

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

\_\_\_\_\_)  
In re: Petition for rate increase by ) Docket No. 20250011-EI  
Florida Power & Light Company. )  
\_\_\_\_\_)

Rebuttal Testimony of

**Michael P. Gorman**

On behalf of

**Federal Executive Agencies**

July 9, 2025



**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Petition for rate increase by ) Docket No. 20250011-EI  
Florida Power & Light Company. )  
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STATE OF MISSOURI     )  
  )  
COUNTY OF ST. LOUIS    )     SS

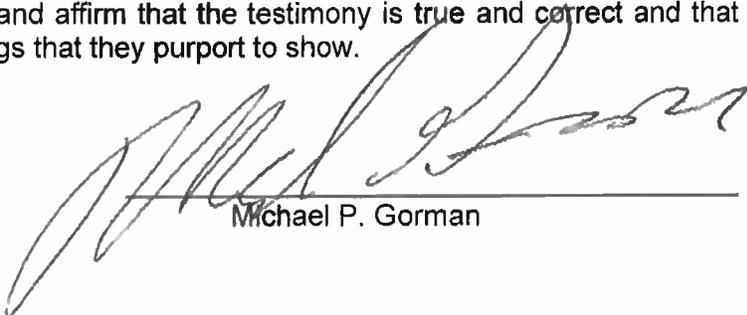
**Affidavit of Michael P. Gorman**

Michael P. Gorman, being first duly sworn, on his oath states:

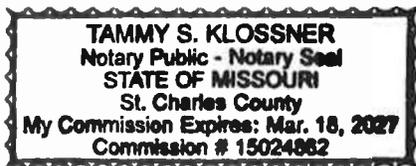
1. My name is Michael P. Gorman. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Federal Executive Agencies in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in the Florida Public Service Commission Docket No. 20250011-EI.

3. I hereby swear and affirm that the testimony is true and correct and that they show the matters and things that they purport to show.

  
\_\_\_\_\_  
Michael P. Gorman

Subscribed and sworn to before me this 9th day of July 2025.



  
\_\_\_\_\_  
Notary Public

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BEFORE THE  
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Rebuttal Testimony of Michael P. Gorman

1

**I. INTRODUCTION**

2 Q

**PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A

Michael P. Gorman. My business address is 16690 Swingley Ridge Road,  
Suite 140, Chesterfield, MO 63017.

5 Q

**WHAT IS YOUR OCCUPATION?**

6 A

I am a consultant in the field of public utility regulation and a Managing Principal  
with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and  
regulatory consultants.

9 Q

**ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10 A

I am appearing in this proceeding on behalf of the Federal Executive Agencies  
("FEA").

11

12 Q

**WHAT IS THE SUBJECT MATTER OF YOUR REBUTTAL TESTIMONY?**

13 A

My rebuttal testimony addresses direct testimony filed by Florida Rising, Inc.,  
League of United Latin American Citizens, and Environmental Confederation of  
Southwest Florida, Inc. witness Karl R. Rabago. Specifically, Mr. Rabago's  
proposed change to FPL's production demand allocator.

16

1 Q DO YOU HAVE ANY COMMENTS TO THE DIRECT TESTIMONY OF MR.  
2 RABAGO?

3 A Yes. Mr. Rabago takes issue with FPL's proposed allocation of production  
4 resource capacity costs. He states concern for the method of developing a  
5 production capacity cost allocator is political, rather than accurately reflective of  
6 cost causation.<sup>1</sup>

7 Mr. Rabago recommends production plant fixed capacity costs be allocated  
8 based on the primary functions that the individual resources provide to the  
9 resource portfolio.<sup>2</sup> From this he argues that certain types of resources including  
10 nuclear and solar plants are primarily energy generators because they are not  
11 highly dispatchable and do not support the Utility's firm capacity needs on the  
12 margin. Further, he maintains that gas plants and batteries provide firm capacity  
13 that are dispatchable. Based on this characterization of production resources, he  
14 recommends production capacity costs be allocated using a 12 coincident peak  
15 ("12CP") and energy/capacity allocation method that allocates the costs of all  
16 nuclear and solar plants to energy costs and all gas plant and battery storage  
17 facilities to demand.<sup>3</sup>

18 Q PLEASE RESPOND TO MR. RABAGO'S POSITIONS CONCERNING  
19 ALLOCATION OF PRODUCTION CAPACITY COSTS.

20 A Mr. Rabago's position on allocation of production capacity costs is without merit  
21 for the following reasons:

- 22 • He offers no evidence that the long-standing allocation method of  
23 energy and capacity is not fair and reasonable to all customer  
24 classes.

