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July 9, 2025

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

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

Dear Mr. Teitzman:

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

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

Sincerely,

s/ Maria Jose Moncada
Maria Jose Moncada
Assistant General Counsel
Florida Power & Light Company

(Document 7 of 16)

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 of record this _9th_ day of July 2025:

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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250011-EI

FLORIDA POWER & LIGHT COMPANY

REBUTTAL TESTIMONY OF TARA DUBOSE

Filed: July 9, 2025

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Tara DuBose. My business address is Florida Power & Light Company ("FPL" or "the Company"), 700 Universe Blvd., Juno Beach, Florida 33408.

Q. Have you previously submitted direct testimony in this proceeding?

A. Yes.

Q. Are you sponsoring any rebuttal exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit TD-6 – FPL's Response to FIPUG's Third Set of Interrogatories No. 39
- Exhibit TD-7 – FPL's Response to FIPUG's Seventh Set of Interrogatories No. 74
- Exhibit TD-8 – FERC Three Peak Ratio Test
- Exhibit TD-9 – Analysis of Monthly Peak Demand
- Exhibit TD-10 – Solar COSID Allocation Corrections

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the following intervenor testimonies addressing cost of service issues: Florida Industrial Power Users Group ("FIPUG") witnesses Jeffry Pollock and Jonathan Ly; Florida Retail Federation ("FRF") witness Tony Georgis; Federal Executive Agencies ("FEA") witness Matthew P. Smith; Walmart Inc. ("Walmart") witness Lisa V. Perry; and Florida Rising, Environmental Confederation of Southwest Florida, Inc., and League of United Latin American Citizens of Florida (collectively "FEL") witness Karl R. Rábago. Each of these intervenor witnesses oppose my recommended allocation methodologies included in FPL's retail cost of service studies ("COSS") for the 2026 and 2027

Projected Test Years. Additionally, I will respond to the testimony of FIPUG witness Pollock's criticisms of how FPL's COSS allocates costs and revenues to customers who have voluntarily elected to participate in FPL's optional Commercial/Industrial Demand Reduction Rider ("CDR") or Commercial/Industrial Load Control ("CILC") programs included in FPL's Demand Side Management ("DSM") Plan.[1] Please note that I am responding to specific issues. Consequently, any argument raised in the testimony presented by intervening parties to which I do not respond should not be accepted as my support or approval of the positions offered.

Q. Please summarize your rebuttal testimony.

A. In my rebuttal testimony, I assert that the FPL COSS for the 2026 and 2027 Test Years accurately represent each rate class's assigned cost responsibilities, rate of return ("ROR"), and parity position relative to the system average ROR. These studies should be approved by the Florida Public Service Commission ("Commission"). The criticisms posed by intervenors regarding FPL's cost allocation methods are grounded in flawed assumptions that fail to accurately reflect our current generation resource portfolio and planning strategies.

Within this testimony, I respond to concerns from intervenors regarding FPL's functionalization of costs, the allocation of operations and maintenance expenses, and updates to load profiles and explain why these concerns are contrary to established guidelines and historical data. I also explain why intervenors' proposals are unsuitable

[1] FPL witnesses Cohen and Whitley further address issues raised by intervenors related to the CILC/CDR credits and revenue allocation.

for FPL's unique operational context, while emphasizing the precise balancing of cost causation principles with system-specific needs.

My testimony emphasizes the appropriateness of the 12 monthly Coincident Peak ("12CP") and 25% method for allocating production plant costs and the 12CP method for allocating transmission plant costs, highlighting its comprehensive reflection of hourly and monthly demands essential to FPL's system planning requirements. Additionally, the 25% energy allocation for production costs properly recognizes the unique characteristics of the growing amount of solar generation in FPL's generation portfolio. These methods, as opposed to the 4 monthly CP ("4CP") summer-only methods proposed by FIPUG, FRF, and FEA, are better suited to accommodate FPL's diverse generation resources and appropriately recognize that, due to this diversity, our planning process must consider each of the twelve-monthly peak days/hours. I also rebut FEL's proposal to use a 100% energy-based allocation for nuclear and solar plants as this method fails to consider the capacity value of these resources. Additionally, I affirm FPL's proper distribution asset allocation and explain why the Minimum Distribution System (MDS) method is unsuitable due to FPL's emphasis on evolving demand load requirements, maintaining reliability, and storm hardening initiatives.

Finally, my testimony supports the treatment of CILC and CDR program loads as firm loads within the COSS framework. I explain that removing non-firm loads as recommended by FRF would inaccurately double-count incentives provided to these program participants.

II. COST OF SERVICE STUDY

Q. Can you please summarize the cost allocations proposed by each of the parties in this case?

A. Yes. As explained in my direct testimony, FPL is proposing the 12CP and 25% allocation method for production plant, which allocates 75% of demand-related production plant costs based on average 12CP demand and 25% based on energy to more accurately reflect FPL's existing and proposed generation portfolio. Except for transmission pull-offs that are required to connect transmission voltage customers to the grid, FPL is proposing to allocate transmission costs on the basis of 12CP. The distribution function is a mix of several distinct sub-functions, each with its own allocation method. For the purpose of the COSS, FPL is proposing to allocate distribution costs consistent with the allocation methods proposed for decades in FPL's prior rate cases as summarized on pages 23-24 of my direct testimony.

FIPUG and FRF propose that production and transmission plant be allocated using the summer-only 4CP method. FIPUG and FRF do not propose a specific allocation method for distribution plant, but FIPUG recommends that FPL should be required to submit a MDS in its next rate case.

FEA proposes a 4CP and 1/13th energy allocator for production plant and a 4CP allocator for transmission plant. FEA does not propose a specific allocation method for distribution plant.

Walmart proposes a 12CP and 1/13th energy allocator for production plant. Walmart does not propose specific allocation methods for transmission or distribution plant.

FEL proposes a 12CP and Energy/Capacity allocator for production plant that, according to their witness, would allocate the costs of all nuclear and solar plants based on energy and the costs of all gas plants and batteries based on demand. FEL does not propose specific allocation methods for transmission or distribution plant.

The table below summarizes each parties' cost of service proposals in this case.

Party	**Production Allocator**	**Transmission Allocator**	**Distribution Allocator**
FPL	12CP and 25%	12CP	Primarily demand based on prior COSS
FIPUG	4CP	4CP	N/A
FRF	4CP	4CP	N/A
FEA	4CP and 1/13th	4CP	N/A
Walmart	12CP and 1/13th	N/A	N/A
FEL	12CP and Energy/Capacity	N/A	N/A

Below, I will respond to the intervenors' criticisms of FPL's proposed production and transmission cost allocators, as well as explain why the intervenor's proposed allocators are not the best fit for FPL's system. Although none of the intervenors have a specific distribution allocator proposal, I will address the issues raised by certain intervenors regarding FPL's prosed methodology.

Q. Before addressing their specific cost allocation issues and proposals, do you have any general observations regarding the intervenors' cost of service proposals?

A. Yes. Based on my review of the intervenors' testimony, it appears that each intervenor witness proposes a cost allocation methodology to secure the lowest cost allocations for their respective clients. In contrast to the intervenors' results driven approach to cost allocation, I did not recommend cost allocation methodologies for the COSS to achieve a certain or pre-determined cost allocation result. Rather, my recommended cost allocation methodologies for the COSS were based on FPL's current and proposed generation portfolio, how FPL plans and operates its system, and how each customer group utilizes and benefits from these resources as explained in my direct testimony. FPL's recommended cost allocation methodology is an unbiased and balanced approach that does not favor any particular customer group over another.

