual rate schedules with similar billing attributes (*e.g.*, such as customer type, monthly consumption, demand or load, delivery requirements, and cost causation) that are combined for rate design purposes. As a

result, one or more rate schedules may be combined into a single rate class. The practice of combining rate schedules with similar load profiles is consistent with the COSS filed in FPL's last seven rate cases.[2]

Q. How is load research information developed by rate class?

A. The first step is to collect and analyze historic load data by rate class. For most of the rate classes, load data is captured by Advanced Metering Infrastructure ("AMI") meters used for billing purposes. The data from the AMI meters is validated and formatted for statistical analysis by FPL's Automated Load Research system and processed in the Oracle Utilities Load Analysis ("OULA") computer application. OULA is a statistical software that analyzes interval load data on a calendar basis to derive the average load data and usage statistics required for cost allocation studies.

Statistical samples developed in compliance with Rule 25-6.0437 are used for rate classes with large population sizes, while those with smaller population sizes are 100% studied (census classes) and do not require statistical sampling. Unmetered rate classes, such as certain street light classes, are modeled based on their equipment usage characteristics.

Following the collection and verification of data, one of the two extrapolation methodologies identified in Exhibit TD-4 is used to estimate the load research data for each metered rate class: (1) Ratio Extrapolation, or (2) Mean Per Unit Extrapolation.

[2] *See* Docket Nos. 830465-EI, 001148-EI, 050045-EI, 080677-EI, 120015-EI, 160021-EI, and 20210015-EI.

The Ratio Extrapolation methodology is used to expand the historical load research data for sampled rate classes and larger census rate classes. This methodology estimates the total rate class demand by applying the ratio of demand to billed energy for each interval recorded multiplied by the billed energy for the rate class. The Mean Per Unit Extrapolation methodology is used for smaller census rate classes. This methodology estimates the total rate class demand by multiplying the number of customers in the rate class by the average demand for each interval recorded. Both extrapolation methodologies are used for metered rate classes, as necessary, to account for missing interval data resulting from meter, data translation, or communication issues. Non-metered lighting rate classes, such as SL-1 and OL-1, are modeled based on the estimated number of burn hours or estimated hours of operation. This modeling estimates that light fixtures are in use approximately 49% of all hours in a year. The non-metered Traffic Signal Service rate class, SL-2, is modeled based on constant usage or a 100% load factor.

The load research sampling and extrapolation methodologies described above are in accordance with the AEIC Load Research & Analysis Manual and are standard practices widely used in the utility industry. These methodologies have been applied on a consistent basis in FPL's load research filings with the Commission.

Q. Have you prepared an exhibit that lists the rate classes used for load research purposes?

A. Yes. Exhibit TD-4 lists and describes the rate classes used for load research study purposes. Exhibit TD-4 also lists the rate classes that are sampled, census, or modeled for load research purposes.

Q. Please summarize the results achieved in the historical load research studies supporting this filing.

A. The load research studies provide the CP, GNCP, and NCP demands for the 12-month period ending December 31, 2023, for all rate classes subject to reporting under Rule 25-6.0437. Also included in the reports for the historic sampled rate classes are the 90% confidence intervals around the monthly peak demands and their percent relative accuracy. FPL's load research studies meet the target level of statistical accuracy required by the Rule for the estimate of averages of the 12 monthly CP, as well as for the summer and winter peaks of the sampled rate classes.

Q. Please describe how the load research data was developed for the 2026 and 2027 Projected Test Years.

A. The historical load research information described previously provides the basis for the 2026 Projected Test Year and 2027 Projected Test Year load data shown in MFR E-11, Attachment 1. First, monthly ratios of each rate class's historical CP, GNCP, and NCP to actual kWh sales are developed for each year of actual load research data. These ratios are then applied to the sales forecast by rate class to derive the forecasted CP, GNCP, and NCP demands for each class. For the 2026 and 2027 Projected Test Years,

the sales forecast by rate class is provided by FPL witness Cohen based on the load forecast by revenue class.

Q. Has this method of developing forecasted load research information been previously used in Commission proceedings?

A. Yes. The methodology for applying historical data to forecast rate class load is the same methodology used in prior Commission rate cases and cost recovery clause filings.[3]

Q. Is the forecasted load research data by rate class consistent with the system load forecast?

A. Yes. The forecasted load research data is consistent with the forecast of system monthly peak demands for the 2026 Projected Test Year and 2027 Projected Test Year presented in MFR E-18, and with the forecast of system sales for the 2026 Projected Test Year and 2027 Projected Test Year presented in MFR F-8.

Q. Which MFRs provide additional information on load research?

A. MFR E-9 and MFR E-17 provide additional information on load research.

Q. How is the forecasted load research data used in the COSS?

Costs are allocated to different customer classes using percentages developed from forecasted load research data.

[3] *See*, *e.g.*, Commission Docket Nos. 20001148-EI, 20050045-EI, 20080677-EI, 20120015-EI, 20160021-EI, and 20210015-EI.

III. JURISDICTIONAL SEPARATION STUDY

Q. What is a jurisdictional separation study, and how is it used to develop the COSS?

A. A jurisdictional separation study allocates the Company's total rate base and net operating income ("NOI") between different rate-regulated jurisdictions. FPL operates under two rate-regulated jurisdictions: (i) retail, regulated by this Commission; and (ii) wholesale, regulated by the Federal Energy Regulatory Commission ("FERC"). FPL must maintain its accounting books and records in accordance with the Uniform System of Accounts as prescribed by the FERC and this Commission. Compliance with the Uniform System of Accounts requires electric utilities to record costs incurred and investments made at original cost. Because most investments made and costs incurred by a regulated utility serve both retail and wholesale customers, it is necessary to prepare a jurisdictional separation study to allocate rate base and NOI items recorded on the Company's accounting books and records between the retail and wholesale jurisdictions. Costs that are allocated to the retail jurisdiction are then allocated to retail rate classes through the COSS.

