

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida
Power & Light Company.

DOCKET NO.: 20250011-EI

FILED: July 29, 2025

AMENDED PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel (OPC), pursuant to Florida Public Service Commission (Commission) Order Establishing Procedure PSC-2025-0075-PCO-EI issued March 14, 2025, hereby submit this Amended Prehearing Statement.

APPEARANCES:

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1. WITNESSES:

Witness	Subject	Issue Numbers*
Roger D. Colton	Affordability	128
Timothy J. Devlin	Tax Adjustment Mechanism	2, 118
James R. Dauphinais	Integrated Resource Planning	23, 25-27, 35, 37,41
William Dunkel	Depreciation and Dismantlement	13-19, 37, 41, 76
Daniel J. Lawton	Cost of Service and ROE	44-45, 48-50
Jacob M. Thomas	Revenue and Load Forecasting	10-11, 51-53

Witness	Subject	Issue Numbers*
Helmuth W. Schultz, III.	Revenue Requirements	8-9, 20-23, 26-27, 35-37, 39-46, 50-55, 67, 69-71, 73, 75-76, 78-79, 83-87, 121

2. **EXHIBITS:**

Witness	Proffered By	Exhibit No.	Description
Roger D. Colton	OPC	RDC-1	Summary Vitae of Roger Colton
Roger D. Colton	OPC	RDC-2	FPL Districts by Zip Code
Roger D. Colton	OPC	RDC-3	Bill-to-Income Ratios at Existing/ Proposed Rates and Median Usage
Roger D. Colton	OPC	RDC-4	Bill-to-Income Ratios at Existing/ Proposed Rates and Mean Usage
Roger D. Colton	OPC	RDC-5	Composite Discovery Responses
Timothy J. Devlin	OPC	TJD-1	Resume of Timothy J. Devlin
Timothy J. Devlin	OPC	TJD-2	Comparison of Authorized Midpoint ROE to Achieved ROE
Timothy J. Devlin	OPC	TJD-3	Dividends and Retained Earnings
Timothy J. Devlin	OPC	TJD-4	Customer Impact of Earning Above Midpoint
Timothy J. Devlin	OPC	TJD-5	Approximate Effect of the Amortization of \$200 Million of Unprotected Deferred Tax Liability (DTL) on Customer Rates for 2026 & 2027
James R. Dauphinais	OPC	Appendix A	Qualifications of James R. Dauphinais
James R. Dauphinais	OPC	JRD-1	FPL Capacity Need under Traditional 20% PRM Resource Adequacy Criterion
James R. Dauphinais	OPC	JRD-2	NERC EOP-011-4 – Emergency Operations Reliability Standard
James R. Dauphinais	OPC	JRD-3	Relevant excerpts from NERC 2024 Long-Term Reliability Assessment

Witness	Proffered By	Exhibit No.	Description
James R. Dauphinais	OPC	JRD-4	Relevant excerpts from 2024-2034 SERC Annual Long-Term Reliability Assessment Report
James R. Dauphinais	OPC	JRD-5	Estimated Stochastic LOLP Analysis Results for “TYP Portfolio + 1,400 MW of Storage” adjusted to reflect FPL’s Proposed Pre-Summer 2027 Resource Additions
James R. Dauphinais	OPC	JRD-6	Estimated Stochastic LOLP Analysis Results without FPL’s 2026 and 2027 Proposed Solar Generation Additions
James R. Dauphinais	OPC	JRD-7	Estimated Stochastic LOLP Analysis Results without FPL’s 2027 Proposed Solar Generation Additions
James R. Dauphinais	OPC	JRD-8	Excerpts from FPL 2025 Ten-Year Site Plan
James R. Dauphinais	OPC	JRD-9	FPL Discovery Responses cited to by Mr. Dauphinais
William Dunkel	OPC	WWD-1	Qualifications
William Dunkel	OPC	WWD-2	FPL’s Responses to OPC Interrogatories and PODs
William Dunkel	OPC	WWD-3	Federal Reserve Family
William Dunkel	OPC	WWD-4	Federal Reserve Statistical Release
William Dunkel	OPC	WWD-5	OPC Dismantlement Study
William Dunkel	OPC	WWD-6	FPL’s Responses to Staff
William Dunkel	OPC	WWD-7	No Reserve Transfer
William Dunkel	OPC	WWD-8	OPC Depreciation Rates
Daniel J. Lawton	OPC	DJL-1	Background and Qualifications
Daniel J. Lawton	OPC	DJL-2	FPL’s Monthly Equity Returns
Daniel J. Lawton	OPC	DJL-3	Federal Reserve Press Releases and Economic Projections
Daniel J. Lawton	OPC	DJL-4	Government Bond Yields January 2021 – April 2025
Daniel J. Lawton	OPC	DJL-5	Comparable Electric Group Financial Data

Witness	Proffered By	Exhibit No.	Description
Daniel J. Lawton	OPC	DJL-6	Comparable Group Prices and Dividend Yield
Daniel J. Lawton	OPC	DJL-7	Comparable Group Growth Rate Estimates
Daniel J. Lawton	OPC	DJL-8	Constant Growth DCF
Daniel J. Lawton	OPC	DJL-9	Comparable Group Two-Stage Growth DCF
Daniel J. Lawton	OPC	DJL-10	CAPM and ECAPM for Comparable Group
Daniel J. Lawton	OPC	DJL-11	Risk Premium Estimates
Daniel J. Lawton	OPC	DJL-12	Capital Structure FPL
Daniel J. Lawton	OPC	DJL-13	Cost of Equity Estimates Employing FPL Comparable Risk Group
Jacob M. Thomas	OPC	JMT-1	Resume of Jacob M. Thomas
Jacob M. Thomas	OPC	JMT-2	Summary of Customer & Energy Load Forecast Adjustments
Jacob M. Thomas	OPC	JMT-3	Summary of Revenue Adjustments
Jacob M. Thomas	OPC	JMT-4	Summary of Discovery Responses Used in Testimony
Helmuth W. Schultz, III.	OPC	HWS-1	Qualifications of Helmuth W. Schultz, III.
Helmuth W. Schultz, III.	OPC	HWS-2	Revenue Requirement
Helmuth W. Schultz, III.	OPC	HWS-3	Plant Held for Future Use
Helmuth W. Schultz, III.	OPC	HWS-4	Plant Held for Future Use
Helmuth W. Schultz, III.	OPC	HWS-5	Plant Held for Future Use
Helmuth W. Schultz, III.	OPC	HWS-6	Construction Work in Progress
Helmuth W. Schultz, III.	OPC	HWS-7	Composite Discovery Responses

3. STATEMENT OF BASIC POSITION:

FPL’s newest “four-year plan,” unveiled on February 28, 2025, requests Commission permission to raise rates in both 2026 and 2027, and to establish a mechanism that would, if

approved, result in additional rate increases in both 2028 and 2029. If all of FPL's requests in this docket are approved by the Commission, FPL's current customers will be required to pay an additional \$9.819 billion, over and above their current rates, during the next four years. Additionally, future customers will have to repay \$1.717 billion (with interest) of Federal income taxes through higher rates that past customers have already paid once. Yet, FPL also claims that one of the major benefits to customers of the "four-year plan" is the rate stability that the plan will allegedly provide. Rate stability is not the same as bill stability. The purported "rate stability" benefit to customers is illusory. Even if the Commission approved every aspect of FPL's "four-year plan" as filed, customers' bills could still fluctuate wildly during the next four years due to a number of reasons such as storm damage, natural gas prices, inflation, etc. In addition to those ever-present concerns that could impact customer bills, there are a number of additional contemporary issues that have introduced additional uncertainty into this case, including, but not limited to, the following:

- Are Investment Tax Credits and Production Tax Credits related to renewable resources going away? If so, when? What impact could that have on the cost-effectiveness, as claimed by FPL, of the requested 2026-2029 solar and battery additions?
- Will FPL's general body of ratepayers be the sole beneficiaries of the firm capacity represented by FPL's pending acquisition of the Vandolah Generation Facility ("Vandolah")? How many of FPL's requested 2026-2029 resource additions will be offset by the Vandolah acquisition?
- Will federal trade tariffs impact FPL's expenses in 2026? 2027? 2028? 2029?

- What is the future of the federal Low-Income Home Energy Assistance Program (“LIHEAP”)?
- What impact will hyperscale datacenters have on FPL’s resource adequacy planning? How will these large load datacenter’s demand, water and infrastructure requirements, and operations impact the surrounding communities and general body of FPL’s customers?
- What are the impacts of FPL’s novel E3 stochastic loss of load analysis framework on FPL’s customers? What is the impact of the resulting CapEx plan upon customers?

FPL’s shareholders, and not FPL’s customers, must bear the responsibility and risk of this uncertainty. FPL controls when it seeks rate increases, not FPL’s customers. Even though the term of the Company’s settlement agreement that resolved the 2021 rate case ends on December 31, 2025, FPL is not required to seek a rate increase effective January 1, 2025, but has chosen to do so despite earning well over the current, Commission-approved midpoint return on equity (“ROE”) for the last four years. Additionally, FPL, and not FPL’s customers, controls how much of a base rate increase it pursues. The Commission must incorporate these realities into its decision-making when determining who should bear the pending significant uncertainty risks present in this case.