Q. Is there a single correct method for allocating costs in a COSS?

A. No. The purpose of a COSS is to allocate costs to rate classes in a manner that reflects the costs of providing service to each rate class. While the National Association of Regulatory Utility Commissioners Electric Utility Cost Allocation Manual ("NARUC Manual") provides guidelines and principles for cost allocations in electric utility cost of service studies, it does not offer specific cost allocation methods for every type of cost. Instead, it provides broad recommendations and approaches to allocate various types of costs, recognizing that electric utilities have unique characteristics and may need to tailor methods to their specific circumstances. In developing a COSS, the developer must determine the cost allocation methodology that best reflects the utility system and how it is planned and operated. The choice of allocation methods for different types of costs primarily relies on the concept of cost causation to choose the most appropriate method that best reflects how the costs are incurred. However, other characteristics of specific accounts may influence the allocation method selection. For instance, when a deferred asset or liability has an associated amortization account, the allocation method for the deferred rate base item should align with the method used for its corresponding amortization expense account to ensure consistent treatment of both the asset/liability and its related amortization expense. Thus, there is not necessarily one "correct" cost allocation method. There may be one or more cost allocation methods that are reasonable for a specific utility system or set of circumstances, and the goal is to select the methodology for the COSS that best fits how the utility incurs its costs and operates its system. As I explain in my direct testimony and below, the cost allocation methodologies chosen by FPL best reflect how the company plans its system and how costs are recorded and accounted for in its books and records.

A. <u>Cost of Service Process</u>

Q. Do the intervenors question the process FPL used to develop its COSS?

A. Yes. FRF witness Georgis questions whether FPL properly functionalized the costs and updated the load profiles, monthly peak demands, and each class's expected contribution to monthly peaks used in the COSS. He also questions whether FPL has properly allocated certain production O&M expenses. FIPUG witness Ly questions whether FPL has properly allocated certain rate base and net operating income ("NOI") costs. As explained below, criticisms of the processes used by FPL to develop the COSS are misplaced and should be rejected.

Q. FRF witness Georgis claims that FPL is not functionalizing costs in its COSS. What does it mean to functionalize costs for the purposes of a COSS?

A. The term "functionalization" refers to the assignment of costs to one or more of the major functions of an electric utility (*e.g.*, production, transmission, and distribution). Production costs are associated with the production of electricity, including operation and maintenance of power plants, and capital costs. Transmission costs are related to the high-voltage transfer of electricity from power plants to distribution networks, including the maintenance of transmission lines and substations. Distribution costs involve delivering electricity from the transmission system to the end-users, including the operation and maintenance of distribution lines. Functionalized categories are assigned using the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts.

Q. Did FPL functionalize the costs in its COSS?

A. Yes. As I explained in my direct testimony, to determine costs to serve each retail rate class, the various components of the jurisdictional-adjusted rate base and NOI are functionalized, classified, and then allocated to the retail rate classes.

Q. Please explain how the costs were functionalized in FPL's COSS.

A. FPL employs Cost of Service IDs ("COSIDs") within its COSS to systematically organize and functionalize costs. These unique accounts may integrate one or more balances from FERC accounts, aiding in the functionalization of costs using FERC function descriptions. COSIDs with costs directly assigned to specific functions are named according to the related FERC functions, such as Nuclear Production, Other Production, Steam Production, Solar Production, Storage, Renewables, Transmission, Distribution, and Lighting. For COSIDs allocated across multiple functions, balances are functionalized using allocators derived from the COSIDs that were directly assigned to specific functions. This approach to functionalize costs using COSIDs is reflected in FPL's electronic (Excel) COSS Roadmaps for the 2026 Projected Test Year and 2027 Projected Test Year that were provided in response to OPC's First Set of Interrogatories No. 14 and FIPUG's First Set of Interrogatories No. 11. Thus, contrary to the assertion of FRF witness Georgis, FPL did functionalize the costs in its COSS. FPL's fully functionalized revenue requirements by rate class are comprehensively outlined in MFR E-6.

Q. FRF witness Georgis claims that the system peak and customer class contributions to the monthly peak demands were not updated by FPL to reflect known and measurable changes for 2026 through 2029. Do you have a response?

A. Yes. First, FPL has only proposed a COSS for the 2026 and 2027 Test Years. As such, there are no updates to be made to the COSS for calendar years 2028 or 2029.

Second, the assertion that FPL failed to update the test year system peak and customer class contributions to monthly peak demands is incorrect. Commission Rule 25-6.0437, Florida Administrative Code, requires that COSS used in ratemaking proceedings be based on historical load research studies, developed using approved sampling plans. As explained in my direct testimony, the load research used to develop the COSS was based on the most recent sampling plan that was available at the time the COSS was prepared as required by Rule 25-6.0437. The use of these historical load research profiles to develop load factors for the COSS was illustrated in files provided with FPL's response to FEA's Request for Production of Documents No. 27. These historical load factors were averaged and applied to energy forecasts for the 2026 and 2027 Projected Test Years to calculate demands by rate class. To ensure the forecasted CPs by rate class align with the aggregate forecasted system peak, the variance between total historical and forecasted CP was distributed to rate classes based on their historical demand distribution according to the load research from the most recently approved sampling plan. Thus, I disagree that FPL failed to update the test year system peak and customer class contributions to monthly peak demands.

Q. FRF witness Georgis also claims that FPL failed to update the load profiles, monthly peak demands, and each class's expected contribution to monthly peaks to account for the shifting of net monthly peak demand to later in the evening in the summer months. Do you have a response?

A. Yes. FPL does not have an approved sampling plan or filed load research study results based on net system peak. Meaning, the update requested by FRF witness Georgis would be contrary to the requirement in Rule 25-6.0437 that COSS used in ratemaking proceedings be based on historical load research studies developed using the approved sampling plans.

Moreover, the net system peak differs from the total system coincident peak. The net system peak represents the peak resource that planners must meet after subtracting solar generation capacity. Thus, allocating all system production costs, including solar generation costs, on net system peak would be inappropriate and disregard the significant amount of solar generation that FPL has on its system.

Q. FRF witness Georgis asserts that FPL has misclassified production O&M expenses as demand- or energy-related, and claims that the costs should be considered fixed costs. Do you have a response?

A. Yes. FPL adheres to the cost allocation guidelines prescribed in the NARUC manual for all O&M expense accounts, except for certain accounts associated with Other Production O&M, where it employs a tailored approach reflecting the fact that Other Production plant is not made up of solely peaking units as was anticipated by the NARUC Manual published 30 years ago. An explanation of FPL's cost allocation methods for the production O&M expense accounts was provided in FPL's response to FIPUG's Interrogatory 39, which is attached to my testimony as Exhibit TD-6.

For FPL, the Other Production subfunction includes a large percentage of plant costs related to combined cycle plants with characteristics that are more consistent with steam units. Therefore, FPL chose to allocate the associated O&M accounts based on the guidelines for Steam units. These cost allocation practices are reasonable and suitable for FPL's system and align with FPL's historical standards, which have been consistently applied for over a decade.

Q. FRF witness Georgis asserts that FPL has incorrectly classified costs for most of the battery storage operating expense accounts to energy, which he claims should be allocated demand costs. Do you have a response?

A. Yes. Energy storage O&M accounts were allocated consistent with Other Production because they were previously included in the Other Production plant category. Beginning in 2025, FERC Order 898 required that utilities move Energy storage balances to new unique accounts. FPL acknowledges that it would not be unreasonable to allocate battery storage O&M accounts consistent with how Peaking units are allocated (demand-related). However, the amounts are not material with energy storage O&M making up only 0.014% and 0.24% of total O&M expenses in 2026 and 2027, respectively.

Q. FIPUG witness Ly states FPL incorrectly allocated certain rate base and NOI items as O&M and Labor expense. Do you have a response?

A. Yes. In FPL's response to FIPUG's Interrogatories No. 74, which is attached to my testimony as Exhibit TD-7, FPL explained the basis for the allocation methods used for each of the rate base and NOI accounts questioned by FIPUG witnesses Ly. These same allocation methods have been used in FPL's COSS for over a decade. For the reasons identified in Exhibit TB-8, FPL continues to believe these allocation methods are reasonable and, therefore, FPL has not proposed to change how any of these rate base or NOI components are allocated in this proceeding.