Q. Please describe the steps in the jurisdictional separation study.

A. Costs are first functionalized, then classified, and finally separated between the retail and wholesale jurisdictions.

The term "functionalization" refers to the assignment of costs into one or more of the major functions of an electric utility (*e.g.*, production, transmission, and distribution). Production costs are associated with the production of electricity, including fuel, operation and maintenance of power plants, and capital costs. Transmission costs are

related to the high-voltage transfer of electricity from power plants to distribution networks, including the maintenance of transmission lines and substations. Distribution costs involve delivering electricity from the transmission system to the end-users, including the operation and maintenance of distribution lines. Functionalized categories are assigned using the FERC Uniform System of Accounts.

The term "classification" refers to the categorization by cost driver – that is, the determination of whether a cost is driven by demand, energy, or number of customers. Demand-related costs vary with the demand requirements of the customer groups, *i.e.*, the maximum amount of electrical power that is being consumed at a given time. They include the infrastructure and operating costs of production capacity and transmission lines needed to meet peak demands and to ensure sufficient capacity and energy are available to serve customers for every hour of the year. Energy-related costs vary with the amount of energy consumed. These typically include variable operation and maintenance costs for power production. Customer-related costs are associated with serving individual customers, regardless of their demand or energy use. These generally include metering, billing, and customer service expenses.

Following functionalization and classification, account balances must be separated between jurisdictions using jurisdictional separation factors.

Q. What are jurisdictional separation factors?

A. Jurisdictional separation factors are the result of the process described previously and are used to allocate rate base and NOI items between retail and wholesale jurisdictions.

A factor of zero indicates no retail responsibility, and a factor of one indicates 100% retail responsibility. The jurisdictional separation factors are primarily based on demand or energy sales for the retail and wholesale jurisdictions. However, other factors that best represent each jurisdiction's cost responsibility are also used. MFR E-10, Attachment 1, outlines the specific methodology used to develop the separation factors by each component of cost.

Q. How are load research studies used in the development of separation factors and COSS?

A. Load research studies are used to develop the demand-related allocation factors used in separation factors and COSS. These demand-related allocation factors, namely CP, GNCP, and NCP, are adjusted to account for line losses as shown in MFR E-10. Adjusted allocation factors are used in the separation study to allocate the rate base, revenues, and expenses between retail and wholesale customers and then in the COSS to allocate the retail jurisdictional rate base, revenues, and expenses to the individual retail rate classes based on the appropriate cost drivers previously approved by this Commission.

Q. What are line losses?

A. Line losses represent the amount of energy produced that is neither sold nor used by the Company. There are two types of line losses: technical and non-technical. Technical losses are inherent to the transmission and distribution of electricity and occur on generation step-up transformers, transmission lines, distribution station step-down transformers, distribution lines, distribution transformers, and secondary service

to customers. Non-technical losses include electricity theft and other unaccounted-for uses of energy.

Q. How are the adjustments for line losses determined?

A. The forecast of line losses on a total system basis are converted into loss adjustment factors ("loss factors") by voltage level and by rate class. MFRs E-19a, E-19b, and E-19c provide the details and results of this process. When these loss factors by rate class are applied to the corresponding rate class load/demand-related data, the resulting values are termed 12CP, GNCP, and NCP "adjusted for losses." Load data by rate class reflecting adjustments for line losses is summarized in MFR E-9.

Q. Why is it appropriate to adjust the demand-related allocation factors for line losses?

A. As discussed earlier, the demand-related allocation factors are developed based upon the sales forecasts by rate class, which are then multiplied by ratios, or load factors, established through load research to project CP, GNCP, and NCP. However, the forecasted sales for each rate class are measured at the customer's meter, which is net of line losses that occur in delivering electricity to customers in that class. The peak demand that is imposed upon the system by each rate class is more than the amount of energy delivered at the meter due to line losses.

If all rate classes had the same level of line losses, there would be no need to adjust for the losses because the relative relationship among the rate classes would remain the same, regardless of whether the losses were netted out. However, line losses are different for rate classes served at transmission, primary distribution, and secondary

distribution voltage levels and it would not be appropriate to assume that the losses are the same for the different rate classes. Transmission lines incur lower line losses as a percent of energy delivered than customers served at lower voltage levels. Primary distribution voltage losses are higher than transmission voltage losses because they include transmission losses, as well as distribution station step-down transformers and distribution line losses. Secondary distribution voltage customers incur the highest losses per unit delivered because, in addition to losses from transmission and primary distribution voltages, their losses also include losses due to transformers and secondary services. Therefore, separate loss adjustments were developed and applied to each rate class to reflect these differences in line losses among the rate classes.

Q. What is the significance of the type of wholesale sales relative to the development of separation factors?

A. In general, wholesale sales consist of electricity sold to other electric utilities or power marketers for resale. They consist of power sales to other utilities, which are firm, long-term sales, and opportunity sales which are non-firm and shorter in duration. Transmission service between utilities also falls under the wholesale jurisdiction regulated by the FERC. Different regulatory treatments apply to the costs and revenues associated with a wholesale sale that is a "separated sale" and a wholesale sale that is a "non-separated sale." The Commission has historically made a distinction between separated versus non-separated wholesale power sales. As outlined in Commission Order No. PSC-97-0262-FOF-EI in Docket No. 970001-EI (the "Separated Sales Order"), wholesale sales that are non-firm or less than one year in duration are treated as non-separated sales, and all other wholesale sales are treated as separated sales.

Q. How are non-separated wholesale sales treated in the jurisdictional separation study?

A. Non-separated sales are not assigned cost responsibility through the separation process because a utility does not commit long-term capacity to such wholesale customers. Consequently, the revenues and costs associated with non-separated sales are shared by both retail and long-term firm wholesale customers.