OPC will systematically demonstrate that FPL has not met its burden of proof to justify the \$9.819 billion of additional rates it is requesting to collect from customers. One of many areas where FPL cannot meet its burden of proof is FPL’s requested 11.9% midpoint ROE, which is 110 basis points above FPL’s current midpoint ROE and 217 basis points – or about \$2 billion dollars in annual revenue requirements - above the national average.

Additionally, OPC will demonstrate that, despite FPL’s drastic reduction in planned 2026 solar additions since the FPL’s 2024 Ten-Year Site Plan was filed, more reductions to FPL’s planned 2026-2027 resource additions are required. Further, FPL’s requested Solar Base Rate

Adjustment Mechanism (“SoBRA”) additions for 2028 and 2029 are premature and not ripe for Commission decision. OPC will demonstrate that the tax credits, which allegedly make these investments cost-effective, are in jeopardy in light of the enactment of the “One Big, Beautiful Bill Act,” (“OBBA”) and the issuance of the July 7, 2025, Presidential Executive Order entitled, “Ending Market Distorting Subsidies for Unreliable, Foreign-Controlled Energy Sources.” The Commission must not ignore the potential direct impact that these developments will have on this case. Additionally, OPC will show that the Company’s shift in resource adequacy planning methodology is materially flawed in several ways.

OPC also strongly objects to FPL’s proposed Tax Adjustment Mechanism (“TAM”), which would, for the first time in Commission history, permit a utility to take actual, customer money that FPL has already collected from customers for a particular purpose (Federal income taxes), allow the Company to use those dollars for an alternative purpose (shareholder dividend payments through achieved earnings of a 12.9% ROE), and then re-collect, with carrying costs, that money AGAIN from future customers who will receive no benefit from FPL’s use of the TAM over the 2026-2029 time period. The approval of the TAM would shatter several different traditional ratemaking principles and has no statutory basis. The Commission must unequivocally reject the proposed TAM.

OPC will also demonstrate that customers have been paying property taxes, insurance, and a return for large amounts of Plant Held For Future Use (“PHFU”) land for decades without receiving one electron of benefit. Other parcels of excessive PHFU land include property with either no specific purpose or a vaguely worded purpose associated with an ambiguous future in-service date. Considering that FPL has become the 7th largest private landowner in the State of Florida by stockpiling land at customer expense, FPL cannot satisfy its burden to prove that much of the land it has stockpiled deserves PHFU accounting treatment.

These are just a few of the extravagant requests contained in FPL's unenforceable "four-year plan," which OPC will bring to the Commission's attention through expert witness testimony and cross-examination. In today's tough economic climate, FPL's customers are already under great financial pressure, and any amount of a rate increase will have a significant impact on them. Now, more than ever, the Commission must acknowledge that unreasonable and imprudent costs are driving unfair, unjust, unreasonable, and thus unaffordable bills. Over 12 million Florida residents and businesses will be directly impacted by the decisions made in this docket, and OPC is committed to ensuring that those customers pay no more than the law allows. In light of all of the excess contained in FPL's filed rate case, there is much work to be done.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

LEGAL ISSUES

ISSUE 1: Whether the following persons have standing to intervene in this proceeding:

- a. League of United Latin Citizens Florida
- b. Environmental Confederation of Southwest Florida
- c. Florida Rising
- d. Florida Industrial Power Users Group
- e. Federal Executive Agencies
- f. Southern Alliance for Clean Energy
- g. EVGo, Services, LLC
- h. Electrify America, LLC
- i. Florida Retail Federation
- j. Walmart
- k. Florida Energy Innovation Association
- l. Floridians Against Increased Rates
- m. Americans for Affordable Clean Energy
- n. Wawa, Inc.
- o. RaceTrac, Inc.
- p. Circle K, Inc.
- q. Armstrong World Industries, Inc.

OPC Position: No position.

ISSUE 2: Does the Commission have the authority to approve FPL's requested Tax Adjustment Mechanism (TAM)?

OPC Position: No. Taxes are collected in rates to meet the actual and legitimate tax obligations of the Federal and State governments. Deferred Tax Liabilities (“DTL”) are created due to a timing difference from certain tax preferences granted by Congress and administered by the Internal Revenue Service (“IRS”) in the amortization between the tax expense and the amount of income taxes on utilities’ books. The government allows for accelerated depreciation rates in earlier years lowering current utility taxes, yet the current utility rates are based on the longer, Commission approved (straight line remaining life) depreciation rates and the associated higher income tax impact. In other words, the higher taxes collected create the DTL which are recorded on the utilities books and are recognized for ratemaking as a source of cost-free capital in Florida. The “protected” DTLs associated with plant are required to be amortized over the life of the asset. The “unprotected” DTLs, non-plant related, have no such IRS restriction. The Tax Adjustment Mechanism (“TAM”) proposes to use the unprotected DTL funds by accelerated amortization for the sole purpose of increasing earning via Regulatory Asset and Liability accounts.

Section 366.05, Florida Statutes, states that “the Commission shall have the power to prescribe fair and reasonable rates and charges.” Section 366.06(1) and (2), Florida Statutes, provides that after the Commission has investigated and determined “the actual legitimate costs of the property of each utility company, actually used and useful in the public service” only the net investment in such property used and useful in serving the public, less accrued depreciation, shall be used for ratemaking purposes. Rule 25-14.013, F.A.C., Accounting for Deferred Income Taxes Under SFAS 109 (now ASC 740), states that accounting for Income Taxes shall be implemented by each utility in a manner such that the balances of excess and deficient deferred income taxes are properly stated and that the application of SFAS 109 is revenue neutral in the ratemaking process. The Commission uses the mid-point of a range for ROE to set fair, just, and reasonable rates. Since FPL will use the TAM to earn at the top end of the range, like it did with prior RSAMs, authorizing a TAM will result in rates that yield excessive compensation of approximately \$503 million in 2026 and \$541 million in 2027.

Since accelerating amortization of normal (not excess) DTLs with unusual accounting is unprecedented, constitutes double cost recovery, and contradicts the matching principle, the Commission should address the propriety of such a monumental shift in regulatory accounting in a generic docket before seriously considering, if at all, introducing the concept into ratemaking. (Devlin)

ISSUE 3: Does the Commission have the authority to approve FPL’s requested Solar Base Rate Adjustment mechanisms in 2028 and 2029?

OPC Position: No. The Commission has never before authorized a SoBRA in the absence of a settlement agreement, and there is no reasonable explanation why the Commission should do so now. Additionally, if what FPL Witness Scott Bores says in his rebuttal testimony is true, that “FPL is not asking for recovery of the costs associated with 2028 or 2029 solar and battery facilities in this case,” then

there is nothing for the Commission to adjudicate at this point. If FPL truly is seeking to merely “establish the applicable framework that would govern a future limited proceeding,” then this request is premature. There is no reason that the Commission should impose limits on itself now for a future limited proceeding(s) which may or may not occur. Commission Rule 25-6.0431, Florida Administrative Code (F.A.C.) already provides a method for FPL to request a limited proceeding related to rate base additions for which a utility seeks recovery. If FPL can satisfy the Commission’s requirements for a limited proceeding in the future, then it can request that relief as necessary at that time. Legally, the issue of whether to approve a SoBRA mechanism now is premature and not ripe for the Commission’s decision about whether FPL may seek one (or more) limited proceedings in the future.

ISSUE 4: Does the Commission have the authority to approve FPL’s proposed Storm Cost Recovery mechanism?

OPC Position: No, not as proposed. The Commission has authority to allow a tariff to be implemented subject to a full evidentiary hearing. FPL proposes to unlawfully continue the Storm Cost Recovery Mechanism (SCRM) from a prior settlement to allow them to begin collecting a charge based on an amount up to \$5 per 1,000 KWh on a monthly residential bill for a named tropical storm beginning 60 days after filing a petition for recovery with the Commission. This interim recovery period will last up to 12 months. If costs related to named storms exceed \$5.00/1,000 KWh in any one year, the Company can ask the Commission to allow to defer to subsequent year or years or petition for a higher amount including replenishing the reserve. They also ask to increase their storm reserve to \$300 million. Finally, FPL asks that any storm proceeding not allow for any type of earnings test or measure or consider previous or current base rate earnings.

Unlike the SCRM in the Settlement between the parties, where the parties would agree not to object to a tariff filing up to \$5 per 1,000 KWh for named storms on an interim basis subject to a full evidential hearing on the cost, FPL’s proposal in testimony falls short. First, as written, it asks the Commission to preapprove storm costs up to \$5 per 1,000 KWh. Sections 366.06 and 366.07, F.S., provides for rate changes only “after public hearing” where the Commission has investigated and determine “the actual legitimate costs...” finds that rates are insufficient that then the Commission “by order” can “fix the fair and reasonable rates.” There is no statutory basis for pre-approval of a rate increase by the Commission.

Second, FPL’s proposal as written in testimony does not provide for the protesting of the amount collected and the other trade-offs which is critical to SCRM as provided for in settlements. Also, the interim statute, Section 366.071, F.S., only provides for interim rates based on a showing that utility is earning outside its range of reasonableness which was waived by the parties in settlement. The interim statutory relief only allows recovery to collect rates “sufficient to earn the minimum of the range of rate of return” calculated in accordance with its “required rate of return” based on its last rate proceeding. The Commission

cannot waive this statutory provision, assuming the interim rates section were applicable under a storm circumstance. Therefore, the Commission cannot approve any storm recovery mechanism that attempts to contravene this statutory provision or the Commission's and parties' rights to require application of an earnings test and investigation. The Commission cannot preclude an earnings-type review or base any decision on the existing provision in contravention of the provisions under which the SCRM was established through negotiation.