B. <u>Production Plant Allocations</u>

Q. Is FPL's use of the 12CP method to allocate demand costs for production plant appropriate?

A. Yes. FPL plans its generation and transmission capacity requirements comprehensively, considering hourly and monthly demands to meet its resource planning criteria. This planning goes beyond average coincident peak demand, accounting for the timing and specifics of each peak in relation to the distinct characteristics of FPL's generation fleet. Factors like the total system peak, scheduled maintenance, and potential unplanned outages are all integral considerations. Consequently, the 12CP method, which utilizes all 12 months to calculate production demand cost allocators, is the most reasonable and fitting methodology for FPL's system.

Q. FRF witness Georgis, FIPUG witness Pollock, and FEA witness Smith all claim FPL is a summer peaking utility and, therefore, propose that the 4CP method should be used to allocate production plant. Do you have a response?

A. Yes. I agree that FPL is a summer peaking utility with the four highest peaks in June, July, August, and September. Despite FPL's highest peaks occurring during summer months, concentrating solely on four summer peak hours overlooks other seasonal variations, particularly in winter when solar resource availability is limited due to shorter days. Therefore, FPL employs a comprehensive system planning strategy that considers a diverse range of monthly peaks rather than just the 4CPs, promoting a balanced approach to meeting actual system demands.

Furthermore, a ten-year analysis using the FERC three peak ratios test consistently identifies FPL as a 12CP system, save for one year marked by atypical weather conditions. The 12CP methodology also corresponds with FPL's methods for allocating costs to its wholesale production formula rate customers and wholesale transmission customers under FERC jurisdiction. Consequently, changing the retail production and transmission separation factor and rate class allocators from 12CP to another methodology would be unsuitable for FPL's system, creating disparities in how production and transmission costs are allocated and recovered across different jurisdictions.

Q. You mentioned the FERC three peak ratios test, can you please explain what that is?

A. Yes. FERC, which is the body that regulates the wholesale rates of electricity in interstate commerce, has primarily affirmed the use of a 12CP allocation method because it "believe[s] the majority of utilities plan their system to meet their twelve monthly peaks."[2] FERC will allow utilities to propose an alternative to 12CP, but the utility must demonstrate that such alternative is consistent with the utility's system planning and would not result in an over-collection of the utility's revenue requirement. In evaluating such determinations, FERC uses the three peak ratios test established in *Golden Spread Electric Cocp., Inc.*, 123 FERC ¶ 61,047 at 61,249 (2008):

- <u>Test No. 1 – On and Off-Peak Test</u>: This test first compares the average of the coincident peaks in the months with the highest system peaks as a percentage of the annual system peak. Second, it compares the average of the coincident peaks in the months with the lowest system peaks as a percentage of the annual system peak. A 12 CP allocation is considered appropriate where the difference between these two percentages is 19% or less.
- <u>Test No. 2 – Low-to-Annual Peak Test</u>: Compares the lowest monthly peak as a percentage of the annual system peak. A range of 66% or higher is considered indicative of a 12 CP system.
- <u>Test No. 3 – Average to Annual Peak Test</u>: Compares the average of the twelve monthly peaks as a percentage of the annual system peak. A range of 81% or higher is considered indicative of a 12 CP system.

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[2] *Promoting Wholesale Competition through Cpen Access Non-discriminatory Transmission Services by Public Utilities*, 61 F.R. 21540-01 at 21599, Order No. 888 (1996).

Q. FRF witness Georgis acknowledges that FPL produced the results of the FERC three peak ratios test but claims they are outdated. Have you performed an updated analysis of the FERC three peak ratios test?

A. Yes. In FPL's response to FRF's Request for Production of Documents No. 6, served on May 7, 2025, FPL provided the results of the FERC three peak ratios test performed in 2021, which indicated that use of the 12CP allocator for production and transmission was appropriate. Since that time, FPL has performed an updated FERC three peak ratios test using the historical load data from 2015-2024 and projected load data for 2025-2027 as provided in MFR E-18. The results of this updated FERC three peak ratios test are provided in Exhibit TD-8. As shown in Exhibit TD-8, for the historical period 2015 through 2024, FPL meets all three FERC tests for utilizing the 12CP method each year except in 2020 and 2024. For 2020, two out of three tests are met, while in 2024, only one test is satisfied, with 2024 identified as an outlier due to unusual cooler weather during off-peak months. For the projected period 2025 through 2027, FPL's projected monthly load consistently meets or surpasses the criteria for all three FERC tests. Thus, considering the overall FERC three peak ratio test results, utilizing the 12CP allocation method for production and transmission demand-related costs on FPL's system continues to be appropriate under the FERC three peak ratios test.

Q. FIPUG witness Pollock claims that FPL's annual load is spikey and its non-summer months do not lie within narrow range and asserts that by giving equal weight to non-peak months under the 12CP method it dilutes the impact of demands occurring in peak months. Do you have a response?

A. Yes. Exhibit TD-9 compares FPL's highest peak demand to those in other months over a three-year monthly average, both historical and projected.[3] This analysis demonstrates that on a three-year average basis, FPL experiences relatively consistent peak demands for seven to eight months each year, primarily due to sustained high temperatures throughout the year across FPL's system. The exhibit highlights that, historically, from April to October, FPL has seen peaks that reach 80% or more of the highest system peak from 2022 to 2024. This historical and forecast data supports the continued application of the 12CP allocation method for production and transmission demand-related costs for consolidated FPL.

Q. FIPUG witness Pollock and FRF witness Georgis state the 12CP method is not consistent with cost causation principles because the summer peak demands drive the need to install capacity. Do you have a response?

A. Yes. As described by FPL witness Whitley in his direct testimony, the second reliability criterion used in FPL's resource planning process is the Loss of Load Probability ("LOLP") criterion. The LOLP approach looks at the peak hourly demand for each day of the year and not just the summer peak hours. This approach is necessary to ensure that FPL has capacity to serve customers throughout the year when individual generators may be out-of-service due to scheduled maintenance or forced outages, the

[3] It is appropriate to use a three-year monthly average to smooth the impact of abnormal weather.

variability of load, the variability of production from intermittent resources (like solar) and the availability of limited duration resources such as battery storage and demand response programs. An approach that considers only summer peak demand hours would not be sufficient to ensure the reliability of FPL's system throughout the year.

Q. FIPUG witness Pollock claims it would be appropriate for FPL to also apply 4CP because the Commission recently approved 4CP for Tampa Electric Company ("TECO") and, according to him, FPL and TECO have similar systems. Do you agree?

A. No. Just because the Commission adopted an allocator for one utility based on the facts and circumstances of that case does not justify adopting that same allocator for an entirely different utility. I also disagree with his characterization that FPL and TECO have similar systems. Other than the fact that they are both located in Florida and subject to regulation by the Commission, FIPUG has failed to provide a comparison or analysis in support of the claim that the systems and operations of FPL and TECO are similar enough that the 4CP approved for TECO can simply be used as a proxy for undertaking a full analysis of FPL's system and operations to determine the most appropriate allocation method. I also disagree that FPL and TECO's systems are similar for the following reasons:

- FPL and TECO have distinct approaches to their production resource systems, largely reflecting differences in size, technology investments, and strategic priorities. One obvious difference is that FPL, being one of the largest utilities in the nation, operates a significantly larger fleet of generation capacity compared to TECO. FPL's total nameplate system generating capacity as of December 31, 2024, was 36 GW whereas TECO's total was 6 GW. This allows FPL to have a wide array of resources to meet diverse demand profiles across a broader geographic area.

- FPL has heavily invested in a balanced mix of nuclear, natural gas, and solar installations, emphasizing sustainable energy and efficiency. FPL has been a national leader in solar energy integration, with thousands of megawatts of solar capacity across its service area. It actively promotes solar farm developments and customer-owned solar programs. Further, as of December 2024, FPL had approximately 7 GW of solar on its system, while TECO's total solar generation was 1 GW.