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<sup>1</sup> Karl Rabago Direct at 15, Florida Rising, Inc., League of United Latin American Citizens, and Environmental Confederation of Southwest Florida, Inc., June 9, 2025.

<sup>2</sup> *Id.* at 17.

<sup>3</sup> *Id.*

- 1 • He offers no proof or evidence that his assessment of which(?)  
2 production resources are dispatched and/or used by FPL within its  
3 production resource portfolio is accurate nor does he offer evidence  
4 that his proposed allocation of resource costs is reasonable.
- 5 • His position that individual resources should be functionalized and  
6 allocated individually, rather than allocating FPL's aggregate  
7 resource portfolio costs, fails to distinguish how FPL actually  
8 operates its production resource portfolio to provide economic and  
9 reliable firm service to its customers. That is, to economically serve  
10 customers' demands in every hour of the year, including the peak-  
11 hours, while simultaneously managing generation costs in a  
12 manner which keeps energy costs as low as possible.
- 13 • He also fails to recognize that the Company must design and invest  
14 in a quantity of production capacity resources that are available to  
15 meet its hourly demands in all hours of the year. For example, if  
16 solar resources have less expected capacity available to serve  
17 peak-hour demand, then the Company would need to invest in  
18 greater amounts of name plate solar capacity to ensure peak  
19 demand can be reliably served.
- 20 • He fails to recognize that long duration resources are important to  
21 ensure that capacity is available to operate when the system peak  
22 occurs. Long duration resources do not have the dispatch flexibility  
23 that gas turbines do but are nevertheless an important capacity  
24 resource that is used to serve reliable loads in all hours including  
25 the peak hours.

26 These failures and flaws in Mr. Rabago assertions illustrate why his  
27 proposed production plant allocator is without merit and should be rejected.

28 **Q PLEASE EXPLAIN HOW FPL DESIGNS ITS PRODUCTION RESOURCE**  
29 **PORTFOLIO.**

30 **A** In FPL's 2024/2025 site plan it states that it plans its production resources to have  
31 adequate electric generation capabilities and projected incremental resource  
32 needs to provide reliable and economical electric system service to its customers.<sup>4</sup>  
33 FPL states that it follows a resource planning procedure with four fundamental  
34 steps:

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<sup>4</sup> FPL Ten Year Power Plant Site Plan 2024 – 2034, page 5.

- 1                   • “Step 1: Determine the magnitude and timing of FPL's new resource  
2 needs;
- 3                   • Step 2: Identify which resource options and resource plans can  
4 meet the determined magnitude and timing of projected resource  
5 needs (e.g., identify competing options and resource plans);
- 6                   • Step 3: Evaluate the competing options and resource plans based  
7 on system economics and non-economic factors; and,
- 8                   • Step 4: Select a resource plan and commit, as needed, to near-term  
9 options.”<sup>5</sup>

10                   FPL accomplishes the first step, by determining the magnitude and  
11 timing of new resource needs in the following manner: A reliability assessment  
12 is performed for the system. FPL breaks down reliability into several factors all  
13 of which revolve around a Loss Of Load Probability (“LOLP”) study which  
14 describes the expected capacity in its production resource portfolio that will be  
15 serving load in every hour of the year.

16                   FPL states that its current reliability criteria has moved away from total  
17 reserve margins planning function, it is now more of a statistical analysis  
18 describing LOLP. This methodology tracks potential variability of expected  
19 generation output available to meet peak-hour demands. The purpose of this is  
20 to determine whether or not additional resources are needed to ensure that  
21 there is sufficient production capacity available to serve demands in every hour  
22 of the year including peak-hours.

23                   The second step, is identifying resources effected to determine the  
24 magnitude and timing of production resource additions in an economic manner,  
25 runs concurrent with step one. It involves preliminary economic analysis of new

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<sup>5</sup> FPL Ten Year Power Plant Site Plan 2024 – 2034, page 71.

1 capacity options to determine what type of capacity option will fit FPL's system  
2 needs.<sup>6</sup>

3 The third step evaluates competing options and resource plans based on  
4 system economics and non-economic factors to choose resource additions to meet  
5 the magnitude and timing of projected system resource requirements.<sup>7</sup> FPL's final  
6 step takes the results of the previous three steps to develop a new, and or updated,  
7 resource plan used to commit, as needed, to near-term options.<sup>8</sup>

8 **Q DOES FPL'S RESOURCE PLAN DESIGN A PRODUCTION RESOURCE**  
9 **PORTFOLIO THAT IS DESIGNED TO ECONOMICALLY AND RELIABLY**  
10 **SERVE ITS CUSTOMERS?**

11 **A** Yes. FPL selects resources to provide economic and reliable service to its  
12 customers. This includes estimating the amount of capacity needed to serve  
13 customers demands in every hour of the year including the peak hours, and to  
14 select resources that can be dispatched or scheduled to minimize energy costs.  
15 All resources are used within the resource portfolio to provide reliable and  
16 economic service.