The disposition of a request to recover storm-related costs involves factual and policy determinations, such as the amount to be collected; the issue of whether the amount should be limited by the utility's earnings level; the time period over which any surcharge should be spread; the availability of other funding sources; and the appropriate level of the storm reserve. Chapter 120, F.S., gives affected parties the right to raise and litigate such issues. In Docket No. 20210015-EI, parties entered a negotiated resolution of such issues as part of a larger global settlement. The settlement expires on December 31, 2025. At that time, parties will again have the right to identify issues, present evidence, cross-examine witnesses, and argue positions on all storm recovery requests. To *limit* the scope of permissible inquiry, and to *prejudge* the amount and time frame of future recovery, applicability of earnings levels to FPL's future requests, and level of reserve to be restored in the form of *predetermined* outcomes in the absence of a stipulation and settlement of those potential issues would be to violate parties' substantive and procedural due process rights.

ISSUE 5: Does the Commission have the authority to approve modification to FPL's proposed mechanism for addressing a change in tax law?

OPC Position: No. FPL's request for a tax adjustment for a speculative future tax change is premature and thus prohibited based on the Commission's decision in Order No. PSC-2017-0099-PHO-EI as the Commission ruled in identical circumstances in 2017 when speculation was rampant about possible statutory tax rate changes in the absence of passed legislation. As the Commission stated then, and as it stands now, the issue is premature and not ripe for consideration at this time. Should federal tax changes occur in the future, the issue may be addressed at the appropriate time in a separate proceeding.

TEST PERIOD AND FORECASTING

ISSUE 7: Has FPL proven its entitlement to the use of a subsequent projected test year ending December 31, 2027 adjustment to base rates?

OPC Position: No. A subsequent test year is not necessary or good policy. If the test year is chosen appropriately, it should be representative of rates on a going-forward basis, negating the need for another rate adjustment so shortly after the original test year, absent any extraordinary circumstances, which FPL has not shown.

ISSUE 8: **Is FPL’s projected test period appropriate:**

- a. For the 12 months ending December 31, 2026?**
- b. For the 12 months ending December 31, 2027?**

OPC Position: a. Yes, FPL’s projected test period for the 12 months ending December 31, 2026, is appropriate, with adjustments. (Schultz)

b. No, but if the Commission approves otherwise, only with required adjustments. (Schultz)

ISSUE 9: **Has FPL proven any financial need for rate relief in any period subsequent to the projected test period ending December 31, 2026?**

OPC Position: No, but if the Commission approves otherwise, only with required adjustments. (Schultz)

ISSUE 10: **Are FPL’s forecasts of Customers, KWH, and KW by revenue and rate class appropriate:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: No. At a minimum, FPL’s residential forecasts have consistently fallen short of actuals, adjustments are needed for the other customer classes, and FPL’s use of a 20-year normal for weather fails to account for increased heating trends in the past 10 years. (Thomas)

ISSUE 11: **What are the inflation, customer growth, and other trend factors that should be approved for use in forecasting the projected test years’ budget:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: FPL has not proven that the inflation, customer growth, and other trend factors should be approved as filed. (Thomas)

QUALITY OF SERVICE

ISSUE 12: **Is the quality of the electric service provided by FPL adequate?**

OPC Position: FPL bears the burden of proving that the quality of FPL’s service is adequate. The Commission held several customer service meetings in this matter, and some customers complained that the quality of service they received from FPL was inadequate. Other customers submitted written comments regarding the quality of service they received from FPL. The Commission should bear this testimony in mind.

DEPRECIATION AND DISMANTLEMENT STUDIES

ISSUE 13: What are the appropriate depreciation parameters and resulting depreciation rates for each depreciable plant account?

OPC Position: The appropriate depreciation parameters and resulting depreciation rates are as shown on Exhibit WWD-8 as presented in OPC Witness Dunkel's testimony. These adjustments reduce FPL's requested test year depreciation expense by \$165,750,241 (this expense level represents an increase to FPL's current depreciation annual amount by \$4,887,403). (Dunkel)

ISSUE 14: Based on the application of the depreciation parameters and resulting depreciation rates that the Commission deems appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

OPC Position: There is no reserve imbalance which requires any action, other than through the use of the Remaining Life Technique. (Dunkel)

ISSUE 15: What corrective reserve measures should be taken with respect to the imbalances identified in Issue 14, if any?

OPC Position: All imbalances should be corrected using the remaining life technique. (Dunkel)

ISSUE 16: Should the Commission approve FPL's requested capital recovery schedules and amortization schedules, if any?

OPC Position: No. However, FPL has the burden to demonstrate that its requested capital recovery schedules and amortization schedules are reasonable and prudent. (Dunkel)

ISSUE 17: What is the appropriate annual accrual and reserve for dismantlement for the 2026 projected test year?

OPC Position: For the production plant dismantlement, the appropriate annual accrual amount is \$52,326,838 as shown on Exhibit WWD-5 as filed on July 8, 2025. These adjustments reduce FPL's requested test year dismantlement expense by \$54,099,444. (Dunkel)

ISSUE 18: What corrective dismantlement reserve measures should be approved, if any?

OPC Position: The OPC has not used any reserve amounts in the Dismantlement Study which are different than filed by FPL. (Dunkel)

ISSUE 19: What should be the implementation date for new depreciation rates and the provision for dismantlement?

OPC Position: The new depreciation and dismantlement rates should be implemented with the change in base rates upon approval of the Commission. (Dunkel)

RATE BASE

ISSUE 20: Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital:

a. For the 2026 projected test year?

b. For the 2027 projected test year?

OPC Position: No. FPL has failed to meet its burden of demonstrating that the appropriate adjustments to remove the impact of all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital. OPC is not proposing a specific adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing. (Schultz)

ISSUE 21: Should the Commission approve FPL's proposal to move certain costs from base rates to the Storm Protection Plan Cost Recovery Clause effective January 1, 2026?

OPC Position: No. FPL has the burden of demonstrating the appropriateness of moving certain costs from base rates to the Storm Protection Plan Cost Recovery Clause effective January 1, 2026. As a general matter, and absent any countervailing consideration that would be to the detriment of customers, OPC favors placing capital items in rate base rather than in cost recovery clauses. (Schultz)

ISSUE 22: Should the Commission approve FPL's proposal to move certain costs from base rates to the Environmental Cost Recovery Clause effective January 1, 2026?

OPC Position: No. FPL has the burden of demonstrating the appropriateness of moving certain costs from base rates to the Environmental Cost Recovery Clause effective January 1, 2026. As a general matter, and absent any countervailing consideration that would be to the detriment of customers, OPC favors placing capital items in rate base rather than in cost recovery clauses. (Schultz)

ISSUE 23: Should FPL's 2025 Northwest Florida battery project be approved for the 2026 projected test year?

OPC Position: Assuming that FPL is able to meet its burden of proof, FPL's 2025 Northwest Florida battery project should be approved. However, the Commission must recognize that once the project is completed, FPL, under its traditional 20% planning reserve margin resource adequacy criterion, will not need any additional firm capacity until at least Summer 2028. (Dauphinais, Schultz)

ISSUE 24: **How should the Commission treat the impact, if any, of the acquisition from Vandolah Power Company in making any determination in this docket?**

OPC Position: Existing customers should receive the full benefit of any prudent acquisition of the unit as soon as practical. Additionally, the Commission should consider the impact of the Vandolah Power Company acquisition on FPL's purported generation resource needs beginning in 2027.

ISSUE 25: **Should the Commission approve FPL's proposed introduction of a stochastic loss of load probability analysis for resource adequacy planning?**

OPC Position: FPL's proposed introduction of a stochastic loss of load probability analysis for resource adequacy planning should not be approved as filed. OPC Witness Dauphinais details all of the reasons why the Commission in this proceeding should not rely upon the results of E3's stochastic LOLP analysis performed by E3 on FPL's behalf beyond 2026 and 2027 and, for 2026 and 2027, only rely on it to the extent FPL agrees to the conditions recommended by OPC Witness Dauphinais. (Dauphinais)

ISSUE 26: **Should FPL's proposed solar generation projects be approved:**

- a. **For the 2026 projected test year?**
- b. **For the 2027 projected test year?**

OPC Position: a. No. FPL has the burden of demonstrating that its solar generation projects are reasonable and prudent. All of OPC's proposed solar generation project disallowances for 2026 are encompassed in Witness Dauphinais' testimony and Witness Schultz's HWS Exhibit-2, Schedule B-2, Page 1 of 2. (Dauphinais, Schultz)

 b. No. FPL has the burden of demonstrating that its solar generation projects are reasonable and prudent. All of OPC's proposed solar investment disallowances for 2027 are encompassed in Witness Dauphinais' testimony and Witness Schultz's HWS Exhibit-2, Schedule B-2, Page 2 of 2. (Dauphinais, Schultz)

ISSUE 27: **Should FPL's proposed battery storage projects be approved:**

- a. **For the 2026 projected test year?**
- b. **For the 2027 projected test year?**