- FPL's resource planning is influenced by the diversity inherent in its service territory. This territory extends from the heavily urban areas of South Florida to Northwest Florida. In addition to the retail customers directly served by FPL, FPL also provides wholesale power to many other areas throughout Florida. This large amount of territory exposes FPL to a greater variety of weather risks, including potential hot weather throughout the year as well as potential winter peaks in the Northwest Florida area. This requires FPL to optimize its planning for a variety of conditions.

- FPL's large territory also requires consideration when planning where available generation and transmission can be constructed. Over 40% of FPL's load is concentrated in South Florida, which has limited land available for new generation and transmission facilities. Likewise, power flow into and out of the Northwest Florida area is also limited. These constraints present unique challenges to FPL in siting new generation to serve its varied and growing demand.

Q. Would it be appropriate for FPL to use 4CP to allocate production demand-related costs?

No. The 4CP proposal fails to recognize the following important considerations in setting production plant allocations: (1) generation capacity is needed to serve load every month, not just four months of the year, to meet all of the criteria previously described in FPL's resource planning process; and (2) energy use and the monthly peak demands projected for the entire year influence the type of generating units added, which drives the level of capital expenditures on FPL's system.

While the decision to add generation capacity is driven by load requirements, the type of generation capacity added (and thus the total cost of the unit additions) is influenced by the number of hours the units are expected to run for the entire year. As explained in the direct testimony of FPL witness Andrew Whitley, the selection of resources is "determined by the option that is projected to result in the lowest electric rates for FPL's customers while satisfying reliability standards." If megawatt capacity were the only consideration in the generation plan, the Company's generation portfolio would consist solely of peaking units that have the lowest fixed costs.

Implementing a 4CP method would not only deviate from FPL's system planning strategies but also lead to a significant misalignment in cost recovery between its retail and wholesale jurisdictions.

Q. Walmart, FRF, FEA, and FIPUG all appear to assert that your proposal to use a 25% energy allocator for production plant does not align with how FPL incurs production costs to meet the Company's peak system capacity requirements and, therefore, is not consistent with cost causation. Do you have a response?

A. Yes. As explained in my direct testimony, FPL is proposing to allocate 25% of demand-related production plant costs based on energy to reflect the significant amount of solar generation that has been added to FPL's system over the last several years, as well as FPL's plan to continue adding additional solar and battery storage to address growing customer needs for capacity and energy as discussed by FPL witness Whitley. Solar generation is unique compared to other generating sources because it has zero fuel costs and significantly reduces overall system fuel costs as it becomes a larger percentage of the generation mix. Aligning cost allocations with FPL's generation portfolio upholds the cost-causation principle by accurately reflecting the cost responsibilities of different rate classes based on their specific usage patterns and the generation resources that serve them. This approach promotes fairness, equity, and efficiency in cost allocations.

Since 2021 when FPL prepared its last cost of service study, FPL has added approximately 4 GW of solar to its system for a total of 7 GW of solar as of December 2024. By the end of 2027, solar generation is expected to total 10 GW and make up more than 31% of FPL's total generation portfolio net plant costs. However, as solar increases as a percentage of total generation, the capacity value of solar generation decreases largely due to its reliance on daylight hours and varying weather conditions. Solar production is subject to intermittent fluctuations and thus becomes less consistent for fulfilling specific demand peaks. This reduced capacity value categorizes solar mostly as an energy resource.

Given the significant solar plant costs that FPL is seeking to recover in base rates, it is appropriate to adjust the production cost allocator in the COSS with a higher energy weighting. Thus, to better align cost allocations with significant solar generation on FPL system today, as well as the solar generation additions that are being made through the 2027 Projected Test Year, FPL has proposed to increase the energy weighting for fixed production cost allocations from 1/13th to 25% in its COSS. Such an allocation acknowledges the role solar has in providing steady energy output during daylight rather than serving as a reliable capacity resource during periods of peak demand.

Q. FEA witness Smith notes that increasing solar installations on the system has caused the net system peak for generation to shift to later in the evening, when solar will offer a minimal contribution to the system's coincident peak. Do you agree?

A. I acknowledge that solar integration has shifted FPL's net peak and planning risk to later evening hours when solar generation is unavailable to meet net peak demand. However, this temporal shift does not reduce the capacity value that solar provides during gross peak periods. Additionally, it underscores the substantial energy value solar resources deliver to the system when economically justified, even as their effective load carrying capability ("ELCC") diminishes over time. Both the capacity contribution during gross peak hours and the energy value are appropriately captured in the proposed 12CP methodology and 25% Production Allocator approach.

Q. FEA witness Smith states it is unreasonable to assert the solar panels will not be contributing to the system's coincident peak via the additional battery storage units because, according to him, FPL witness Whitley claimed batteries will be charged during the day as a direct product of FPL's large amounts of solar on the system. Do you have a response?

A. Yes. FEA witness Smith's assessment of battery additions misinterprets the resource planning dynamics. While substantial solar integration has shifted generation planning risk to later evening hours, solar resources continue to provide some capacity value during gross system coincident peak periods – a contribution that our proposed allocation methodology appropriately recognizes. The battery additions, however, serve a distinctly different function and cannot reasonably be expected to contribute during gross CP hours. Given their short-duration design, deploying batteries during gross peak periods would deplete their state of charge, rendering them unavailable to provide the critical capacity and energy needed during net peak hours when the solar capacity value diminishes and the system faces its greatest planning risk. This operational reality necessitates reserving battery capacity for the evening hours when solar generation is unavailable and system reliability depends on dispatchable resources.

Q. FIPUG witness Pollock states that the 12CP and 25% methodology ignores the fuel benefits that higher load factor customers bring to the system, and Walmart witness Perry claims that the 25% energy allocator shifts cost responsibility from lower load factor classes to higher load factor classes. Do you have a response?

A. Yes. As explained in the direct testimony of FPL witness Whitley, the increase in FPL's solar generation since 2021 has saved customers approximately $942 million in avoided fuel expenses. These fuel savings benefit all customers, particularly the highest energy users on FPL's systems, such as customers with high load factors. Increasing the energy allocation within production cost allocations assigns a greater share of solar costs to those customers who derive the most benefit from the zero fuel solar energy assets.

Q. FIPUG witness Pollock claims that, unlike baseload plants, FPL's solar plants can operate only on sunny days and, therefore, solar plants are an intermittent energy resource at best. Do you have a response?

A. Yes. While solar plants are an intermittent energy resource, they do provide some capacity value and that is recognized in FPL's proposed cost allocation method. The 12CP and 25% is roughly equivalent to allocating non-solar fixed production plant using the 12CP and 1/13th method and separating out the 23% of fixed production revenue requirements that are solar specific and classifying 85% as energy related. This results in allocating 12CP for 15% and energy for 85%, which closely aligns with the average ELCC of new solar additions during the 2026 and 2027 Projected Test Years as further explained by FPL witness Phillips.

Q. FIPUG witness Pollock claims that the combination of 12CP and average demand allocators used in FPL's proposed 12CP and 25% method causes energy usage to be double counted, once in the energy allocator and another time in determining each class's demand. Do you agree?

A. No. Florida's production cost allocation methods traditionally incorporate both a demand and energy component. However, the allocation approach is weighted to ensure that production costs are limited to 100%, meaning FPL is not double recovering any components of the production costs from customers. Specifically, the 12CP and 25% allocation method allocates 75% of production plant costs based on the 12 coincident peaks and 25% based on energy consumption. This balanced methodology effectively prevents any possibility of double counting.

Q. Walmart witness Perry and FEA witness Smith recommend that FPL continues to use the 1/13th method rather than the proposed 25% energy allocation. Do you have a response?

A. Yes. Using the 12CP and 1/13th method is the approach that FPL has applied to its COSS for decades. Although this is a generally accepted methodology for allocating production plant, it is not the best fit allocation method for FPL's system. Notably, it fails to accurately reflect the significant solar generation that FPL has installed on its system and plans to install through the 2027 Projected Test Year as explained above.