17 FPL selects resources to include in its resource portfolio by estimating the  
18 "firm" capacity contribution from the resource "name plate" capacity rating. This  
19 distinction recognizes that not all resources in the portfolio are expected to  
20 contribute capacity to meet peak demands based on the name plate rating, but  
21 rather contribute to the portfolio's firm capacity rating based on the expected  
22 capacity contribution. The portfolio is designed to have firm capacity that is able  
23 to serve demands in every hour of the year including the peak hour.<sup>9</sup>

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<sup>6</sup> FPL Ten Year Power Plant Site Plan 2024 – 2034, pages 78 & 79.

<sup>7</sup> FPL Ten Year Power Plant Site Plan 2024 – 2034, page 79.

<sup>8</sup> FPL Ten Year Power Plant Site Plan 2024 – 2034, pages 71 & 80.

<sup>9</sup> *Id.* at Schedule 1 pages 3239

1 Q DOES MR. RABAGO'S PROPOSED PRODUCTION PLANT ALLOCATOR  
2 ALIGN WITH FPL'S PLANNING CRITERIA TO ENSURE IT IS ABLE TO  
3 ECONOMICALLY PROVIDE RELIABLE FIRM SERVICE TO ITS CUSTOMERS?

4 A No. FPL designs its production resource capacity based on a portfolio of  
5 resources, not individual resources. Further, it examines the capacity contribution  
6 for all components of its resource portfolio to determine if it has a sufficient amount  
7 of capacity to serve peak demands. Mr. Rabago's proposal to separate generation  
8 types within the portfolio distinguishing them as energy or capacity is completely  
9 at odds with how FPL plans and designs its production resource portfolio and how  
10 it uses that portfolio to provide reliable service. Hence, Mr. Rabago's proposed  
11 allocation method does not follow cost causation and is not reasonable.

12 Q DOES ALLOCATING PRODUCTION CAPACITY COSTS BASED ON A 4CP  
13 AND 1/13<sup>th</sup> ENERGY WEIGHT REASONABLY ALIGN WITH HOW FPL INCURS  
14 PRODUCTION PORTFOLIO CAPACITY COSTS?

15 A Yes. As outlined here, FPL designs its portfolio to have adequate capacity to  
16 provide reliable service to its customers. Reliability is largely impacted by the  
17 peak-loads on the system. Meeting peak load requires adequate amounts of  
18 capacity to reliably serve demands all hours of the year. FPL designs its system to  
19 meet the hourly loads in an economic manner which is largely driven by the energy  
20 demands on the system. Hence, the Commission approved methodology for  
21 allocating production plant costs using 1/13<sup>th</sup> energy for production resources  
22 should be coupled with 4CP for capacity to more accurately align with how FPL's  
23 resource portfolio is designed, and how costs are incurred in order to provide  
24 reliable service to all of its rate classes.

1 Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS OF FINDINGS.

2 A I recommend Mr. Rabago's proposed production plant allocator be rejected by the  
3 Commission, and a 4CP and 1/13<sup>th</sup> energy allocator be adapted, for the following  
4 reasons:

- 5 • Mr. Rabago's allocation method does not align with cost causation  
6 principles. The purpose of a production plant allocator is to assign  
7 costs based on the manner in which those costs are incurred by the  
8 system.
- 9 • Mr. Rabago's allocation method does not align with the manner in  
10 which FPL designs its production resource portfolio.
- 11 • Mr. Rabago fails to produce any evidence his assessment of how  
12 production resources are dispatched within FPL's system is  
13 reasonable, or even true. As such, Mr. Rabago's proposed  
14 production plant allocation method should be rejected by the  
15 Commission.
- 16 • A 4CP and 1/13<sup>th</sup> energy production plant allocator more accurately  
17 reflects how FPL plans its production resource portfolio to provide  
18 reliable capacity to its system and should be adopted by the  
19 Commission.

20 Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

21 A Yes, it does.

**CERTIFICATE OF SERVICE**

**Docket Nos. 20250011-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail this 9<sup>th</sup> day of July 2025, to the following:

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