OPC Position: a. Assuming FPL has met its burden of proof and FPL agrees to the Stochastic LOLE analysis conditions recommended by OPC Witness Dauphinais, FPL's proposed 2026 battery storage projects should be approved. (Dauphinais, Schultz)

b. Assuming FPL has met its burden of proof and FPL agrees to the Stochastic LOLE analysis conditions recommended by OPC Witness Dauphinais, FPL's proposed 2027 battery storage projects should be approved. (Dauphinais, Schultz)

ISSUE 28: **Should FPL's proposed generation maintenance capital expense be approved:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that its proposed generation maintenance capital expense in the 2026 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. No. FPL has the burden of demonstrating that its proposed generation maintenance capital expense in the 2027 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 29: **Should FPL's proposed Customer Information System replacement be approved for the 2027 projected test year?**

OPC Position: No. FPL has the burden of demonstrating that its proposed generation maintenance capital expense in the 2027 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 30: **Should FPL's proposed long-duration battery pilot program be approved for the 2027 projected test year?**

OPC Position: No. FPL has the burden of demonstrating that its battery pilot program should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 31: **What amount of Net Nuclear Fuel should be approved:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. FPL has the burden of demonstrating that its proposed Net Nuclear Fuel in the 2026 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. FPL has the burden of demonstrating that its proposed Net Nuclear Fuel in the 2027 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 32: Should FPL's proposed biogas project upgrade be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. No. FPL has the burden of demonstrating that its proposed biogas project upgrade in the 2026 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. No. FPL has the burden of demonstrating that its proposed biogas project upgrade in the 2027 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 33: Should FPL's proposed transmission plant additions be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. No. FPL has the burden of demonstrating that its proposed transmission plant additions in the 2026 projected test year are reasonable and prudent. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. No. FPL has the burden of demonstrating that its proposed transmission plant additions in the 2027 projected test year are reasonable and prudent. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 34: Should FPL's proposed distribution plant additions be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. No. FPL has the burden of demonstrating that its proposed distribution plant additions in the 2026 projected test year reasonable and prudent. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. No. FPL has the burden of demonstrating that its proposed distribution plant additions in the 2027 projected test year reasonable and prudent. OPC is not

proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 35: What amount of Plant in Service should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to plant as recommended by OPC Witnesses Dauphinais and Schultz, 2026 plant should be reduced by \$1,907,813,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 1 of 2. OPC would note that this issue is dependent on the resolution of other issues. (Dauphinais, Schultz)

 b. To reflect the reduction to plant as recommended by OPC Witnesses Dauphinais and Schultz, 2027 plant should be reduced by \$3,035,662,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 2 of 2. OPC would note that this issue is dependent on the resolution of other issues. (Dauphinais, Schultz)

ISSUE 36: What action, if any, should the Commission take to adjust the depreciation reserve for costs that are determined by the Commission to be improperly recorded above the line during periods when the Reserve Amount was amortized to the income statement?

OPC Position: The Commission should not allow the recovery of costs improperly included in the income statement and offset by credits historically amortized from the Reserve Amount to be passed on through higher future rates caused by the restoration of depreciation reserve that increases rate base. FPL has failed to carry its burden to demonstrate that such costs are not included in the rate base. If evidence produced in the hearing indicates that costs associated with below-the-line activities have in past years have been offset by depreciation credits amortized from the RSAM-related Reserve Amount, the debits to the depreciation reserve associated with credits to below the line costs should not be recovered from future customers. The Commission should take measures, including opening an investigation, to protect customers from paying for any improper costs that may, in effect, have been deferred and recovered through the RSAM mechanism. (Schultz)

ISSUE 37: What amount of Accumulated Depreciation should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to accumulated depreciation as recommended by OPC Witnesses Dauphinais, Dunkel, and Schultz, 2026 accumulated

depreciation should be reduced by \$931,860,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 1 of 2. (Dauphinais, Dunkel, Schultz)

b. To reflect the reduction to accumulated depreciation as recommended by OPC Witnesses Dauphinais, Dunkel, and Schultz, 2027 accumulated depreciation should be reduced by \$1,153,488,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 2 of 2. (Dauphinais, Dunkel, Schultz)

ISSUE 38: What amount of Construction Work in Progress should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. FPL has failed to meet its burden of demonstrating that its proposed CWIP in the 2026 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. FPL has failed to meet its the burden of demonstrating that its proposed CWIP in the 2027 projected test year should be approved. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 39: What amount of Property Held for Future Use should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to PHFU as recommended by OPC witness Schultz, 2026 PHFU should be reduced by \$931,860,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 1 of 2. (Schultz)

b. To reflect the reduction to PHFU as recommended by OPC witness Schultz, 2027 PHFU should be reduced by \$1,153,488,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 2 of 2. (Schultz)

ISSUE 40: What amount of Working Capital should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the adjustments on a total and jurisdictional basis to working capital as recommended by OPC witness Schultz, 2026 working capital should be increased by \$28,629,000 for Plant Daniel and reduced by \$4,400,000 for

unamortized rate case expense as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 1 of 2. (Schultz)

b. To reflect the adjustments on a total and jurisdictional basis to working capital as recommended by OPC witness Schultz, 2027 working capital should be increased by \$25,628,000 for Plant Daniel and reduced by \$3,143,000 for unamortized rate case expense as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 2 of 2. (Schultz)

ISSUE 41: **What amount of rate base should be approved: (Fallout Issue)**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to rate base as recommended by OPC witness Schultz, 2026 rate base should be reduced by \$1,125,625,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 1 of 2. OPC notes that this issue is dependent on the resolution of other issues. (Dauphinais, Dunkel, Schultz)

b. To reflect the reduction to rate base recommended by OPC witness Schultz, 2027 rate base should be reduced by \$2,302,079,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule B-1, Page 2 of 2. OPC notes that this issue is dependent on the resolution of other issues. (Dauphinais, Dunkel, Schultz)

COST OF CAPITAL

ISSUE 42: **What amount of accumulated deferred taxes should be approved for inclusion in the capital structure:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. The ADIT in the capital structure should be adjusted to the amounts shown in Exhibit HWS-2, Schedule D, D-1. (Schultz)

b. The ADIT in the capital structure should be adjusted to the amounts shown in Exhibit HWS-2, Schedule D, D-1. (Schultz)

ISSUE 43: **What amount and cost rate of the unamortized investment tax credits should be approved for inclusion in the capital structure:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. The appropriate 2026 amount of unamortized ITCs included in the capital structure is \$750.400 million and the cost rate is 7.40%. Other adjustments to ITCs may also be appropriate, based on the evidence adduced at hearing. The unamortized ITCs in the capital structure should be adjusted to the amounts shown in Exhibit HWS-2, Schedule D. (Schultz)
 - b. The appropriate 2027 amount of unamortized ITCs included in the capital structure is \$725.070 million and the cost rate is 7.42%. Other adjustments to ITCs may also be appropriate, based on the evidence adduced at hearing. The unamortized ITCs in the capital structure should be adjusted to the amounts shown in Exhibit HWS-2, Schedule D. (Schultz)

ISSUE 44: What amount and cost rate for short-term debt should be approved for inclusion in the capital structure:

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

- OPC Position:**
- a. The appropriate cost rate for short-term debt is 3.80% for 2026. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz, Lawton)
 - b. The appropriate cost rate for short-term debt is 3.79% for 2027. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz, Lawton)

ISSUE 45: What amount and cost rate for long-term debt should be approved for inclusion in the capital structure:

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

- OPC Position:**
- a. The appropriate cost rate for long-term debt is 4.64% for 2026. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz, Lawton)
 - b. The appropriate cost rate for short-term debt is 4.69% for 2027. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz, Lawton)

ISSUE 46: What amount and cost rate for customer deposits should be approved for inclusion in the capital structure:

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

- OPC Position:**
- a. Per OPC adjustments, the appropriate amount of 2026 customer deposits is \$614.374 million, after adjustments to reconcile the capital structure to rate base. The appropriate cost rate for customer deposit is 2.15%. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz)

b. Per OPC adjustments, the appropriate amount of 2027 customer deposits is \$650,527 million, after adjustments to reconcile the capital structure to rate base. The appropriate cost rate for customer deposit is 2.15%. The amount and cost rate are shown on Exhibit HWS-2, Schedule D. (Schultz)

ISSUE 47: **Has FPL made the appropriate adjustments to remove all non-utility activities from the Common Equity balance:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. No. FPL has the burden of demonstrating that the appropriate adjustments to remove all non-utility activities from the Common Equity balance. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. No. FPL has the burden of demonstrating that the appropriate adjustments to remove all non-utility activities from the Common Equity balance. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 48: **What equity ratio should be approved for use in the capital structure for ratemaking purposes:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. A more appropriate equity ratio would be 55% for the 2026 projected test year. FPL has a bloated 59.6% equity ratio request in this case and customers would be better off with a lower equity ratio in the capital structure. The FPL proxy group average equity ratio is approximately 51.80% which is more risky in financial terms than FPL's requested 59.6% equity ratio. Rather than adjusting FPL's proposed hypothetical capital structure of 59.6% equity, OPC witness recommends using a financial risk adjustment to be applied to the ROE which assumes an authorized capital structure of 55% equity. Applying a financial risk adjustment to the ROE which assumes a 55% equity ratio aligns FPL's financial risk with FPL's comparable proxy group of utilities. (Lawton)

b. A more appropriate equity ratio would be 55% for the 2027 projected test year. FPL has a bloated 59.6% equity ratio request in this case and customers would be better off with a lower equity ratio in the capital structure. The FPL proxy group average equity ratio is approximately 51.80% which is more risky in financial terms than FPL's requested 59.6% equity ratio. Rather than adjusting FPL's proposed hypothetical capital structure of 59.6% equity, OPC witness recommends using a financial risk adjustment to be applied to the ROE which assumes an authorized capital structure of 55% equity. Applying a

financial risk adjustment to the ROE which assumes a 55% equity ratio a FPL's financial risk with FPL's comparable proxy group of utilities. (Lawton)