Q. FEL witness Rábago proposes that FPL use a "12 CP and Energy/Capacity" allocation method that allocates the costs of all nuclear and solar plants to energy, and the costs of all gas plants and battery facilities to demand. Please respond to his proposal.

A. First, I disagree that it is appropriate to allocate all nuclear and solar plant costs solely on energy. Nuclear plants serve as baseload demand generation resources, consistently operating to fulfill FPL's demand needs for all hours of the day. In contrast, solar plants have limited availability, functioning optimally at specific times without the ability to adjust to meet demand changes throughout the day. Solar plants also possess some capacity value, making a 100% energy allocation for their costs unsuitable. Second, FPL agrees that the costs associated with gas plants and battery storage should be demand-based. However, to achieve a balanced cost allocation approach, FPL opted to allocate all production plant costs on a 12CP basis, with 25% reflecting the increase in intermittent solar capacity as a significant and growing generation resource.

C. Transmission Plant Allocations

Q. Please summarize the intervenors' proposals to allocate transmission plant.

A. FIPUG, FRF, and FEA all propose that FPL's transmission production plant be allocated using the 4CP method rather than the 12CP method proposed by FPL. The only justification to allocate transmission plant using 4CP that is offered by these intervenors is their claim that transmission plant and production plant are driven by the same system peaks and because they are proposing 4CP for production plant it should likewise apply to transmission plant. The primary basis these intervenors propose for the 4CP method for allocating transmission plant is, according to them, the same system peak demand that drives production plant allocations also drives the transmission systems. Stated differently, they are proposing a 4CP for transmission plant because they are also proposing 4CP for production plant.

Q. Can you respond to their proposed allocation of transmission plant?

A. Yes. Generation and transmission plant costs are often allocated similarly for jurisdictional and class cost allocation purposes, and I would agree that if the demand allocation changes for one, it should be considered for the other. However, as I explain in detail above, the 12CP method is the most appropriate method to allocate production plant on FPL's system and the 4CP method should be rejected. It is equally not appropriate to allocate transmission demand-related costs based on 4CP as the transmission system is designed and built to provide capacity needs for all twelve months of the year and not just four months.

Q. Do you have other concerns with the intervenors' proposal to use 4CP to allocate transmission plant?

A. Yes. There are several basic ways that generation assets and transmission assets are different. Generation assets focus on producing electricity, whereas transmission systems are designed to deliver it across distances. This results in differing requirements for their construction and planning processes. Additionally, FPL's Open Access Transmission Tariff allocates transmission costs to wholesale customers using 12CP. Employing a 12CP methodology for separating generation and transmission costs aligns retail rates with the recovery of wholesale production and transmission costs regulated by FERC. Whereas shifting retail allocations to 4CP would create a mismatch in cost recovery between the wholesale and retail jurisdictions. Finally, as explained above, the results of the FERC three peak ratios test indicate that FPL's production and transmission system should continue to be allocated using the 12CP.

D. <u>Distribution Plant Allocations</u>

Q. Please explain the method FPL used in its proposed COSS for allocating distribution plant

A. FPL classifies meters, service drops, and primary pull-offs as customer-related because these costs are incurred to connect individual customers to the distribution system. The remaining balances of distribution plant, including poles, conductors, conduit, and transformers, are classified as demand-related because they can be shared by multiple customers depending on demand requirements. Demand-related distribution is allocated among the rate classes using various measures of peak demand.

Q. Do any of the intervenors propose an alternative method for allocating distribution plant?

A. No. However, FIPUG witness Pollock appears to take issue with the fact that FPL's distribution plant is primarily allocated as demand-related rather than based on the number of customers. On page 42 of his testimony, FIPUG witness Pollock recommends that the Commission order FPL to study the merits of classifying a portion of its distribution plant as customer-related, and to submit that study to the Commission no later than 90 days prior to FPL filing a test-year letter in its next rate case.

Q. Are you familiar with FIPUG's proposal to classify distribution plant as customer-related?

A. Yes. This is typically referred to as the MDS method.

Q. Please explain the MDS method for allocating distribution costs.

A. The MDS method recognizes both a customer and a demand component for poles, conductors, conduit, and transformers. The MDS is meant to represent a set of distribution facilities designed to serve the zero or minimum load requirements of customers. The process to develop the MDS involves determining the level of investment in poles, conductors, conduit, and transformers required solely to connect customers to the electric system without regard to demand requirements. Once this is determined, this minimum investment is allocated to customer classes based on the number of customers. The remaining distribution costs are allocated based on customer class demand requirements.

Q. Is the MDS method the only method for allocating distribution costs?

A. No. The MDS is only one method used by some utilities for allocating distribution costs.

Q. Are there drawbacks to the MDS methodology for allocating distribution costs?

A. Yes. Under the MDS method, the minimum system has intrinsic load carrying capacity, which means that the minimum cost is the cost to serve the average customer. As a result, there may be a risk of double counting the allocations to smaller customers with less demand than the average customer. These smaller customers could receive an allocation of the minimum size equipment through the customer component and an allocation of the demand-related costs, even though a large portion of their demand may be served by the minimum sized equipment.

Q. Are there other drawbacks to using the MDS method to allocate distribution costs to FPL's customers?

A. Yes. FPL's distribution planning must account for system reliability and the fact that distribution assets in Florida must be storm- hardened. Distribution system reliability and storm hardening are not based on the number of customers connected to the system. Thus, an MDS must be appropriately tailored to account for the requirements of system reliability and storm hardening in Florida.

Q. FIPUG witness Pollock cites the NARUC Manual in support of his recommendation for FPL to submit an MDS study as part of its next rate case. Does the NARUC Manual require the use of the MDS method for the allocation of distribution costs?

A. No. The NARUC Manual is to be used as a guideline and is not intended to prescribe one allocation method over another. Further, the NARUC Manual recognizes that MDS is not the only way to segregate customer- and demand-related costs. Specifically, page 95 of the NARUC Manual provides:

> Cost analysts disagree on how much of the demand costs should be allocated to customers when the minimum-size distribution method is used to classify distribution plant. When using this distribution method, the analyst must be aware that the minimum-size distribution equipment has a certain load-carrying capability, which can be viewed as a demand-related cost.

Q. Do you believe that the MDS method is appropriate for FPL's distribution system?

A. No, not at this time, because the central criterion used in planning and building FPL's distribution system is kW load requirements (maximum customer class demands) and storm hardening. Thus, the use of the MDS method would not appropriately reflect how distribution is planned on FPL's system.

Q. Do you have any other concerns with FIPUG witness Pollock's MDS recommendation?

A. Yes. FIPUG witness Pollock recommends that the Commission order FPL to file an MDS study 90 days prior to filing the test year letter in FPL's next case. This would be five months before FPL filed its rate case. At FPL, the COSS and rate design are the last components of the Company's rate case filing to be completed because they require all the costs, revenues, data, and inputs from the other rate case teams to be finalized and completed before they can begin to allocate the costs. Based on my experience preparing COSS for multiple rate cases, I do not think it would be realistic to prepare and file a COSS with MDS five months before FPL files its case.

III. CILC/CDR

Q. FRF witnesses Georgis and FIPUG witness Ly contend that FPL should have made an adjustment to the customer class demand allocators in its COSS to account for the non-firm load of the CILC and CDR customers. Do you agree with this proposed adjustment?

A. No. The production and transmission load assigned to the CILC and CDR rate classes is treated as firm load in FPL's COSS to avoid a double count of the incentives provided to the CILC and CDR program customers. FPL treats the CILC and CDR incentive payments as additional base revenues (or revenue credits), which directly offset the revenue requirements of customer classes that participate in these programs, because these incentive payments are collected from all customers as part of a Demand Side Management program recovered through the Energy Conservation Cost Recovery clause. Providing a revenue credit in the COSS is a more direct method of crediting the CILC and CDR rate classes for these incentive payments than adjusting demand allocators. Further, removing the non-firm load associated with CILC and CDR customers from COSS allocators, while also giving these customers revenue credits, would double count the credits and inappropriately shift costs to other customers. For these reasons, it is appropriate for the load assigned to CILC and CDR to be treated as firm load in the COSS rather than being removed from demand allocators as non-firm customer load as suggested by FRF witness Georgis.