Q. How are separated wholesale sales treated in the jurisdictional separation study?

A. Pursuant to the Separated Sales Order, the costs associated with separated sales are allocated on a system average basis and treated as wholesale for jurisdictional separation purposes. In essence, the wholesale sale is "separated" to remove the production plant and operating expenses (including fuel expenses) associated with the wholesale sale from the retail jurisdiction's cost responsibility.

Additionally, some separated sales are stratified production sales contracts ("stratified contracts"). Stratified contracts are power sales from a particular type of production resource, such as intermediate, or peaking resources. The jurisdictional separation factors for separated wholesale sales including stratified contracts are calculated using the wholesale customers' load forecasts. A description of the separation process for stratified contracts is provided in Exhibit TD-5.

Q. How are wholesale transmission service contracts treated in the jurisdictional separation study?

A. Consistent with Commission Order No. PSC-10-0153-FOF-EI in Docket No. 080677-EI, FPL has separated the costs and revenues associated with wholesale transmission

service contracts that are firm and longer than one year. These wholesale contracts are separated to remove the transmission plant and operating expenses associated with the transmission service contracts from the retail jurisdiction's cost responsibility. The separation factor E-101 used for transmission costs is shown in MFR E-10, Attachment 2.

Revenue from short-term, non-firm wholesale transmission service contracts are credited to both retail and wholesale jurisdictions, thereby reducing the costs to serve both jurisdictions. In other words, these contracts are not assigned cost responsibility through a separation process; the retail and wholesale firm transmission customers support all of the transmission investments and costs. In exchange for supporting the investment, both the retail and wholesale firm transmission customers receive all of the revenues.

Q. Please explain how the results of the jurisdictional separation study are incorporated into the COSS.

A. The jurisdictional separation factors are applied on a COSID[4] basis to the Company's total utility rate base and NOI to compute jurisdictional or retail rate base and NOI. The jurisdictional results and associated factors are shown on MFR B-6 and MFR C-4. These jurisdictional separation factors are among the inputs used to calculate the jurisdictional or retail-adjusted rate base and NOI reported in MFRs B-1 and C-1,

[4] Cost of Service IDs ("COSIDs") are FERC accounts that are grouped together for cost allocation purposes.

respectively, sponsored by FPL witness Fuentes. The jurisdictional, or retail-adjusted, rate base and NOI are allocated to the retail rate classes in the COSS.

IV. RETAIL COST OF SERVICE STUDY

Q. Please provide an overview of a retail COSS.

A. A retail COSS is the continuation of the jurisdictional separation study but at the retail rate class level. The COSS starts with the jurisdictional-adjusted rate base and NOI. To determine costs to serve each retail rate class, the various components of the jurisdictional-adjusted rate base and NOI are functionalized, classified, and allocated to the retail rate classes.

Q. Please explain the treatment of production plant in the FPL COSS.

A. As previously described, production costs are divided into demand-related and energy-related categories based on their underlying cost drivers. Traditional ratemaking practices allocate the portion of costs classified as kW demand to individual rate classes according to their 12CP contributions, adjusted for losses, while the portion classified as energy is allocated based on kWh sales, also adjusted for losses. However, allocating all production demand costs solely based on 12CP contributions does not account for the impact of associated fuel costs in the selection and operation of generating units. Therefore, FPL is proposing to adopt a 12CP and 25% methodology for production plant costs which allocates 75% of demand-related production plant costs based on average 12CP demand and 25% based on energy to more accurately reflect how the Company currently plans and operates its generating facilities.

Q. Can you please further explain why FPL is proposing a 12CP and 25% methodology for allocation of production plant?

A. Yes. The proposed methodology offers a more suitable allocation of production plants that reflects recent and ongoing changes in FPL's generation resource portfolio. As discussed by FPL witness Whitley, FPL has installed a significant amount of solar generation and plans to continue adding additional solar and battery storage to address growing customer needs for capacity and energy in the most cost-effective manner. Solar generation is unique compared to other generating sources because it has zero fuel cost and significantly reduces overall system fuel costs as it becomes a larger percentage of the generation mix. As explained by FPL witness Whitley, the increase in solar generation added to FPL's generation portfolio since 2021 has saved customers approximately $942 million in avoided fuel expenses. These fuel savings benefit all customers, particularly the highest energy users on FPL's system.

The rise in solar generation within FPL's portfolio also impacts how FPL plans and operates its system. As outlined by FPL witness Whitley, FPL is using the "net peak load methodology" for generation planning. This approach acknowledges that increasing solar installations on the system causes the net system peak for generation planning purposes to shift to later in the evening. Consequently, although the cost of solar resources is fixed and does not vary based on energy usage, solar primarily generates energy and offers minimal firm capacity during the system's coincident peak.

Due to the savings in fuel costs from solar and the shift in the net system peak to later in the day, FPL submits that as solar costs constitute a larger share of total generation costs, it is appropriate to allocate production plant costs to rate classes using a higher energy component than what would be allocated using the 12CP and 1/13th methodology.

I note that the Commission has previously recognized the need to reflect in the COSS increasing levels of generation installed to reduce fuel costs and has approved varying levels of production plant to be classified and allocated based on energy. For example, in Commission Order No. 12348 in Docket No. 820097-EU, the Commission required that 70% of the FPL St. Lucie Unit 2 plant, equivalent to the estimated fuel savings, be classified and allocated based on energy.[5]

As FPL's generation portfolio continues to evolve, the Company will continue to evaluate the most appropriate cost allocation methodologies to be used in its future COSS.

Q. Would the adoption of the 12CP and 25% methodology impact other cost recovery mechanisms?

A. Yes. If this methodology is approved in this proceeding, production plant recovered in FPL's cost recovery clauses would also be allocated on the basis of 12CP and 25%.