ISSUE 49: What return on equity (ROE) should be approved for use in establishing FPL's revenue requirements:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. The appropriate ROE is 9.20%. FPL's requested 11.9 % ROE and a 59.6% equity ratio is extravagant and excessive under current market conditions. Both interest rates and awarded ROEs have remained low since 2022. The Discount Cash Flow (DCF) method checked by the Capital Asset Pricing Model (CAPM) produced a 9.6% ROE. Rather than adjusting FPL's proposed hypothetical capital structure of 59.6% equity, OPC witness recommends using a financial risk adjustment of 40-basis points applied to the ROE which assumes an authorized capital structure of 55% equity. With the proposed financial risk adjustment to account for an assumed capital structure of 55% to align with the comparable FPL's electric proxy groups, the appropriate ROE for FPL is 9.20%. (Lawton)

b. The appropriate ROE is 9.20%. FPL's requested 11.9 % ROE and a 59.6% equity ratio is extravagant and excessive under current market conditions. Both interest rates and awarded ROEs have remained low since 2022. The Discount Cash Flow (DCF) method checked by the Capital Asset Pricing Model (CAPM) produced a 9.6% ROE. Rather than adjusting FPL's proposed hypothetical capital structure of 59.6% equity, OPC witness recommends using a financial risk adjustment of 40-basis points applied to the ROE which assumes an authorized capital structure of 55% equity. With the proposed financial risk adjustment to account for an assumed capital structure of 55% to align with the comparable FPL's electric proxy groups, the appropriate ROE for FPL is 9.20%. (Lawton)

ISSUE 50: What capital structure and weighted average cost of capital should be approved for use in establishing FPL's revenue requirements: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. The weighted average cost of capital for 2026 is 6.24% as shown on Exhibit HWS-2, Schedule D. Pursuant to the standards set forth in Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923) ("Bluefield") and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944) ("Hope") that financial integrity should be sufficient to attract capital on reasonable terms under a variety of market and economic conditions, FPL will maintain its financial integrity under OPC's

recommended capital structure of 9.20% equity return with a 59.6% equity capital structure with a 6.24% overall rate of return. (Lawton, Schultz)

b. The weighted average cost of capital for 2027 is 6.24% as shown on Exhibit HWS-2, Schedule D. Pursuant to the standards set forth in Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923) ("Bluefield") and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944) ("Hope") that financial integrity should be sufficient to attract capital on reasonable terms under a variety of market and economic conditions, FPL will maintain its financial integrity under OPC's recommended capital structure of 9.20% equity return with a 59.6% equity capital structure with a 6.24% overall rate of return. (Lawton, Schultz)

NET OPERATING INCOME

ISSUE 51: **Has FPL correctly calculated the annual revenues at current rates:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. The correct revenues from sales should be at least \$9,774,471,000. (Schultz, Thomas).
b. No. The correct revenues from sales should be at least \$9,862,255,000. (Schultz, Thomas).

ISSUE 52: **What projected amounts of Other Operating Revenues should be approved:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. The correct other operating revenues should be at least \$241,646,000. (Schultz).
b. No. The correct other operating revenues should be at least \$279,711,000. (Schultz).

ISSUE 53: **What amount of Total Operating Revenues should be approved:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: A. To reflect the recommended increase in Base Revenues from Retail Sales by OPC witness Thomas and recommended decrease for lease revenue by OPC Witness Schultz, the 2026 Total Operating Revenues should be at least

\$10,016,117,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C, Page 1 of 2. (Schultz, Thomas)

B. To reflect the recommended increase in Base Revenues from Retail Sales by OPC witness Thomas and recommended decrease for lease revenue by OPC Witness Schultz, the 2027 Total Operating Revenues should be at least \$10,141,966,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C, Page 2 of 2. (Schultz, Thomas)

ISSUE 54: **What amount of generation O&M expense should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to planned generation maintenance as recommended by OPC witness Schultz, 2026 generation O&M expense should be reduced by at least \$10,927,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)

 b. To reflect the reduction to planned generation maintenance as recommended by OPC witness Schultz, 2027 generation O&M expense should be reduced by at least \$9,902,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 55: **What amount of FPL's transmission O&M expense should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the reduction to planned transmission maintenance as recommended by OPC witness Schultz, 2026 generation O&M expense should be reduced by at least \$10,566,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C-1, Page 1 of 2 (Schultz)

 b. To reflect the reduction to planned transmission maintenance as recommended by OPC witness Schultz, 2027 generation O&M expense should be reduced by at least \$13,379,000 on a total and jurisdictional basis as reflected on Exhibit HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 56: **What amount of FPL's distribution O&M expense should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. No position.

b. No position.

ISSUE 57: **Should the Commission approve FPL’s proposal to move certain costs from base rates to the Fuel Adjustment Clause effective January 1, 2026?**

OPC Position: No. FPL has the burden of demonstrating the appropriateness of moving certain costs from base rates to the Fuel Adjustment Clause effective January 1, 2026.

ISSUE 58: **Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause:**

a. For the 2026 projected test year?

b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that it appropriately removed fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause.

b. No. FPL has the burden of demonstrating that it appropriately removed fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause.

ISSUE 59: **Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause:**

a. For the 2026 projected test year?

b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that it appropriately removed conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause.

b. No. FPL has the burden of demonstrating that it appropriately removed conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause.

ISSUE 60: **Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause:**

a. For the 2026 projected test year?

b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that if appropriately removed capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause.

- b. No. FPL has the burden of demonstrating that it appropriately removed capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause.

ISSUE 61: **Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that it appropriately removed environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause.

- b. No. FPL has the burden of demonstrating that it appropriately removed environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause.

ISSUE 62: **Has FPL made the appropriate adjustments to remove all storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that it appropriately removed storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause.

- b. No. FPL has the burden of demonstrating that it appropriately removed storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause.

ISSUE 63: **Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: a. No. FPL has the burden of demonstrating that it appropriately removed all non-utility activities from operating revenues and operating expenses.

- b. No. FPL has the burden of demonstrating that it appropriately removed all non-utility activities from operating revenues and operating expenses.

ISSUE 64: What amount of incentive compensation should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. None. As reflected in Exhibit-2, Schedule C-1, Page 1 of 2, and Schedule C-5, incentive compensation of \$87,478,000 for 2026 should be removed.

 b. None. As reflected in Exhibit-2, Schedule C-1, Page 1 of 2, and Schedule C-5, incentive compensation of \$93,063,000 for 2027 should be removed.

ISSUE 65: What amount of salaries and benefits expense, including incentive compensation, should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. The amount of salaries and benefits expense, including incentive compensation, that should be approved would be the Company's requested MFR amount reduced by the proposed adjustments in Issue 64 and the additional adjustments for payroll, SERP, and pension & benefits adjustments reflected in Exhibit-2, Schedule C-1, Page 1 of 2.

 b. The amount of salaries and benefits expense, including incentive compensation, that should be approved would be the Company's requested MFR amount reduced by the proposed adjustments in Issue 64 and the additional adjustments for payroll, SERP, and pension & benefits adjustments reflected in Exhibit-2, Schedule C-1, Page 2 of 2.

ISSUE 66: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. FPL has the burden of demonstrating that it has made the appropriate test year adjustments to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies.

 b. FPL has the burden of demonstrating that it has made the appropriate test year adjustments to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies.

ISSUE 67: Should any adjustments be made to Directors and Officers Liability Insurance expense:

- a. For the 2026 projected test year?**

b. For the 2027 projected test year?

- OPC Position:**
- a. Yes. As reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2, the Commission should reduce Directors and Officers Liability Insurance expense by \$4,638,000 consistent with Commission precedent that allocates the cost evenly between shareholders and ratepayers. (Schultz)
 - b. Yes. As reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2, the Commission should reduce Directors and Officers Liability Insurance expense by \$5,010,000 consistent with Commission precedent that allocates the cost evenly between shareholders and ratepayers. (Schultz)

ISSUE 68: What amount of Economic Development expense should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. FPL has failed to demonstrate that it has projected the appropriate amount of Economic Development expense in the 2026 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.
 - b. FPL has failed to demonstrate that it has projected the appropriate amount of Economic Development expense in the 2027 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 69: Should any adjustments be made to Property Insurance expense:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. Yes. As reflected on HWS Exhibit-2, Schedule C-7, the Property Insurance expense should be reduced by \$3,702,000. (Schultz)
 - b. Yes. As reflected on HWS Exhibit-2, Schedule C-7, the Property Insurance expense should be reduced by \$3,702,000. (Schultz)

ISSUE 70: Should any adjustments be made to Liability Insurance expense:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. Yes. As reflected on HWS Exhibit-2, Schedule C-7, the Liability Insurance expense should be reduced by \$10,475,000. (Schultz)
 - b. Yes. As reflected on HWS Exhibit-2, Schedule C-7, the Liability Insurance expense should be reduced by \$11,156,000. (Schultz)

ISSUE 71: **Should any adjustments be made to Injuries and Damages expense:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. Yes. As reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2, the Commission should reduce Injuries and Damages expense by \$27,773,000. (Schultz)

 b. Yes. As reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2, the Commission should reduce Injuries and Damages expense by \$3,858,000. (Schultz)

ISSUE 72: **What amount and amortization period for Rate Case Expense should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. None. As reflected in Exhibit-2, Schedule C-1, Page 1 of 2, rate case expense of \$1,257,000 for 2026 should be removed.

 b. None. As reflected in Exhibit-2, Schedule C-1, Page 2 of 2, rate case expense of \$1,257,000 for 2027 should be removed.