IV. UPDATES TO THE COST OF SERVICE STUDY

Q. Please explain how FPL will update the COSS to reflect the final costs and revenues approved by the Commission.

A. Similar to prior rate cases, FPL will submit a compliance filing in this docket that will reflect the impact of the Commission's final decision on all issues. As part of that compliance filing, FPL will update the applicable COSS MFRs for the 2026 and 2027 Projected Test Years consistent with the Commission's final decision in this docket.

Q. Are there any corrections needed to the COSS?

Yes. As stated in FPL's response to FIPUG's Third Set of Interrogatories No. 37, the Solar COSIDs INC603110, INC603136, and INC603199 were inadvertently allocated on 12CP and 1/13th as opposed to 12CP and 25%. After further review an additional COSID, INC603100, was identified as using 12CP and 1/13th as opposed to using 12CP and 25%. The impact of these corrections to the equalized target revenue requirements is provided in exhibit TD-10. To address this inadvertent error, FPL will allocate these Solar COSIDs using the final allocation methodology approved by the Commission and include that allocation as part of FPL's compliance filing addressed above.

V. CONCLUSION

Q. In your opinion, would it be appropriate to implement any of the COSS changes proposed by intervenors?

A. No. Unlike the alternate cost allocation proposals offered by the intervenors, the cost allocation methods proposed by FPL are consistent with how FPL plans and builds its system and reflect the current diversity of FPL's generation resources. The results of the consolidated FPL COSS submitted by FPL for the projected 2026 and 2027 Test Years fairly present each rate class's cost responsibility, ROR, parity position, and should be approved by the Commission.

Q. Does this conclude your rebuttal testimony?

A. Yes.

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QUESTION:
Please explain why production O&M labor expenses are classified 100% to demand, while all other labor-allocated expenses are classified to both demand and energy.

RESPONSE:
FPL primarily follows the NARUC manual for the classification of costs. Page 35 indicates that fixed production costs - including certain types of O&M expenses - vary with capacity additions and are thus categorized as demand-related.

Pages 36 and 37 detail how other labor allocated expenses are classified to demand and energy. For instance, Supervision & Engineering (Accounts 500 and 528) and Operation Supervision & Engineering (Accounts 517 and 535) are classified as prorated on labor, which indicates that the labor portion is considered demand related.

Additionally, Steam Expenses (Account 502, 520), Electric Expenses (Accounts 505, 523, and 538) have classifications divided between demand and energy, as these costs are affected by both fixed capacity requirements and variable energy output.

Other labor-allocated expenses are allocated to both demand and energy because they can be influenced by both the plant's capacity requirements (fixed demand) and the variable output of energy. These expenses are prorated between demand-related and energy-related categories based on their nature and the labor involved in each account grouping, as shown in Accounts 502, 505, 520, 523, and 538. The labor portion is typically classified as demand-related, while material expenses are classified as energy-related.

Specifically for FERC accounts 546, 548, and 551, FPL deviates from the prescribed NARUC methodology by classifying these expenses to both energy and demand, consistent with the NARUC Manual classification for FPL's Steam Production assets. FPL's classification approach recognizes the operating characteristics of its current portfolio of Other Production assets. In contrast, when the NARUC Manual was published 30 years ago, the other production function consisted mostly of peaking units, making it appropriate to classify these expenses as demand related. Given the current makeup of FPL's assets, which have more energy-driven operations, FPL classifies these Other Production O&M expenses like Steam Production O&M, with allocations to both energy and demand.

These allocations in their entirety are shown in the COS model provided.

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QUESTION:
Referring to FIPUG Exhibit 1 to the deposition of FPL witness DuBose, please explain the rationale for allocating each of the following rate base components in the manner proposed in FPL's cost-of-service study:

a. Storm Maintenance

b. Rate Case Expenses

c. Losses from Disposition of Utility Plant

d. Revenue Taxes

e. Other Taxes

f. Interest on Long-Term Debt

g. ITC Gross-Up Regulatory Liability

h. Over-recovery of ECCR Regulatory Liability

i. Over-recovery of Capacity Revenues Regulatory Liability

j. Over-recovery of Environmental Revenues Regulatory Liability

k. Over-recovery of SPPC Revenues

l. Deferred Gains Future Use

RESPONSE:
See Attachment 1 for a detailed analysis of the FERC accounts included in the COSIDs related to each item in the question, along with an explanation of the purpose of each account and the rationale behind the selected allocator.

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COSIDs	FERC Accounts	Cost of Service (COS) Allocator	Allocation Method	Juris Balance 2026	Juris Balance 2027	Category	Comments/Rationale for allocation method
Rate Base Accounts							
BAL386180 - MISC DEF DEB - STORM MAINTENANCE	9186176: Misc Deferred Debits - Storm Recovery	INT/INT - I399T	Gross Plant	4,082,512,410	4,085,654,803	Working Capital - Other Deferred Debits	This COSID relates to storm costs and has an equal offsetting COSID BAL386181 (OFFSET) which uses the same allocation method. Thus the impact to customers is netted out. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in previous FPL cost of service studies since at least the 2016 rate case.
BAL386419: MISC DEF DEBITS - 2025 RATE CASE	9186107: Misc Deferred Debits - 2025 Rate Case	INT/INT - I599T	O&M	4,400,037	3,142,884	Working Capital - Other Deferred Debits	Deferred rate case expenses are allocated on O&M as this account is amortized to an O&M account. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in previous FPL cost of service studies since at least the 2016 rate case.
BAL387000 - DEF LOSSES FROM DISP OF UTILITY PLT	9187000: Defer Losses Fr Disp Util Plt-Land Sale	INT/INT - I599T	O&M	1,420	(4,013)	Working Capital - Other Deferred Debits	The deferred losses on the disposition plant are allocated on an O&M allocator as this account is amortized to expense. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies for the 2021 rate case.
BAL736210 - TAXES ACCRUED - REVENUE TAXES	9236210: Taxes Accrued-Franchise Tax 9236211: Taxes Accrued-MS Franchise Tax 9236230: Taxes Accrued-Gross Receipts Tax 9236235: Taxes Accrued-Regulatory Assess Fee	INT/INT - I599T	O&M	(163,961,465)	(164,595,512)	Working Capital - Current & Accrued Liabilities	These accrued revenue tax accounts are allocated on O&M because an expense allocation most closely reflects the underlying allocations of the income statement. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL736245 - TAXES ACCRUED - OTHER	9236200: Taxes Accrued-Other 9236215: Taxes Accrued-Federal Unemployment 9236225: Taxes Accrued-FICA	INT/INT - I599T	O&M	(15,023,380)	(15,329,095)	Working Capital - Current & Accrued Liabilities	These accrued other tax accounts are allocated on O&M as they are a mix of miscellaneous other taxes and labor related taxes. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL737000 - INTEREST ACCR ON LONG - TERM DEBT	9237000: Interest Accrued-Debt & Fin 48 Liability 9237901: Interest Accrued-Intercompany-Gas	INT/INT - I599T	O&M	(336,313,161)	(365,994,539)	Working Capital - Current & Accrued Liabilities	This account includes interest accrued on long term debt related to FIN 48 (uncertain tax positions). Because these amounts relate to uncertain income tax positions, they are allocated on O&M consistent with how income taxes are allocated. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL854404 - OTH REG LIAB - CONVERT ITC GROSS-UP	9254404: Oth Reg Liab-Conv ITC Gross Up 9254405: Oth Reg Liab-Space Coast 9254406: Oth Reg Liab-Martin ITC Gross Up	INT/INT - I599T	O&M	(55,441,003)	(52,209,788)	Working Capital - Deferred Credits	This relates to income tax gross-up of ITCs and are thus allocated using the same method as deferred taxes. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL854600 - OTHER REG LIAB - OVERRECOV ECCR REVS	9254112: Oth Reg Liab-SWAPC ECCR 9254600: Oth Reg Liab-OverRecov Energy Consv 9254626: Oth Reg Liab-Overrecovery ECCR Rev T/U-LT 9254636: Other Reg Liab - ECCR T/U-LT Offset	INT/INT - I599T	O&M	(4,066,963)	(502,559)	Working Capital - Deferred Credits	Because this COSID represents the over-recovery of clause expenses from customers, it is allocated on O&M. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL854620: OTHER REG LIAB - OVERRECOVERED CAPACITY REVENUES	9254620: Oth Reg Liab-Ovr Recov Capacity Revenue 9254623: Oth Reg Liab-Underrecov Cap T/U Costs-LT 9254624: Oth Reg Liab-Overrecovery Cap Rev T/U-LT 9254635: Other Reg Liab - Capacity LT Offset	INT/INT - I599T	O&M	(6,875,708)	-	Working Capital - Deferred Credits	Because this COSID represents the over-recovery of clause expenses from customers, it is allocated on O&M. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL854640: OTHER REG LIAB - OVERRECOVERED ENVIRONMENTL REVNUS	9254338: Oth Reg Liab-Cost Recovery-ECRC 9254628: Oth Reg Liab-Overrecovery ECRC Rev T/U-LT 9254637: Other Reg Liab - ECRC LT Offset 9254640: Oth Reg Liab-Over Recov Environm Recov	INT/INT - I599T	O&M	(4,120,468)	-	Working Capital - Deferred Credits	Because this COSID represents the over-recovery of clause expenses from customers, it is allocated on O&M. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL854X46 - OTH REG LIAB - OVERRECOVERD SPPC REVENUES	9254648: Oth Reg Liab-Overrecovery SPPCRC Revenue 9254649: Oth Reg Liab-Overrecovery SPPCRC Rev T/U-LT 9254651: Other Reg Liab - SPPCRC Offset	INT/INT - I599T	O&M	(7,531,971)	-	Working Capital - Deferred Credits	Because this COSID represents the over-recovery of clause expenses from customers, it is allocated on O&M. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
BAL856100 - DEF GAINS FUTURE USE	9256100: Deferred Gains Disposition Utility Plant 9256201: Deferred Gains Mitigation Banking	INT/INT - I599T	O&M	(18,682,444)	(18,449,189)	Working Capital - Deferred Credits	The deferred gains on the disposition plant are allocated on an O&M allocator as this account is amortized to expense. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.