[5] *See also, e.g.*, Commission Order No. 15451 in Docket No. 850050-EU (requiring Tampa Electric Company ("TECO") to use the Equivalent Peaker Cost method to allocate all costs in excess of the cost of a peaking plant based on energy, which resulted in approximately 75% of TECO's production plant being allocated based on energy); and Commission Order No. PSC-09-0283-FOF-EI in Docket No. 080317-EI (approving use of 12CP and 25% for all of TECO's production plant).

Again, if approved, this methodology would be reflected in the applicable clause filings submitted after the effective date of the new base rates set in this proceeding.

Q. How are transmission costs treated in the FPL cost of service?

A. Except for transmission pull-offs that are required to connect transmission voltage customers to the grid, transmission costs have been allocated on the basis of 12CP. All transmission costs classified to demand are allocated to the individual rate classes based on their 12CP contributions, adjusted for losses. Costs associated with transmission pull-offs are classified as customer-related and allocated only to transmission voltage customers. This approach to allocate transmission plant costs is consistent with the method approved in both FPL's 2016 Rate Settlement[6] and 2021 Rate Settlement,[7] as well as for other Florida utilities.

Q. What methodology is used to allocate distribution costs in the FPL COSS?

A. Unlike production and transmission plant, which serve all retail rate classes, distribution plant is often specific to particular rate classes. Metering costs, for example, are not relevant to unmetered lighting classes. Likewise, the cost of distribution is not incurred in providing service to transmission level customers. The distribution function is a mix of several distinct sub-functions, each with its own allocation methodology as summarized below.

- Substations and primary voltage lines are allocated based on the GNCP of customers served from the distribution system.

[6] Stipulation and Settlement approved in FPL's 2016 Rate Case in Docket No. 160021-EI, PSC Order No. PSC-16-0560-AS-EI.

[7] Stipulation and Settlement Agreement approved in FPL's 2021 Rate Case in Docket No. 20210015-EI, PSC Order Nos. PSC-2021-0446-S-EI and PSC 2021-0446A-S-EI in Docket No. 20210015-EI.

- Secondary voltage lines are allocated based on the GNCP of customers served at secondary voltage levels.
- Transformers are allocated based on the NCP of customers served at secondary voltage levels.
- The cost of metering equipment is classified as customer-related and is allocated to rate classes based on the fully loaded cost of the meters in service for each rate class.
- Service drops and primary voltage pull-offs are also classified as customer-related.
- Primary voltage customers are allocated the cost of primary pull-offs, and secondary voltage customers are allocated the cost of service drops.
- Costs specifically dedicated to lighting customers, including fixtures, poles, and conductors, are directly assigned to non-metered lighting rate classes.
- Lastly, costs related to customer Electric Vehicle ("EV") chargers are directly assigned to rate classes with EV rates.

This methodology for allocating distribution costs is consistent with the methodology proposed in FPL's prior rate cases in Docket Nos. 830465-EI, 080677-EI, 120015-EI, 160021-EI, and 20210015-EI.

Q. Is FPL's COSS provided as part of the Company's MFR Schedules?

A. Yes. FPL has provided the COSS in MFR E-1. Volume I of MFR E-1 contains FPL's proposed COSS under present and proposed rates, fully implementing FPL's proposed 12CP and 25% production cost allocation methodology described above. As required by MFR E-1, Volume II includes a COSS using the 12CP and 1/13th production cost

allocation methodology, which is being provided for informational purposes only and is not the basis of FPL's proposal in this proceeding.[8]

Q. Has FPL provided details regarding the methodologies used in the retail COSS?

A. Yes. MFR E-10 provides details of the methodologies used in the COSS to allocate the various components of rate base and NOI. For this MFR, Attachments 2 and 3 depict the allocations used in FPL's separation study. Attachments 4 through 6 for Volume I of the retail COSS show the allocators based on the proposed 12CP and 25% methodology while Volume II shows the retail COSS allocators for 12CP and 1/13th.

Q. Which MFRs outline the functionalization, classification, and allocation of costs in the proposed COSS?

A. MFRs E-4a and E-4b show the functionalization and classification of rate base and expenses by FERC account. MFRs E-3a and E-3b show the allocation of rate base and expenses by FERC account to the individual rate classes.

V. RETAIL COST OF SERVICE RESULTS

Q. What results are produced in the COSS?

The COSS produces specific data for each rate class including rate base, NOI, ROR, target equalized revenue requirements, and unit costs for demand, energy, and customer charges. Target equalized revenue requirements and unit costs serve as the initial basis in the rate design process.

[8] Consistent with Rule 25-6.043, Florida Administrative Code, and MFR Schedule E-1, FPL has provided a COSS using the 12CP and 1/13th method in Volume II of MFR E-1. However, for the reasons explained in my testimony, FPL's proposal in this proceeding is based on the proposed 12CP and 25% method.

Q. How is the ROR by rate class determined?

A. The retail jurisdictional ROR represents the jurisdictional adjusted NOI divided by the jurisdictional adjusted rate base. The ROR for each rate class is calculated once the various components of jurisdictional adjusted rate base and jurisdictional adjusted NOI are allocated to all rate classes. ROR on a total retail and on an individual rate class level are reported in MFR E-1.

Q. What is parity and how is parity by rate class calculated?

A. Parity is a measure of how a rate class's ROR compares to the total retail ROR and is calculated by dividing the class ROR by the retail ROR. The result of the calculation is referred to as the parity index. A rate class with a parity index of 100% would be earning the same ROR as the retail average and deemed to be precisely "at parity." A rate class with a parity index of less than 100%, or below parity, would be earning a ROR that is less than the retail average ROR, while the opposite would be true for a rate class with an index above 100%.