ISSUE 73: **What amount of uncollectible expense and bad debt rate should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. As reflected on HWS Exhibit-2, Schedule C-11, the Commission should reduce uncollectible expense by \$2,121,000 consistent with the 3-year average level from 2021 to 2024 and increase uncollectible expense by \$146,000 associated with OPC's recommended revenue adjustment. Further, the Company's bad debt rate of .124% should be reduced to .110%. (Schultz)

 b. As reflected on HWS Exhibit-2, Schedule C-11, the Commission should reduce uncollectible expense by \$1,915,000 consistent with the 3-year average level from 2021 to 2024 and increase uncollectible expense by \$146,000 associated with OPC's recommended revenue adjustment. Further, the Company's bad debt rate of .122% should be reduced to .110%. (Schultz)

ISSUE 74: **What expense accruals for end of life materials and supplies should be approved:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: FPL has the burden of demonstrating that its expense accruals for end-of-life materials and supplies are reasonable and prudent and that the costs are properly recorded in its books and records and reflected in the MFRs.

ISSUE 75: What amount of O&M Expense should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. As reflected on HWS Exhibit 2, Schedule C, Page 1 of 2, the amount of non-fuel O&M expenses are \$1,003,803,000 which captures the proposed adjustments in previous issues and the additional adjustments for Plant Daniel and dues as reflected in Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)

b. As reflected on HWS Exhibit 2, Schedule C, Page 2 of 2, the amount of non-fuel O&M expenses are \$1,334,947,000 which captures the proposed adjustments in previous issues and the additional adjustments for Plant Daniel and dues as reflected in Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 76: What amount of depreciation, amortization, and dismantlement expense should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position:

a. In 2026, to reflect the reduction to depreciation, amortization, and dismantlement expense as recommended by OPC witness Dauphinais, Dunkel, and Schultz, in Exhibit HWS-2, Schedule C, Page 1 of 2, which amounts to a reduction from FPL's requested test year of (248,793). (Schultz)

b. In 2027, to reflect the reduction to depreciation, amortization, and dismantlement expense as recommended by OPC witness Dauphinais, Dunkel, and Schultz, in Exhibit HWS-2, Schedule C, Page 2 of 2, which amounts to a reduction from FPL's requested test year of (291,631). (Schultz)

ISSUE 77: What amount of (gain)/loss on disposal of utility property should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. Because of the potential for the sale of certain PHFU properties, the Company's gain amount in its MFRs could be understated. FPL has the burden of demonstrating that its proposed (gain)/loss on disposal of utility

property in the 2026 projected test year is appropriate. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. Because of the potential for the selling certain PHFU properties, the Company's gain amount in its MFRs could be understated. FPL has the burden of demonstrating that its proposed (gain)/loss on disposal of utility property in the 2027 projected test year is appropriate. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 78: What amount of Property Taxes should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. To reflect the adjustments on a total and jurisdictional basis to property taxes as recommended by OPC witness Schultz, the Company's 2026 property taxes of \$993,972,000 should be reduced by \$28,249,000 as reflected on Exhibit HWS Exhibit-2, Schedule C-16. (Schultz)

b. To reflect the adjustments on a total and jurisdictional basis to property taxes as recommended by OPC witness Schultz, the Company's 2027 property taxes of \$1,053,060,000 should be reduced by \$42,577,000 as reflected on Exhibit HWS Exhibit-2, Schedule C-16. (Schultz)

ISSUE 79: What amount of Taxes Other Than Income Taxes should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. The amount of Taxes Other Than Income (TOTI) that should be approved would be the Company's requested MFR amount reduced by the proposed adjustments in Issue 78 and the additional adjustments for payroll tax and Plant Daniel adjustments reflected in HWS Exhibit-2, Schedule C-2, Page 1 of 2. Accordingly, the amount of TOTI should be \$863,495,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)

b. The amount of Taxes Other Than Income (TOTI) that should be approved would be the Company's requested MFR amount reduced by the proposed adjustments in Issue 78 and the additional adjustments for payroll tax and Plant Daniel adjustments reflected in HWS Exhibit-2, Schedule C-2, Page 2 of 2. Accordingly, the amount of TOTI should be \$888,606,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 80: **What amount of Production Tax Credits should be approved and what is the proper accounting treatment:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. OPC could not verify whether the Company included in its filing the appropriate adjustments to the provision for income tax expense related to Production Tax Credits. To the extent the Company did include them in their filing, OPC realizes corresponding adjustments for PTCs would be warranted for the proposed solar investment disallowances. It remains to be seen the impact that the One Big, Beautiful Bill Act or the U.S. Treasury guidance will have on the eligibility of PTCs. However, FPL has the burden of proving the appropriateness of the Production Tax Credits proposed in the 2026 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

b. OPC could not verify whether the Company included in its filing the appropriate adjustments to the provision for income tax expense related to Production Tax Credits. To the extent the Company did include them in their filing, OPC realizes corresponding adjustments for PTCs would be warranted for the proposed solar investment disallowances. It remains to be seen the impact that the One Big, Beautiful Bill Act or the U.S. Treasury guidance will have on the eligibility of PTCs. However, FPL has the burden of proving the appropriateness of the Production Tax Credits proposed in the 2027 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 81: **Is it prudent for FPL to sell the PTCs and ITCs to one or more third parties? If so, what is the appropriate discount rate associated with FPL's transfers of Investment Tax Credits and Production Tax Credits?**

OPC Position: FPL has the burden of demonstrating the reasonableness and prudence of the sale of PTCs and ITCs. An adjustment may be required based on evidence adduced at hearing.

ISSUE 82: **What amount of the Investment Tax Credits, pursuant to the Inflation Reduction Act, should be approved and what is the proper accounting treatment:**

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. OPC could not verify whether the Company included in its filing the appropriate adjustments to the provision for income tax expense related to Investment Tax Credits. To the extent the Company did include them in their filing, OPC realizes corresponding adjustments for ITCs would be warranted for the proposed solar investment disallowances. It remains to be seen the impact that the “One Big, Beautiful Bill Act” or the U.S. Treasury guidance will have on the eligibility of ITCs. However, FPL has the burden of demonstrating that its Investment Tax Credits proposed in the 2026 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.
 - b. OPC could not verify whether the Company included in its filing the appropriate adjustments to the provision for income tax expense related to Investment Tax Credits. To the extent the Company did include them in their filing, OPC realizes corresponding adjustments for ITCs would be warranted for the proposed solar investment disallowances. It remains to be seen the impact that the “One Big, Beautiful Bill Act” or the U.S. Treasury guidance will have on the eligibility of ITCs. However, FPL has the burden of demonstrating that its Investment Tax Credits proposed in the 2027 projected test year. OPC is not proposing an adjustment prior to hearing, but an adjustment may be required based on evidence adduced at hearing.

ISSUE 83: What amount of Income Tax expense should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of income tax expense should be \$252,454,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)
 - b. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of income tax expense should be \$334,720,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 84: What amount of Total Operating Expenses should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:**
- a. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of total operating expenses should be

\$4,982,642,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)

b. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of total operating expenses should be \$5,316,979,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

ISSUE 85: What amount of Net Operating Income should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of net operating income should be \$5,033,474,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 1 of 2. (Schultz)

b. This issue is dependent on the resolution of other issues. Based on the testimony of OPC witnesses, the amount of net operating income should be \$4,824,987,000 as reflected on HWS Exhibit-2, Schedule C-1, Page 2 of 2. (Schultz)

REVENUE REQUIREMENTS

ISSUE 86: What revenue expansion factor and net operating income multiplier, including the appropriate elements and rates, should be approved:

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

OPC Position: a. This issue is dependent on the resolution of Issue 73. As reflected in HWS Exhibit-2, Schedule A-1, Page 1 of 2, the revenue expansion factor and net income multiplier should be 74.573% and 1.34097, respectively. (Schultz)

b. This issue is dependent on the resolution of Issue 73. As reflected in HWS Exhibit-2, Schedule A-1, Page 2 of 2, the revenue expansion factor and net income multiplier should be 74.573% and 1.34097, respectively. (Schultz)

ISSUE 87: What amount of annual operating revenue increase or decrease should be approved: (Fallout Issue)

- a. For the 2026 projected test year?**
- b. For the 2027 projected test year?**

- OPC Position:** a. This issue is dependent on the resolution of other issues. As reflected in HWS Exhibit-2, Schedule A, Page 1 of 2, there is a revenue sufficiency of (\$620,492,000). (Schultz)
- b. This issue is dependent on the resolution of other issues. As reflected in HWS Exhibit-2, Schedule A, Page 2 of 2, there is a revenue deficiency of \$35,196,000. (Schultz)

COST OF SERVICE AND RATE DESIGN ISSUES

- ISSUE 88:** Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate:
- a. For the 2026 projected test year?
 - b. For the 2027 projected test year?