NOI Accounts

COSIDs	FERC Accounts	COS Allocator	Allocation Method	2026	2027	NOI Category	Comments
INC056920 - OTH ELECTRIC REVENUES - UNBILLED REVENUES - FPSC	9456920: Oth Elect Rev-Unbilled Rev-FPSC	E206	Retail Sales Only at Meter (Energy)	(22,593,913)	3,844,279	Operating Revenues (Sales of Electricity	Unbilled Revenues are allocated on Sales (energy) as these revenues are directly related to the difference between metered energy sales for the month and the amounts actually billed to customers based on billing cycles. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
INC054100 - RENT FROM ELECTRIC PROPERTY - FUT USE & PLT IN SERV & STORAGE TANKS	9454100: Rent From Electric Property-Future Use Property 9454200: Rent From Electric Property-Leased	INT/EXT - I900	Labor Excluding A&G	12,876,701	12,883,646	Other Operating Revenues	This relates to General plant which is properly allocated on Labor. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.

INC530000 - A&G O&M - MISC GENERAL EXPENSES	9431520 Other Interest Exp-Tax Audits 9929000 Duplicate Charges-Credit 9930200 Miscellaneous General Expenses 9930201 Miscellaneous General Exps-A04 9930202 Misc General Expenses-Transaction Costs 9930700 Miscellaneous General Expenses-A20	INT/EXT - I900	Labor Excluding A&G	(13,306,620)	(13,334,925)	Gen & Admin Exp	This relates to general A&G Expenses which are properly allocated on Labor. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
INC531000 - A&G O&M - RENTS	9931000 Rents-Administrative and General 9931700 Rents-A20	INT/EXT - I900	Labor Excluding A&G	(1,961,568)	(1,878,743)	Gen & Admin Exp	This relates to general A&G Expenses which are properly allocated on Labor. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
INC603200: DEPR & AMORT EXP - PROP UNDER CAPT LEASES	9404112 Amortization-Elec Plt-Financing Lease	INT/EXT - I900	Labor Excluding A&G	(277,559)	(277,709)	Dep Exp General	Depreciation & Amortization Expense associated with General Plant capital leases is properly allocated on Labor. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
INC605000 - ACCRETION EXPENSE - ARO REG DEBIT	9405143 Amort LimitedTrm Plt 9411100 Accretion Expense	INT/EXT - I900	Labor Excluding A&G	(87,730,204)	(91,357,481)	Amort of Property Losses	This account is completely offset in NOI by COSIDs INC603001, INC603199, INC603064, INC607143. All ARO related accounts use the same separation factor in order to be correctly offset for ratemaking purposees in accordance with FPSC rules. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least since the 2016 rate case.
INC608100: TAX OTH TH INC TAX - PAYROLL AND OTHER [redacted]	9408100 Tax Other Than Inc Tax-Other 9408101 Tax Other Than Inc Tax-Consumer Vend Adj 9408102 Tax Other Than Inc Tax-Transaction Costs 9408160 Tax Other Than Inc Tax-Other 9408700 Tax Oth Than Inc Tax-PR Tax-A20	INT/EXT - I900	Labor Excluding A&G	(30,241,467)	(30,440,731)	Taxes Other Than Income - Other Taxes	Payroll tax related expenses are properly allocated on Labor. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.
INC611450 - AMORTIZATION OF ITC	9411460 Invest Tax Credit Adjustments-Util Opns	INT/INT - I409T	Net Plant	35,582,975	35,610,433	Amortization of ITC	Amortization of ITCs is propertly allocated on net plant. FPL is not proposing any changes to this allocation method as this treatment is consistent with the allocations applied in the previous FPL cost of service studies since at least the 2016 rate case.

Note: COSID to FERC Account mappings are managed at the Total Company level. It is possible that certain FERC account balances have been adjusted out through Commission or Company adjustments to arrive at jurisdictional balances.

Florida Power & Light Company
FERC Three Peak Ratios
Test Data
FPL Historical and FPL Projected

	1	2	3	4	5	6	7	8	9	10	11	12		Jun-Sep	Jan-May and Oct-Dec			
Peak Day MW	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.	Ave. Peak/Peak	Ave. Off-Peak/Peak	[1]	[2]	[3]
2020	17,514	18,429	20,602	21,594	21,932	24,499	24,483	24,166	24,493	22,214	19,496	15,773	21,266	100%	80%	19%	64%	87%
2019	16,795	18,660	18,963	20,106	22,580	24,241	23,578	22,861	23,653	21,776	19,855	17,249	20,860	97%	80%	17%	69%	86%
2018	19,109	17,492	17,887	19,348	19,595	22,254	22,528	23,217	23,187	21,781	19,649	18,088	20,345	98%	82%	16%	75%	88%
2017	16,535	17,172	18,029	20,474	22,311	22,176	23,109	23,373	23,243	21,276	18,126	17,091	20,243	98%	81%	18%	71%	87%
2016	16,934	17,031	19,190	20,061	20,392	22,528	23,858	23,645	21,574	20,809	17,240	17,815	20,090	96%	78%	18%	71%	84%
2015	15,747	19,718	17,979	21,242	21,016	22,959	22,153	22,717	22,563	20,990	20,541	18,129	20,480	98%	85%	14%	69%	89%