Q. What does FPL's proposed COSS show regarding the retail average ROR and the parity indices by rate class?

A. At present rates, FPL's proposed COSS shows a projected retail jurisdictional ROR of 7.63% for the 2026 Projected Test Year and 7.64% for the 2027 Projected Test Year, which is the same earned ROR as shown on Line No. 2 of MFR A-1. Exhibit TD-2 lists the ROR and relative parity index for each rate class along with the revenue requirement differential necessary to achieve full parity at present rates for the 2026 Projected Test Year and 2027 Projected Test Year. MFR E-1 provides the details supporting these results.

Q. Please explain the other results produced in the COSS.

A. As previously mentioned, a COSS also calculates revenue requirements or target equalized revenues by rate class. Revenue requirements consist of a return on rate base plus income taxes and expenses and represent the level of revenues required to earn a particular ROR. Consistent with the Commission's filing requirements, three sets of projected revenue requirements by rate class have been developed. One set of revenue requirements, shown in MFR E-6a, Attachments 1 and 2, are based on each rate class's achieved individual ROR at present rates. The second set of revenue requirements, shown on MFR E-6a, Attachment 3 and 4, are based on FPL's equalized retail ROR at present rates. The third set of revenue requirements, shown in MFR E-6b, Attachments 1 and 2, are based on FPL's proposed retail ROR applied equally to each rate class.

Additionally, MFR E-6b provides the target equalized revenue requirements by rate class and underlying unit costs for each billing determinant (*i.e.*, demand, energy, and customer). Exhibit TD-3 shows target revenue requirements for each rate class at proposed rates on an equalized basis, that is, at the retail ROR or at 100% parity. As can be seen in this exhibit, the total revenue requirements deficiency shown in Column 4 equals the amount shown on MFR A-1, line 8. The target equalized revenue requirements shown in Column 3 are reported on MFR E-1.

The COSS in MFR E-1 also provides the impact of the proposed revenue increase on the ROR and parity index for each rate class. The proposed revenue increase by rate class used in this MFR is provided on MFR E-5 sponsored by FPL witness Cohen.

Q. Should the Commission approve FPL's proposed COSS?

A. Yes, the Commission should approve the proposed jurisdictional separation study and the COSS methodology as well as the results detailed in my testimony, exhibits, and sponsored MFRs. The methodologies utilized to allocate rate base, other operating revenues, and expenses between retail and wholesale jurisdictions, as well as among the retail rate classes, were accurately applied. These methodologies align with FPL's system planning and operations and consider the ongoing shift in FPL's generation mix toward a higher proportion of renewable resources. The use of 12CP and 25% for production plant, 12CP for transmission plant adjusted for pull-offs, and distribution plant cost of service methodologies effectively align costs and benefits across customer classes and accurately reflect the cost responsibilities of all customers.

Q. Does this conclude your direct testimony?

A. Yes.

Florida Power & Light Company

MFRs SPONSORED OR CO-SPONSORED BY TARA DUBOSE

MFR	Period	Title
SOLE SPONSOR:		
E-02	2026 Projected Test Year 2027 Projected Test Year	EXPLANATION OF VARIATIONS FROM COST OF SERVICE STUDY APPROVED IN COMPANY'S LAST RATE CASE
E-03a	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - ALLOCATION OF RATE BASE COMPONENTS TO RATE SCHEDULE
E-03b	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - ALLOCATION OF EXPENSE COMPONENTS TO RATE SCHEDULE
E-04a	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE
E-04b	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - FUNCTIONALIZATION AND CLASSIFICATION OF EXPENSES
E-06a	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - UNIT COSTS, PRESENT RATES
E-06b	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDY - UNIT COSTS, PROPOSED RATES
E-10	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE - DEVELOPMENT OF ALLOCATION FACTORS
E-17	2024 Historic Year 2027 Projected Test Year	LOAD RESEARCH DATA
CO-SPONSOR:		
B-02	2024 Historic Year 2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	RATE BASE ADJUSTMENTS
B-06	2024 Historic Year 2026 Projected Test Year 2027 Projected Test Year	JURISDICTIONAL SEPARATION FACTORS - RATE BASE
B-15	2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-17	2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	WORKING CAPITAL - 13 MONTH AVERAGE
C-03	2024 Historic Year 2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	JURISDICTIONAL NET OPERATING INCOME ADJUSTMENTS
C-04	2024 Historic Year 2026 Projected Test Year 2027 Projected Test Year	JURISDICTIONAL SEPARATION FACTORS-NET OPERATING INCOME

Florida Power & Light Company

MFRs SPONSORED OR CO-SPONSORED BY TARA DUBOSE

MFR	Period	Title
CO-SPONSOR:		
C-13	2024 Historic Year	MISCELLANEOUS GENERAL EXPENSES
C-15	2024 Historic Year 2026 Projected Test Year 2027 Projected Test Year	INDUSTRY ASSOCIATION DUES
C-20	2024 Historic Year 2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	TAXES OTHER THAN INCOME TAXES
E-01	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE STUDIES
E-09	2026 Projected Test Year 2027 Projected Test Year	COST OF SERVICE - LOAD DATA
E-11	2026 Projected Test Year 2027 Projected Test Year	DEVELOPMENT OF COIVCIDENT AND NON-COICIDENT DEMANDS FOR COST STUDY
E-16	2025 Prior Year 2026 Projected Test Year 2027 Projected Test Year	CUSTOMERS BY VOLTAGE LEVEL
E-19a	2026 Projected Test Year 2027 Projected Test Year	DEMAND AND ENERGY LOSSES
E-19b	2026 Projected Test Year 2027 Projected Test Year	ENERGY LOSSES
E-19c	2026 Projected Test Year 2027 Projected Test Year	DEMAND LOSSES
F-05	2026 Projected Test Year 2027 Projected Test Year	FORECASTING MODELS

Proposed 12CP and 25% Cost of Service Study

Florida Power & Light Company

Rates of Return and Parity at Present Rates For the Test Year 2026 ($ Millions)