OPC Position: No position.

- ISSUE 89:** What is the appropriate methodology to allocate production costs to the rate classes:
- a. For the 2026 projected test year?
 - b. For the 2027 projected test year?

OPC Position: No position.

- ISSUE 90:** What is the appropriate methodology to allocate transmission costs to the rate classes:
- a. For the 2026 projected test year?
 - b. For the 2027 projected test year?

OPC Position: No position.

- ISSUE 91:** What is the appropriate methodology to allocate distribution costs to the rate classes:
- a. For the 2026 projected test year?
 - b. For the 2027 projected test year?

OPC Position: No position.

- ISSUE 92:** What is the appropriate methodology to allocate other costs to the rate classes that are not addressed in Issues 89 through 91?

OPC Position: No position.

ISSUE 93: **How should any change in revenue requirement approved by the Commission be allocated to the customer classes:**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 94: **What are the appropriate service charges (initial connection, reconnection, connection of existing service, field visit, and temporary/construction service) (Sheet Nos. 4.020-4.030):**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 95: **What are the appropriate base charges: (Fallout Issue)**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 96: **What are the appropriate demand charges: (Fallout Issue)**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 97: **What are the appropriate energy charges: (Fallout Issue)**

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 98: What are the appropriate charges for the Standby and Supplemental Services (SST-1, ISST-1) rate schedules (Sheet Nos. 8.750-8.765): (Fallout Issue)

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 99: What are the appropriate charges for the Commercial Industrial Load Control (CILC) rate schedule (Sheet Nos. 8.650-8.659): (Fallout Issue)

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 100: What is the appropriate credit and monthly administrative fee for the Commercial/Industrial Demand Reduction (CDR) Rider rate schedule (Sheet Nos. 8.680-8.685):

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 101: What are the appropriate Lighting Service rate schedule charges: (Fallout Issue)

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: No position.

ISSUE 102: What is the appropriate minimum monthly bill for Residential Service and General Service Non-Demand?

OPC Position: No position.

ISSUE 103: Should the Commission approve the proposed tariff modifications for temporarily relocating facilities to accommodate existing customers' electrical installations and the associated disconnection and reconnection of service to enable such installations (Tariff Sheet No. 6.031, Section 4.7 and Tariff Sheet No. 6.040, Section 5.3)?

OPC Position: No position.

ISSUE 104: Should the Commission approve, deny, or approve with modifications the proposed modification to the Contribution-in-Aid-of-Construction (CIAC) tariff (Sheet No. 6.199)?

a. Should the modifications apply only to nongovernmental Applicants?

b. What interest rate, if any, should FPL be required to pay on a refundable CIAC?

OPC Position: No position.

ISSUE 105: Should the Commission approve, deny, or approve with modifications the proposed new Large Load Contract Service tariffs, LLCS-1 and LLCS-2 (Sheet Nos. 8.950-8.956) and LLCS Service Agreement (Sheet Nos. 9.960-9.983) and associated terms and conditions (e.g., minimum MW demand and load factor, contract term, minimum demand charge payments, credit support, early termination fees)?

OPC Position: No.

ISSUE 106: Should the LLCS tariffs contain an Incremental Generation Charge? If yes, how should the Incremental Generation Charges for the LLCS-1 and LLCS-2 tariffs be derived and how often should they be updated?

OPC Position: No.

ISSUE 110: Should the Commission approve, deny, or approve with modifications the proposed new Residential Electric Vehicle Charging Service Rider, RS-2EV (Sheet No. 8.215) and associated service agreement (Sheet Nos. 9.846-9.848) and close the existing Residential Electric Vehicle Charging Service pilot program, RS-1EV (Sheet No. 8.213) to new customers?

OPC Position: No position.

ISSUE 111: Should the Commission approve, deny, or approve with modifications FPL's proposal to make the following riders or pilot programs permanent: Supplemental Power Services (Sheet No. 8.845), Solar Power Facilities (Sheet Nos. 8.939-8.940), Commercial Electric Vehicle Charging Services (Sheet Nos. 8.942-8.943), Electric Vehicle Charging Infrastructure Rider to GSD-1EV (Sheet No. 8.106), Electric Vehicle Charging Infrastructure Rider to GSLD-1EV (Sheet No. 8.311), and Utility-owned Public Charging Electric Vehicles (Sheet No. 8.936)?

OPC Position: No position.

ISSUE 112: Should FPL's proposal regarding investing in EV technology and software be approved, approved with modifications, or rejected?

OPC Position: The Commission should reject this proposal to the extent that it requires subsidization by the general body of ratepayers.

ISSUE 113: Should the Commission approve the proposed cancellation of the following tariffs currently closed to new customers? Curtailable Service (CS-3, CST-3) (Sheet Nos. 8.542-8.548); Existing Facility Economic Development Rider (Sheet No. 8.900); Business Incentive Rider (Sheet Nos. 8.901-8.904)?

OPC Position: No position.

ISSUE 114: Should the Commission approve the proposal to close the Street Lighting (SL-1), Outdoor Service (OS-I/II), Outdoor Lighting (OL-1) to new customers and to cancel the tariffs by December 31, 2029?

OPC Position: No position.

ISSUE 115: Should the Commission approve the proposed modifications to the Economic Development Rider (Sheet Nos. 8.800-8.801) and Large Economic Development Rider (Sheet Nos. 8.802-8.802.1)?

OPC Position: No position.

ISSUE 116: Should the Commission approve tariffs reflecting Commission-approved rates and charges:

- a. For the 2026 projected test year?
- b. For the 2027 projected test year?

OPC Position: At this point, FPL has not proven the reasonableness and prudence of the proposed tariffs, nor has the Commission approved any changes in rates or charges. Changes to the tariffs may be required based on evidence adduced at hearing.

ISSUE 117: What are the effective dates of the Commission-approved rates and charges:

- a. For 2026, the effective date should be the first day of the first billing cycle of January 2026.
- b. For 2027, the effective date should be the first day of the first billing cycle of January 2027.

OPC Position: a. No change in rates and charges is appropriate for 2026.

b. The effective dates for FPL’s proposed rates and charges as adjusted by OPC’s recommendations should be after January 1, 2027.

OTHER ISSUES

ISSUE 118: Should the Commission approve, deny, or approve with modification FPL’s requested Tax Adjustment Mechanism (TAM)? If the Commission approves the TAM with modifications, what modifications should be made?

OPC Position: No. Taxes are collected in rates to meet the actual and legitimate tax obligation of the Federal and State government on the utilities’ properties. Deferred Tax Liabilities (“DTL”) are created due to a timing difference from certain tax preference grant by Congress and administered by the Internal Revenue Service (“IRS”) in the amortization between the tax expense and the amount of income taxes on utilities books. The government allows for accelerated depreciation rates in earlier year lowering current utility taxes, yet the current utility rates are based on the longer Commission approved (straight line remaining life) depreciation rates and the associated higher income tax impact. In other words, the higher taxes collected create the DTL which are recorded on the utilities books and are recognized for ratemaking as a source of cost-free capital in Florida. The “protected” DTL associated with plant are required to be amortized over the life of the asset. The “unprotected” DTL, non-plant related, have no such IRS restriction. The Tax Adjustment Mechanism (“TAM”) proposes to use the unprotected DTL funds by accelerated amortization for the sole purpose of increasing earning via Regulatory Asset and Liability accounts.

Section 366.05, Florida Statutes, states that “the Commission shall have the power to prescribe fair and reasonable rates and charges.” Section 366.06(1) and (2), Florida Statutes, provides that after the Commission had investigated and determined “the actual legitimate costs of the property of each utility company, actually used and useful in the public service” only the net investment in such property used and useful in serving the public, less accrued depreciation, shall be used for ratemaking purposes. Rule 25-14.013, F.A.C., Accounting for Deferred Income Taxes Under SFAS 109 (now ASC 740), states that accounting for Income Taxes shall be implemented by each utility in a manner such that the balances of excess and deficient deferred income taxes are properly stated and that the application of SFAS 109 is revenue neutral in the ratemaking

process. The Commission uses the mid-point of a range for ROE to set fair, just, and reasonable rates. Since FPL will use the TAM to earn at the top end of the range, like the actual implementation of prior RSAMs, authorizing a TAM will result in rates that yield excessive compensation of approximately \$503 million in 2026 and \$541 million in 2027. This excess compensation is unnecessary to attract needed capital or maintain financial viability and only benefits FPL shareholders.

Since accelerating amortization of normal (not excess) DTLs with unusual accounting is unprecedented, constitutes double cost recovery, and contradicts the matching principle, the Commission should address the propriety of such a monumental shift in regulatory accounting in a generic docket.