% of Peak Day	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2027	82%	76%	76%	81%	89%	96%	98%	100%	96%	90%	78%	74%
2026	81%	76%	76%	81%	89%	96%	98%	100%	96%	90%	78%	74%
2025	81%	76%	76%	81%	89%	96%	98%	100%	96%	90%	78%	74%
2024	66%	64%	73%	75%	95%	97%	98%	100%	94%	93%	69%	65%
2023	68%	72%	79%	81%	85%	95%	97%	100%	92%	86%	74%	70%
2022	80%	72%	79%	85%	92%	100%	98%	100%	100%	89%	87%	78%
2021	67%	75%	82%	87%	93%	93%	99%	100%	93%	91%	69%	73%
2020	71%	75%	84%	88%	90%	100%	100%	99%	100%	91%	80%	64%
2019	69%	77%	78%	83%	93%	100%	97%	94%	98%	90%	82%	71%
2018	82%	75%	77%	83%	84%	96%	97%	100%	100%	94%	85%	78%
2017	71%	73%	77%	88%	95%	95%	99%	100%	99%	91%	78%	73%
2016	71%	71%	80%	84%	85%	94%	100%	99%	90%	87%	72%	75%
2015	69%	86%	78%	93%	92%	100%	96%	99%	98%	91%	89%	79%

Florida Power & Light Company
Analysis of Projected Monthly Peak Demands
Comparison to Highest Annual Peak

	(1)	(2)	(3)	(4)	
Line No.	Month-Year	Peak in MW	% of Highest Monthly Peak	% Diff from Highest Monthly Peak	Comments
25	Jan	19,631	71%	29%	3 Year Average
26	Feb	19,216	69%	31%	3 Year Average
27	Mar	21,324	77%	23%	3 Year Average
28	Apr	22,165	80%	20%	3 Year Average
29	May	25,069	90%	10%	3 Year Average
30	Jun	26,900	97%	3%	3 Year Average
31	Jul	27,079	98%	2%	3 Year Average
32	Aug	27,719	100%	0%	3 Year Average
33	Sep	26,380	95%	5%	3 Year Average
34	Oct	24,807	89%	11%	3 Year Average
35	Nov	21,232	77%	23%	3 Year Average
36	Dec	19,665	71%	29%	3 Year Average
61	Jan-25	23,008	81%	19%	Projected
62	Feb-25	21,389	76%	24%	Projected
63	Mar-25	21,381	76%	24%	Projected
64	Apr-25	22,883	81%	19%	Projected
65	May-25	25,151	89%	11%	Projected
66	Jun-25	27,149	96%	4%	Projected
67	Jul-25	27,615	98%	2%	Projected
68	Aug-25	28,270	100%	0%	Projected
69	Sep-25	27,151	96%	4%	Projected
70	Oct-25	25,356	90%	10%	Projected
71	Nov-25	22,129	78%	22%	Projected
72	Dec-25	20,904	74%	26%	Projected
73	Jan-26	23,273	81%	19%	Projected
74	Feb-26	21,650	76%	24%	Projected
75	Mar-26	21,639	76%	24%	Projected
76	Apr-26	23,154	81%	19%	Projected
77	May-26	25,442	89%	11%	Projected
78	Jun-26	27,458	96%	4%	Projected
79	Jul-26	27,939	98%	2%	Projected
80	Aug-26	28,596	100%	0%	Projected
81	Sep-26	27,466	96%	4%	Projected
82	Oct-26	25,650	90%	10%	Projected
83	Nov-26	22,393	78%	22%	Projected
84	Dec-26	21,159	74%	26%	Projected
85	Jan-27	23,582	82%	18%	Projected
86	Feb-27	21,820	76%	24%	Projected
87	Mar-27	21,810	76%	24%	Projected
88	Apr-27	23,341	81%	19%	Projected
89	May-27	25,648	89%	11%	Projected
90	Jun-27	27,682	96%	4%	Projected
91	Jul-27	28,166	98%	2%	Projected

Florida Power & Light Company
Analysis of Projected Monthly Peak Demands
Comparison to Highest Annual Peak

	(1)	(2)	(3)	(4)	
Line No.	Month-Year	Peak in MW	% of Highest Monthly Peak	% Diff from Highest Monthly Peak	Comments
92	Aug-27	**28,831**	100%	0%	Projected
93	Sep-27	27,692	96%	4%	Projected
94	Oct-27	25,862	90%	10%	Projected
95	Nov-27	22,576	78%	22%	Projected
96	Dec-27	21,330	74%	26%	Projected

Source: FPL MFR E-18

2026/2027 EQUALIZED AT PROPOSED
($000 WHERE APPLICABLE)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Line No.	Methodologies: 12CP and 25%	Total	CILC-1D	CILC-1G	CILC-1T	GS(T)-1	GSCU-1	GSD(T)-1	GSLD(T)-1	GSLD(T)-2	GSLD(T)-3	MET	OS-2	RS(T)-1	SL/OL-1	SL-1M	SL-2	SL-2M	SST-DST	SST-TST
	2026 TARGET REVENUE REQUIREMENTS (EQUALIZED) (FILED) -																			
	Equalized Base Revenue Requirements	11,162,674	149,998	6,452	64,422	727,807	2,275	2,208,242	745,034	255,732	41,857	4,873	3,197	6,739,065	205,446	1,756	1,995	480	67	3,976
	Other Operating Revenues	266,875	2,228	95	704	18,524	38	35,921	11,491	3,949	799	76	101	190,828	1,952	35	46	16	3	69
	Total Target Revenue Requirements	11,429,549	152,225	6,547	65,126	746,331	2,314	2,244,163	756,525	259,681	42,656	4,949	3,298	6,929,893	207,398	1,791	2,041	496	70	4,045
	2026 TARGET REVENUE REQUIREMENTS (EQUALIZED) (CORRECTED) -																			
	Equalized Base Revenue Requirements	11,162,674	150,439	6,467	64,711	727,744	2,282	2,210,188	746,377	256,328	42,026	4,877	3,202	6,733,951	205,757	1,778	2,001	482	67	3,995
	Other Operating Revenues	266,875	2,228	95	704	18,524	38	35,921	11,491	3,949	799	76	101	190,828	1,952	35	46	16	3	69
	Total Target Revenue Requirements	11,429,549	152,667	6,562	65,415	746,268	2,320	2,246,109	757,868	260,277	42,825	4,954	3,304	6,924,779	207,709	1,813	2,047	498	70	4,064
	Difference		441	15	289	(63)	7	1,946	1,343	596	168	5	5	(5,113)	311	22	6	2	0	19
	2027 TARGET REVENUE REQUIREMENTS (EQUALIZED) (FILED) -																			
	Equalized Base Revenue Requirements	12,185,857	161,508	6,948	70,720	797,862	2,491	2,399,185	799,832	276,114	46,022	5,296	3,274	7,370,442	236,837	1,971	2,176	565	74	4,538
	Other Operating Revenues	285,066	2,336	99	742	20,231	41	37,859	12,018	4,152	827	80	103	204,373	2,033	39	47	11	3	72
	Total Target Revenue Requirements	12,470,922	163,844	7,047	71,462	818,094	2,532	2,437,044	811,850	280,266	46,850	5,377	3,377	7,574,815	238,870	2,010	2,224	576	77	4,609
	2027 TARGET REVENUE REQUIREMENTS (EQUALIZED) (CORRECTED) -																			
	Equalized Base Revenue Requirements	12,185,857	161,983	6,964	71,032	797,800	2,498	2,401,307	801,275	276,757	46,204	5,302	3,280	7,364,942	237,134	1,996	2,183	568	74	4,558
	Other Operating Revenues	285,066	2,336	99	742	20,231	41	37,859	12,018	4,152	827	80	103	204,373	2,033	39	47	11	3	72
	Total Target Revenue Requirements	12,470,922	164,318	7,063	71,774	818,031	2,539	2,439,165	813,293	280,909	47,031	5,382	3,383	7,569,315	239,167	2,035	2,230	579	77	4,630
	Difference		474	16	312	(63)	7	2,122	1,443	643	182	5	6	(5,500)	297	25	7	2	0	20