(1)	(2)	(3)	(4)	(6)	(7)	(8)
	REVENUES FROM SALES - AT PRESENT RATES					
RATE CLASS	ACHIEVED REVENUES [1]	RATE OF RETURN (ROR) [1]	PARITY INDEX [1]	EQUALIZED REVENUE REQUIREMENTS (2)	REVENUE (EXCESS)/ DEFICIENCY (2) - (6)	PERCENT DIFFERENCE (7) / (2)
ABOVE PARITY -						
GS(T)-1	$746.4	7.63%	125%	$668.8	$77.6	10.4%
GSCU-1	2.4	8.26%	136%	2.1	0.3	13.3%
MET	4.4	6.49%	106%	4.3	0.1	3.0%
RS(T)-1	6,229.8	6.48%	106%	6,052.8	176.9	2.8%
SL/OL-1	191.1	6.84%	112%	179.7	11.5	6.0%
SL-1M	1.6	6.34%	104%	1.6	0.0	1.8%
SL-2	1.9	6.84%	112%	1.8	0.1	5.5%
SL-2M	0.6	9.46%	155%	0.5	0.1	18.5%
SST-DST	0.2	20.39%	335%	0.1	0.1	52.0%
SST-TST	7.3	14.93%	245%	4.3	3.0	40.4%
BELOW PARITY -						
CILC-1D	110.5	4.45%	73%	126.7	(16.2)	-14.7%
CILC-1G	5.1	5.18%	85%	5.5	(0.4)	-7.6%
CILC-1T	47.6	4.46%	73%	54.4	(6.8)	-14.2%
GSD(T)-1	1,762.1	5.18%	85%	1,897.5	(135.4)	-7.7%
GSLD(T)-1	557.9	4.61%	76%	631.6	(73.6)	-13.2%
GSLD(T)-2	180.6	4.08%	67%	214.4	(33.8)	-18.7%
GSLD(T)-3	33.0	4.98%	82%	36.0	(3.1)	-9.3%
OS-2	2.1	3.65%	60%	2.7	(0.5)	-25.2%
Total Operating Revenues	**$9,884.8**	**6.10%**	**100%**	**$9,884.8**	**$(0.0)**	

Notes:
[1] Provided on MFR E-1, Attachment 1, Achieved at Present Rates, employing the 12CP and 25% methodology
[2] Provided on MFR E-1, Attachment 1, Equalized at Present Rates, employing the 12CP and 25% methodology
Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study

Florida Power & Light Company

Rates of Return and Parity at Present Rates For the Test Year 2027 ($ Millions)

(1)	(2)	(3)	(4)	(6)	(7)	(8)
	REVENUES FROM SALES - AT PRESENT RATES					
RATE CLASS	ACHIEVED REVENUES [1]	RATE OF RETURN (ROR) [1]	PARITY INDEX [1]	EQUALIZED REVENUE REQUIREMENTS (2)	REVENUE (EXCESS)/ DEFICIENCY (2) - (6)	PERCENT DIFFERENCE (7) / (2)
ABOVE PARITY -						
GS(T)-1	$754.1	6.76%	126%	$676.4	$77.7	10.3%
GSCU-1	2.4	7.23%	135%	2.1	0.3	12.6%
MET	4.5	5.73%	107%	4.3	0.1	3.0%
RS(T)-1	6,302.2	5.71%	107%	6,127.0	175.1	2.8%
SL/OL-1	195.6	5.78%	108%	188.2	7.5	3.8%
SL-1M	1.7	5.84%	109%	1.6	0.1	3.8%
SL-2	1.9	5.89%	110%	1.8	0.1	4.3%
SL-2M	0.6	8.38%	156%	0.5	0.1	18.1%
SST-DST	0.2	19.40%	362%	0.1	0.1	53.2%
SST-TST	7.3	13.30%	248%	4.4	2.9	39.8%
BELOW PARITY -						
CILC-1D	110.8	3.85%	72%	126.9	(16.0)	-14.5%
CILC-1G	5.2	4.54%	85%	5.5	(0.4)	-7.4%
CILC-1T	48.0	3.73%	70%	55.4	(7.4)	-15.5%
GSD(T)-1	1,783.2	4.54%	85%	1,913.9	(130.7)	-7.3%
GSLD(T)-1	558.4	4.01%	75%	630.3	(71.8)	-12.9%
GSLD(T)-2	181.7	3.50%	65%	215.5	(33.8)	-18.6%
GSLD(T)-3	33.2	4.22%	79%	36.7	(3.5)	-10.4%
OS-2	2.1	3.50%	65%	2.6	(0.4)	-19.8%
Total Operating Revenues	**$9,993.2**	**5.36%**	**100%**	**$9,993.2**	**$(0.0)**	

Notes:
[1] Provided on MFR E-1, Attachment 1, Achieved at Present Rates, employing the 12CP and 25% methodology
[2] Provided on MFR E-1, Attachment 1, Equalized at Present Rates, employing the 12CP and 25% methodology
Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study

Florida Power & Light Company

Target Equalized Revenue Requirements at Proposed Rate of Return For the Test Year 2026 ($ Millions)