If the TAM is approved, then the ROE should be further reduced by 50 basis points to reflect the lower risk provided to FPL by the TAM's virtual guarantee of achieve a reasonable rate of return. Further, the use of the TAM, if approved, should be limited to 2028 and 2029, if needed at all. Since the TAM is funded by the income taxes paid by ratepayers, they should be the primary beneficiaries. Additionally, if the TAM is approved over OPC's objection, the Commission should annually amortize \$200 million (for a total of \$800 million for four years) of the proposed TAM amount of \$1.717 billion to offset the revenue requirements in 2026 and 2027. The Commission should also limit the use of the balance remaining in 2028 and 2029 (approximately \$917 million), to no greater than the point halfway between the bottom of the ROE range and the midpoint ROE. Also, FPL should not be permitted to credit back to the DTL balance and should only be permitted to debit entries, with corresponding credits to income tax expense. (Devlin)

ISSUE 121: **Should the Commission approve, deny, or approve with modification FPL's requested Solar Base Rate Adjustment mechanisms in 2028 and 2029? If the Commission approves the Solar Rate base Adjustment mechanisms in 2028 and 2029 with modifications, what modifications should be made?**

OPC Position: No. The Commission should decline to employ any rate mechanisms beyond the 2027 forecasted test year. As that Commission noted as one reaches farther into the future, predictions and projections of future economic conditions become less certain and more subject to the vagaries of changing variables. See, PSC-10-0153-FOF-EI at page 10. In addition, the Commission has expressed concerns that a SoBRA type mechanism does not afford them the level of economic oversight as can be done in a traditional rate case proceeding. *Id.* Any potential benefits of a SoBRA mechanism do not outweigh the risks to customers. Additionally, as argued in Issue 3, the decision to approve a SoBRA mechanism is premature and not ripe for the Commission's review. The Commission should not limit its scope of review

in advance of a potential future company request. In 2028 or 2029, the Company can file a rate case or a limited proceeding if economic conditions, if necessary. As OPC Witness Schultz testified, the Company's 2028 and 2029 SoBRA mechanism requests are dependent on the IRA of 2022 provisions for PTCs and ITCs in future years. The Company has acknowledged in the discovery process that while preparing the current filing, no consideration was given to the possibility of the current administration and Congress cancelling the solar production tax credits available under current law. Since the filing of Mr. Schultz's testimony, whether FPL will still qualify for all of the production tax credits has become much more uncertain. Thus, FPL has not provided justification for the Commission's pre-approval of its 2028 and 2029 SoBRA mechanism requests, especially in light of recent tax law developments. (Schultz)

ISSUE 123: Should the Commission approve, deny, or approve with modifications FPL's proposed Storm Cost Recovery mechanism? If approved or modified, should FPL's requested storm surcharge cap increase from \$4 to \$5 be approved?

OPC Position: No. The storm cost recovery mechanism as proposed by FPL should not be approved. FPL proposes to continue the Storm Cost Recovery Mechanism (SCRM) to allow them to begin collecting a charge based on an amount up to \$5 per 1,000 KWh on a monthly residential bill for a named tropical storm beginning 60 days after filing a petition for recovery with the Commission. This interim recovery period will last up to 12 months. If costs related to named storms exceed \$5.00/1,000 KWh in any one year, the Company can ask the Commission to allow to defer to subsequent year or years or petition for a higher amount including replenishing the reserve. They also ask to increase their storm reserve to \$300 million. Finally, FPL asks that any storm proceeding not allow for any type of earnings test or measure or consider previous or current base rate earnings.

Under Section 366.06, Florida Statutes, a tariff for recovery of storm costs can go into effect within 60 days if consent is not withheld by the Commission subject to refund and a full Section 120.57 evidentiary hearing on the tariff. Thus, a SCRM is unnecessary.

Unlike the SCRM in the Settlement between the parties, where the parties would agree not to object to a tariff filing up to \$5 per 1,000 KWh for named storms on an interim basis subject to a full evidential hearing on the cost, FPL's proposal in testimony falls short. First, as written, it asks the Commission to preapprove storm costs up to \$5 per 1,000 KWh. Sections 366.06 and 366.07, F.S., provides for rate changes only "after public hearing" where the Commission has investigated and determine "the actual legitimate costs..." finds that rates are insufficient that then the Commission "by order" can "fix the fair and reasonable rates." There is no statutory basis for pre-approval of a rate increase by the Commission.

Second, FPL's proposal as written in testimony does not provide for the protesting of the amount collected and the other trade-offs which is critical to SCRM as provided for in settlements. Under a tariff filing proceeding, parties are allowed to challenge recovery of all the costs including an earnings review under the proposed terms of the tariff.

Also, the interim statute, section 366.071, F.S., only provides for interim rates based on a showing that utility is earning outside its range of reasonableness which was waived by the parties in settlement. The interim statutory relief only allows recovery to collect rates "sufficient to earn the minimum of the range of rate of return" calculated in accordance with its "required rate of return" based on its last rate proceeding. The Commission cannot waive this statutory provision, assuming the interim rates section were applicable under a storm circumstance. Therefore, the Commission cannot approve any storm recovery mechanism that attempts to contravene this statutory provision or the Commission and parties rights to require application of an earning test and investigation. The Commission cannot preclude an earnings-type review or base any decision on the existing provision in contravention of the provisions under which the SCRM was established through negotiation.

The disposition of a request to recover storm-related costs involves factual and policy determinations, such as the amount to be collected; the issue of whether the amount should be limited by the utility's earnings level other funding sources; the time period over which any surcharge should be spread; and the appropriate level of the storm reserve. Chapter 120, F.S., gives affected parties the right to raise and litigate such issues. In Docket No. 20210015-EI, parties entered a negotiated resolution of such issues as part of a larger global settlement. The settlement expires on December 31, 2025. At that time, parties will again have the right to identify issues, present evidence, cross-examine witnesses, and argue positions on all storm recovery requests. To limit the scope of permissible inquiry, and to prejudge the amount and time frame of future recovery, applicability of earnings levels to FPL's future requests, and level of reserve to be restored in the form of predetermined outcomes in the absence of a stipulation and settlement of those potential issues would be to violate parties' substantive and procedural due process rights.

ISSUE 125: **How should the Commission proceed, regarding Issues 26, 27, 39, 43, 80, 82, 105, and 121 if there are changes to the Inflation Reduction Act (IRA) regarding investment tax credits (ITCs) and production tax credits (PTCs) during the pendency of this docket?**

OPC Position: The Commission must closely monitor the impacts of the "One Big, Beautiful Bill Act," the associated Executive Order issued on July 7, 2025, and the impending IRS guidance due on or about August 18, 2025. The Commission must consider the reasonableness and prudence of FPL's proposed resource additions, particularly the proposed 2026-2029 solar additions, in light of this evolving law.

ISSUE 126: Should the Commission approve, deny, or approve with modification FPL’s proposed mechanism for addressing a change in tax law? If the Commission approves the proposed mechanism for addressing a change in tax law with modifications, what modifications should be made?

OPC Position: No. The Commission cannot even lawfully entertain the proposal under commission precedent. Furthermore, where there is no pending legislation, any proposal is premature and speculative. However, the Commission should consider any and all changes to tax laws that have passed Congress and been signed into law prior to the hearing dates.

ISSUE 127A: How should the Commission consider FPL’s performance pursuant to Sections 366.80-83 and 403.519, Florida Statutes, when establishing rates?

OPC Position: The Commission should consider FPL’s performance pursuant to sections 366.80-83 and 403.519, Florida Statutes, before establishing fair, just, and reasonable rates in this docket.

ISSUE 127B: Can the Commission enforce FPL’s commitment not to request any other permanent general base rate increases effective prior to January 1, 2030, as proposed in FPL’s four-year plan?

OPC Position: No. The Commission has already determined that a utility’s commitment not to request a general base rate increase, in the absence of a settlement agreement, is unenforceable due to the language of section 366.06, Florida Statutes.¹ There exists no reasonable explanation for deviation from this precedent. FPL’s unenforceable “commitment” must not be considered by the Commission.

ISSUE 128: What considerations should the Commission give the affordability of customer bills and how does FPL’s rate increase impact ratepayers in this proceeding?

OPC Position: OPC Witness Colton details many concerns regarding affordability issues faced by FPL’s residential and business customers, and he provides vital context for many of FPL’s assertions in this case regarding the impact that these increases will have on FPL’s approximately 12 million customers. The Commission must consider these affordability concerns when setting fair, just, and reasonable rates in this proceeding. (Colton)

ISSUE 129: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission’s findings in this rate case?

¹ PSC Order No. PSC-2023-0177-FOF-GU, Docket No. 20220069-GU, p. 5, *In re: Petition for rate increase by Florida City Gas*.

OPC Position: Yes.

ISSUE 130: **Should this docket be closed?**

OPC Position: No, not at this time.

5. STIPULATED ISSUES

None at this time.

6. PENDING MOTIONS OR OTHER MATTERS

- 1) OPC's Motion and Notice of Intent to Seek Official Recognition
- 2) OPC is working with the other parties to coordinate testimony dates of all intervenor witnesses, including OPC's expert witnesses.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

There are no pending requests or claims for confidentiality filed by OPC.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT

OPC has no objections to the qualification of any witnesses as an expert in the field in which they pre-filed testimony as of the present date.

9. SEQUESTRATION OF WITNESSES

OPC does not request the sequestration of any witnesses at this time.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no aspects of the order establishing procedure with which OPC cannot comply.

Respectfully submitted,

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CERTIFICATE OF SERVICE
DOCKET NO. 20250011-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 29th day of July, 2025, to the following:

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