

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 20, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Norris) *ALM*
Division of Economics (Hampson) *JD*
Office of the General Counsel (Stiller, Sparks) *JSC*

RE: Docket No. 20250011-EI – Petition for rate increase by Florida Power & Light Company.

AGENDA: 04/01/25 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 04/29/2025 (60-day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On February 28, 2025, Florida Power & Light Company (FPL or Company) filed its petition for a permanent rate increase. The Company is a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), to 6 million retail customers throughout both Northwest Florida and the peninsula.

FPL has requested an increase in its retail rates and charges to generate \$1.55 billion in additional gross annual revenue, effective January 1, 2026. The Company also has requested an increase in its retail rates and charges to generate \$927 million in additional gross annual revenue, effective January 1, 2027. FPL asserts that the combined increases will allow the Company an opportunity to earn a return on equity (ROE) midpoint of 11.90 percent. The Company based its requests on projected test years ending December 31, 2026 and December 31,

2027. FPL stated that these test years are the appropriate periods to be utilized because they best represent expected revenues, costs, and investment in the period immediately after the proposed base rates go into effect. FPL has also requested Solar Base Rate Adjustments (SoBRAs) of approximately \$296 million and \$266 million for 2028 and 2029, respectively. The current proposal also includes a Tax Adjustment Mechanism (TAM), which is a non-cash accounting mechanism that accelerates the recording of deferred tax benefits over the proposed 4-year rate period by reversing certain deferred tax liabilities. FPL states it will use the TAM like its predecessor mechanism, the theoretical depreciation reserve surplus (RSAM), to respond to changes in underlying revenues and expenses to avoid additional general base rate increases over the 4-year rate period. In total, the Company is requesting approximately \$9.80 billion in additional revenue over the 4-year rate period. FPL did not request any interim rate relief.

In FPL's most recent base rate proceeding, Docket No. 20210015-EI, the Commission approved a settlement agreement which authorized a revenue increase of \$692 million effective January 1, 2022, and a revenue increase of \$560 million effective January 1, 2023.¹ The settlement agreement provided that retail base rates, with certain exceptions, would be frozen through the last billing cycle in December 2025. Section 16(g) of the settlement agreement permitted FPL to continue to amortize its RSAM beyond December 31, 2025, if the Company provided notice to the Parties of the settlement agreement, prior to March 31, 2025, that it did not intend to seek a base rate increase with an effective date prior to January 1, 2027.² FPL did not exercise this option.

On January 15, 2025, the Commission acknowledged the Office of Public Counsel's notice of intervention in this proceeding.³ On March 17, 2025, the Commission granted petitions to intervene filed by Florida Rising, Inc. (FL Rising), League of United Latin American Citizens of Florida (LULAC), and Environmental Confederation of Southwest Florida, Inc. (ECOSWF); Florida Industrial Power Users Group (FIPUG); Southern Alliance for Clean Energy (SACE); and Florida Executive Agencies (FEA).⁴ A hearing has been tentatively scheduled for August 11-22, 2025.

This recommendation addresses the suspension of the requested permanent rate increase. The Commission has jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

¹Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

²*Id.*

³Order No. PSC-2025-0020-PCO-EI, issued January 15, 2025, in Docket No. 20250011-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

⁴Order Nos. PSC 2025-0078-PCO-EI; PSC-2025-0080-PCO-EI; PSC 2025-0079-PCO-EI; and PSC-2025-0077-PCO-EI, issued March 17, 2025, in Docket No. 20250011-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

Discussion of Issues

Issue 1: Should Florida Power & Light Company's request for a \$1.55 billion permanent rate increase effective January 1, 2026, a \$927 million permanent increase effective January 1, 2027, SoBRAs of approximately \$296 million and \$266 million for 2028 and 2029, respectively, and the associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. The \$1.55 billion permanent rate increase effective January 1, 2026, a \$927 million permanent rate increase effective January 1, 2027, SoBRAs of approximately \$296 million and \$266 million for 2028 and 2029, respectively, and the associated tariff revisions should be suspended pending a final decision in this docket. (Norris)

Staff Analysis: FPL filed its petition, testimony, and minimum filing requirements on February 28, 2025. The Company has requested an increase in its retail rates and charges to generate \$1.55 billion in additional gross annual revenue, effective January 1, 2026. FPL also has requested an increase in its retail rates and charges to generate \$927 million in additional gross annual revenue, effective January 1, 2027. Further, FPL has requested SoBRAs of approximately \$296 million and \$266 million for 2028 and 2029, respectively.

Historically, the Commission has suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate.

Issue 2: Should this docket be closed?

Recommendation: No, this docket should remain open to process the Company's revenue increase request. (Stiller)

Staff Analysis: This docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.