(1)	(2)	(3)	(4)	(5)	(6)
RATE CLASS	PARITY AT PRESENT RATES[1]	ACHIEVED REVENUES[1]	TARGET EQUALIZED REVENUE REQUIREMENTS[2]	REVENUE REQUIREMENTS DEFICIENCY (EXCESS) (3) - (2)	PERCENT DIFFERENCE (4) / (2)
CILC-1D	73%	$110.5	$152.2	$41.7	37.7%
CILC-1G	85%	5.1	6.5	1.4	27.3%
CILC-1T	73%	47.6	65.1	17.5	36.8%
GS(T)-1	125%	746.4	746.3	(0.1)	0.0%
GSCU-1	136%	2.4	2.3	(0.1)	-5.2%
GSD(T)-1	85%	1,762.1	2,244.2	482.1	27.4%
GSLD(T)-1	76%	557.9	756.5	198.6	35.6%
GSLD(T)-2	67%	180.6	259.7	79.0	43.8%
GSLD(T)-3	82%	33.0	42.7	9.7	29.4%
MET	106%	4.4	4.9	0.5	11.4%
OS-2	60%	2.1	3.3	1.2	54.7%
RS(T)-1	106%	6,229.8	6,929.9	700.1	11.2%
SL/OL-1	112%	191.1	207.4	16.3	8.5%
SL-1M	104%	1.6	1.8	0.2	12.8%
SL-2	112%	1.9	2.0	0.1	7.6%
SL-2M	155%	0.6	0.5	(0.1)	-13.5%
SST-DST	335%	0.2	0.1	(0.1)	-61.9%
SST-TST	245%	7.3	4.0	(3.3)	-44.6%
Total Operating Revenues	**100%**	**$9,884.8**	**$11,429.5**	**$1,544.8[3]**	

Notes:
[1] Provided on MFR E-1, Attachment 1, Achieved at Present Rates, employing the 12CP and 25% methodology
[2] Provided on MFR E-1, Attachment 2, Equalized at Proposed Rate of Return, employing the 12CP and 25% methodology
[3] Revenue Increase Requested per MFR A-1, Line 8
Totals may not add due to rounding.

Proposed 12CP and 25% Cost of Service Study

Florida Power & Light Company

Target Equalized Revenue Requirements at Proposed Rate of Return For the Test Year 2027 ($ Millions)

(1)	(2)	(3)	(4)	(5)	(6)
RATE CLASS	PARITY AT PRESENT RATES[1]	ACHIEVED REVENUES[1]	TARGET EQUALIZED REVENUE REQUIREMENTS[2]	REVENUE REQUIREMENTS DEFICIENCY (EXCESS) (3) - (2)	PERCENT DIFFERENCE (4) / (2)
CILC-1D	72%	$110.8	$163.8	$53.0	47.8%
CILC-1G	85%	5.2	7.0	1.9	36.8%
CILC-1T	70%	48.0	71.5	23.4	48.8%
GS(T)-1	126%	754.1	818.1	64.0	8.5%
GSCU-1	135%	2.4	2.5	0.1	3.7%
GSD(T)-1	85%	1,783.2	2,437.0	653.8	36.7%
GSLD(T)-1	75%	558.4	811.9	253.4	45.4%
GSLD(T)-2	65%	181.7	280.3	98.6	54.3%
GSLD(T)-3	79%	33.2	46.8	13.6	41.0%
MET	107%	4.5	5.4	0.9	20.3%
OS-2	65%	2.1	3.4	1.2	57.8%
RS(T)-1	107%	6,302.2	7,574.8	1,272.7	20.2%
SL/OL-1	108%	195.6	238.9	43.3	22.1%
SL-1M	109%	1.7	2.0	0.3	18.8%
SL-2	110%	1.9	2.2	0.3	18.3%
SL-2M	156%	0.6	0.6	(0.0)	-5.8%
SST-DST	362%	0.2	0.1	(0.1)	-58.4%
SST-TST	248%	7.3	4.6	(2.7)	-37.1%
Total Operating Revenues	**100%**	**$9,993.2**	**$12,470.9**	**$2,477.7** [3]	

Notes:
[1] Provided on MFR E-1, Attachment 1, Achieved at Present Rates, employing the 12CP and 25% methodology
[2] Provided on MFR E-1, Attachment 2, Equalized at Proposed Rate of Return, employing the 12CP and 25% methodology
[3] Revenue Increase Requested per MFR A-1, Line 8
Totals may not add due to rounding.

Load Research Details

Florida Power & Light Company

RATE CLASS	RATE CLASS DESCRIPTION	RATE SCHEDULE(S)	RATE SCHEDULE DESCRIPTION	RATE CLASS SAMPLING AND EXTRAPOLATION METHODOLOGIES
RETAIL:				
CILC-1D	Commercial/Industrial Load Control - Distribution	CILC-1D	Commercial/Industrial Load Control Program - Distribution (Closed Schedule)	Census - Ratio
CILC-1G	Commercial/Industrial Load Control - General	CILC-1G	Commercial/Industrial Load Control Program - General (Closed Schedule)	Census - Ratio
CILC-1T	Commercial/Industrial Load Control - Transmission	CILC-1T	Commercial/Industrial Load Control Program - Transmission (Closed Schedule)	Census - Mean Per Unit
GS(T)-1	General Service Non-Demand	GS-1, GST-1	General Service Non Demand & Time of Use (0-24 kW)	Sampled - Ratio
		GSFB	General Service/Commercial Fixed Rate	
GSCU-1	General Service Constant Usage	GSCU-1	General Service Constant Usage (0-24 kW)	Sampled - Ratio
GSD(T)-1	General Service Demand	GSD-1, GSDT-1	General Service Demand & Time of Use (25-499 kW)	Sampled - Ratio
		HLFT-1	High Load Factor - Time of Use (25-499 kW)	
		SDTR-1A, SDTR-1B	Seasonal Demand - Time of Use Rider (25-499 kW)	
		GSD-1EV	Electric Vehicle Charging Infrastructure Rider Pilot	
		UEV	Utility-Owned Public Charging for Electric Vehicles Pilot	
GSLD(T)-1	General Service Large Demand 1	GSLD-1, GSLDT-1	General Service Large Demand & Time of Use (500-1999 kW)	Sampled - Ratio
		CS-1, CST-1	Curtailable Service & Time of Use (500-1999 kW)	
		HLFT-2	High Load Factor - Time of Use (500-1999 kW)	
		SDTR-2A, SDTR-2B	Seasonal Demand - Time of Use Rider (500-1999 kW)	
		GSLD-1EV	Electric Vehicle Charging Infrastructure Rider Pilot	
GSLD(T)-2	General Service Large Demand 2	GSLD-2, GSLDT-2	General Service Large Demand & Time of Use (2000+ kW)	Census - Ratio
		CS-2, CST-2	Curtailable Service & Time of Use (2000+ kW)	
		HLFT-3	High Load Factor - Time of Use (2000+ kW)	
		SDTR-3A, SDTR-3B	Seasonal Demand - Time of Use Rider (2000+ kW)	
GSLD(T)-3	General Service Large Demand 3	GSLD-3, GSLDT-3	General Service Large Demand & Time of Use - Transmission (69+ kV)	Census - Mean Per Unit
METRO	Metropolitan Transit Service	MET	Metropolitan Transit Service	Census - Mean Per Unit
OS-2	Sports Field Service	OS-2	Sports Field Service & Recreational Lighting (Closed Schedule)	Sampled - Ratio
RS(T)-1	Residential Service	RS-1, RTR-1	Residential Service & Time of Use	Sampled - Ratio
		RSFB	Residential/Commercial Fixed Rate	
		RS-1EV	Residential Electric Vehicle Charging Services Rider Pilot	
SL-1/OL-1	Lighting	SL-1, PL-1, LT-1, OL-1	Street Lighting, Premium Lighting and LED Lighting, Outdoor Lighting (Closed Schedule)	Modeled - Mean Per Unit
SL-2	Traffic Signal Service	SL-2	Traffic Signal Service	Census - Mean Per Unit
SST-DST	Standby and Supplemental Service - Distribution	SST-1D, SST-2D, SST-3D	Standby and Supplemental Service - Distribution	Census - Mean Per Unit
SST-TST	Standby and Supplemental Service - Transmission	SST-1T	Standby and Supplemental Service - Transmission	Census - Mean Per Unit

