

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by Florida Power & Light Company for Base Rate Increase and Rate Unification : **DOCKET NO. 20210015-EI**
:
:
: **Filed: October 11, 2021**

**POST-HEARING BRIEF OF
WALMART INC.**

Walmart Inc. ("Walmart"), by its undersigned attorneys, respectfully submits this Post-Hearing Brief to the Florida Public Service Commission ("PSC" or "Commission") pursuant to the Commission's Order Nos. PSC-2021-0116-PCO-EI, PSC-2021-0120-PCO-EI, PSC-2021-0120A-PCO-EI, PSC-2021-0233-PCO-EI, PSC-2021-0273-PCO-EI, PSC-2021-0305-PCO-EI, and PSC-2021-0314-PCO-EI in the above-referenced proceeding. This proceeding concerns the Petition of Florida Power and Light Company ("FPL") for a rate base increase and rate unification with Gulf Power Company ("Gulf") and the transition of Gulf's former customers.

I. BACKGROUND

A. FPL's Original Petition

On March 12, 2021, FPL filed a Petition for Base Rate Increase and Rate Unification ("Petition"). In the Petition, FPL requested a general base rate increase of \$1.108 billion to be effective January 1, 2022, and an additional increase of \$607 million to be effective January 1, 2023. The Company also requested approval of an increase in Solar Base Rate Adjustments ("SoBRAs") of approximately \$140 million for both 2024 and 2025.¹ In total, FPL requested an increase of approximately \$1.995 billion. FPL also requested approval of a return on equity

¹ See Direct Testimony of Tiffany C. Cohen, page 33, lines 14-15.

("ROE") of 11.50 percent, which includes a 50 basis point ROE performance adder.² Additionally, as a result of FPL's acquisition and merger of Gulf Power Company ("Gulf") in January 2021, FPL proposed to transition all Gulf retail customers to FPL's rate structure, terms and conditions.³

Walmart actively participated in this proceeding, and on June 21, 2021, filed the Direct Testimony and nine (9) Exhibits of Steve W. Chriss, Walmart's Director of Energy Services. Through the testimony of Mr. Chriss, Walmart addressed key issues regarding FPL's request for an increase in base rates and proposal for transition of Gulf Customers to FPL's rate structure, terms and conditions, including the following: (1) the customer impact of the resulting revenue requirement increases; (2) the use of a future test year; (3) the Company's proposed ROE; (4) the Company's proposed performance adder; (5) the Company's Schedule General Service Large Demand – Time of Use ("GSLDT-1") rate design; (6) the Company's proposed unified rates and transition rider; and (7) FPL's Commercial/Industrial Demand Reduction Rider ("CDR") for use by legacy Gulf Power Company ("Gulf") customers.

B. Stipulation and Settlement Agreement and Walmart's Position Regarding Same

On August 10, 2021, FPL, the Office of Public Counsel ("OPC"), Florida Retail Federation ("FRF"), Florida Industrial Power Users Group ("FIPUG"), and Southern Alliance for Clean Energy ("SACE") (collectively, "Signatories") filed a Joint Motion for Approval of Settlement Agreement, together with the Stipulation and Settlement Agreement ("Settlement Agreement"). After the filing, Walmart reviewed the Settlement Agreement, which addressed many of the issues raised in Walmart's Direct Testimony, as explained in more detail below.

² See Direct Testimony of Robert E. Barrett, page 12, lines 11-14.

³ See Direct Testimony of Michael Spoor, page 5, line 13 through page 6, line 2; see also Direct Testimony of Scott Bores, page 7, line 18 through page 8, line 10.

Thereafter, on September 20, 2021, Walmart actively participated in the Hearing. In its Opening Statement, Walmart indicated that it did not oppose approval of the Settlement Agreement as filed with this Commission. Further, by stipulation, Walmart caused to be admitted into the evidentiary record the June 21, 2021, Direct Testimony and nine (9) Exhibits of Steve W. Chriss, Walmart's Director of Energy Services. Transcript ("Tr."), p. 1996-2030; Exhibits ("Exh. 349-357").

II. ISSUES AND POSITIONS

Issue 1: Does the Commission have the statutory authority to grant FPL's requested storm cost recovery mechanism as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 2: Does the Commission have the statutory authority to approve FPL's request Reserve Surplus Amortization Mechanism (RSAM) as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 3: Does the Commission have the statutory authority to approve FPL's request Solar Base Rate Adjustment mechanism for 2024 and 2025 as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 4: Does the Commission have the statutory authority to adjust FPL's authorized return on equity based on FPL's performance as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 5: Does the Commission have the statutory authority to include non-electric transactions in an asset optimization incentive mechanism as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 5(a): Does the Commission have the authority to approve FPL's request proposal for a federal corporate income tax adjustment that address a change in tax if any occurs during or after the pendency of this proceeding as part of the Stipulation and Settlement Agreement?

Position: *Walmart takes no position at this time.*

Issue 6: **Does the Commission have the statutory authority to grant FPL's requested four year plan as part of the Stipulation and Settlement Agreement?**

Position: *Walmart takes no position at this time.*

Issue 9: **Has Floridians Against Increase Rates, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?**

Position: *Walmart takes no position at this time.*

Issue A: **Should the Stipulation and Settlement Agreement dated August 9, 2021, be approved?**

Position: *Walmart does not oppose approval of the Stipulation and Settlement Agreement as presented to the Commission.*

As to Issue A, the Settlement Agreement addresses several issues raised in Walmart's Direct Testimony. Paragraphs 2 and 4 of the Settlement Agreement and accompanying MFRs include a reduction in FPL's revenue requirement request. Effective January 1, 2022, FPL will increase its base rates to generate an additional \$692 million in annual revenues. This is a \$383 million reduction from FPL's originally requested \$1.108 billion. Effective January 1, 2023, FPL will increase its base rates to generate an additional \$560 million in annual revenue. This is a reduction of \$45⁴ million from FPL's originally requested \$607 million, compared to the Company's initial request of \$607 million. These reductions total a \$428 million decrease in the Company's initial revenue requirement. Paragraph 3 of the Settlement Agreement reduces the Company's originally requested ROE of 11.50 percent (including the 50 basis point performance adder) to 10.6 percent. Paragraph 4 of the Settlement Agreement address the unification of FPL's and Gulf's rates. Paragraph 4(e) of the Settlement Agreement confirms that the level of utility-

⁴ FPL's Motion states that it is a \$45 million decrease, but the original request was for \$607 million, which would equal a \$47 million reduction.

controlled demand credits for customers receiving service pursuant to FPL's CDR Rider shall each be the same as those currently in effect.

Walmart was a signatory to the settlement regarding FPL's SolarTogether Tariff and Program approved by this Commission in Order No. PSC-2020-0084-SEI. Although Walmart did not address the FPL SolarTogether Tariff and Program in its Direct Testimony, Walmart acknowledges that Paragraph 20 of the Settlement Agreement contains expansion of the FPL SolarTogether Tariff and Program.

While Walmart was not a signatory party to the Settlement Agreement in this proceeding, it does not oppose the approval of the Settlement Agreement as presented to this Commission.

III. CONCLUSION

WHEREFORE, Walmart does not oppose the approval of the Settlement Agreement as filed with this Commission. If this Commission does not approve the Settlement Agreement in whole, then Walmart requests that this Commission consider the filed testimony of Mr. Chriss in making its decision on what is just, reasonable, and in the public interest.

Respectfully submitted,

By /s/Stephanie U. Eaton
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Dated: October 11, 2021

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail to the following parties this 11th day of October, 2021.

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