Load Research Details

Florida Power & Light Company

RATE CLASS	RATE CLASS DESCRIPTION
WHOLESALE:	
ALACHUA	City of Alachua
BARTOW	City of Bartow
BLOUNTSTOWN	City of Blountstown
FKEC	Florida Keys Electric Cooperative
FPUC	Florida Public Utilities Company
HOMESTEAD	City of Homestead
HOMESTEAD #2	City of Homestead
JEA	Jacksonville Electric Authority
LCEC	Lee County Electric Cooperative
MOORE HAVEN	City of Moore Haven
NEW SMYRNA BEACH	City of New Smyrna Beach
QUINCY	City of Quincy
WAUCHULA	City of Wauchula

Overview of FPL Separation Process for Stratified Contracts

This document describes the process used by Florida Power & Light Company ("FPL") to develop stratified allocators and blended separation factors for allocating the production costs associated with wholesale stratified contracts. A more detailed description of the separation process is provided in MFR E-10, Attachment 3.

Stratified Sales

Pursuant to Commission Order No. PSC-97-0262-FOF-EI in Docket No. 970001-EI (the "Separated Sales Order"), wholesale sales that are non-firm or less than one year in duration are treated as non-separated sales, and all other wholesale sales are treated as separated sales. Some separated sales are stratified production sales contracts ("stratified contracts"). Stratified contracts are power sales from a particular type of production resource, such as intermediate, or peaking resources. The jurisdictional separation factors for separated wholesale sales including stratified contracts are calculated using the wholesale customers' load forecasts

Separation Process

Production cost responsibilities for most of the Company's sales are based on average, total production embedded costs. However, for stratified wholesale sales the cost responsibilities are based on average, embedded costs for the particular type or types of production resources used to make those sales.

In order to assign the appropriate costs to stratified sales, various system production costs (e.g., plant-in-service, accumulated depreciation, operation and maintenance expenses, and depreciation expenses) are assigned to specific generating units. Each generating unit is then assigned to a production stratum for cost allocation purposes. For instance, production units can be intermediate, peaking, or neither (i.e., base or solar).

To ensure the proper portion of production costs for a particular stratum are allocated to stratified contracts, separate stratified demand and energy allocators are developed. For example, the allocators for the intermediate strata include forecasted loads for all contracts except those related to the peaking strata. Conversely, the allocators for the peaking strata include forecasted loads for all contracts except those related to the intermediate strata. The creation of stratified allocators provides the basis for allocating costs from a specific stratum to customers.

When developing stratified demand allocators, the forecasted loads are adjusted based on the appropriate summer capacity that coincides with the wholesale customer's stratified contract (i.e., peaking contracts are adjusted using the summer capacity for peaking plants). This is accomplished by dividing the average 12CP load of stratified customers by the total average monthly system stratified resource capability adjusted for reserves. The purpose of the adjustment is to account for the higher percentage of capacity needed from a particular stratum to maintain proper reserve margins while allowing customers with stratified contracts to take service exclusively from a specific stratum.

Stratified production separation factors are developed by blending multiple non-stratified and stratified production allocators. Although underlying production costs are assigned to individual production units, they are grouped into accounts known as Cost of Service IDs ("COSIDs") before being assigned a separation factor.

Overview of FPL Separation Process for Stratified Contracts

Therefore, the separation factor for a specific COSID might blend several allocators to represent the various plant unit costs contained within that COSID balance. The process of developing stratified allocators and the subsequent blended separation factors is detailed in MFR E-10, Attachment 3.

Conclusion

The use of stratified allocators and blended production separation factors results in a more precise separation of production costs between the retail and wholesale jurisdictions. This method appropriately reflects the types of generation and costs required to serve load under stratified contracts. Currently, FPL has contracts for two strata: intermediate and peaking. However, a separate stratum for solar costs has been developed to recognize the creation of new FERC accounts and COSIDs specific to solar production plant in service.