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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	**DOCKET NO. 20250011-EI** **DATED: July 18, 2025**

PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION

Pursuant to Order No. PSC-2025-0075-PCO-EI, issued March 14, 2025, the Florida Retail Federation ("FRF") files its Prehearing Statement.

A. APPEARANCES

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B. ALL KNOWN WITNESSES

Witness	Subject Matter	Issue #
Direct		
Tony Georgis	FPL Resource Planning and Capital Spending, Cost of Service Study, Revenue Allocation, CILC/CDR Credit Value, Tax Adjustment Mechanism, Solar Base Rate Adjustment Mechanism	1, 26, 89, 90, 92, 93, 95-100, 102, 116, 118, 121

C. ALL KNOWN EXHIBITS

Witness	Proffered By	Exhibit No.	Description	Issue #
Tony Georgis	FRF	TMG-1	Resume and Record of Testimony of Tony Georgis	
		TMG-2	CDR and CILC Embedded Cost Value	89, 99, 100

		TMG-3	Compiled Data Request Responses of Florida Power & Light Company	26, 89-90, 92-93, 95-100, 102, 116, 121
		TMG-4	Excerpts from Florida Power and Light Company's 2024 and 2025 Ten Year Site Plans	26, 89-90, 92-93, 95-100, 102, 116, 121
		TMG-5	Excerpts from National Association of Regulatory Utility Commissioners Electric Utility Cost Allocation Manual	89-90, 92-93, 95-100, 102, 116

D. STATEMENT OF BASIC POSITION

Florida Power and Light Company's ("FPL") requested base rate increases for the 2026 and 2027 test years are excessive, not in the public interest, and should not be approved as filed. FRF generally supports the positions and adjustments proposed in the testimonies filed by the Office of Public Counsel ("OPC") unless otherwise noted. FRF notes that among the many drivers of the proposed FPL increases, the dominant factor concerns new and planned rate base additions that are in turn dominated by FPL's proposed continued investment in Solar Photovoltaic ("PV") installations and accelerated investment in battery energy storage systems ("BESS"). There are compelling reasons for the Commission to take a measured view of the FPL proposals and direct the utility to adopt a more sensible and less costly approach.

First, and most obviously, FPL's over-aggressive investment in large scale solar PV, which has largely avoided Commission scrutiny thus far by FPL's limiting solar projects to 74.5 MWs, has created material operational concerns in the form of a shifting net peak that effectively eviscerates the firm capacity value of solar in those hours. This new circumstance reverberates throughout the FPL rate filing. FPL slashed its previously planned solar investments for the test years in half, accelerated battery storage investments to cover a newly discovered near term reliability gap, and abandoned its historic resource planning process for a stochastic loss of load probability model that its witnesses cannot explain and that mis-applied FPL tariff provisions concerning its curtailable service riders (i.e., the FPL consultant's stochastic model inaccurately depicts the FPL system). The revenue requirement implications of the solar and battery investments are extreme. FPL proposes to mitigate those ramifications in the short term (i.e., the two test years) by maximizing the use of available federal tax credits in the test years (particularly proposing to amortize battery investment tax credits in a single year). This approach still leaves FPL consumers with excessive rate increases in the test years, and has them looking down the barrel of large, essentially guaranteed, rate increases immediately thereafter. To make matters more complicated, recent federal legislation guts the future availability of those credits and a subsequent Presidential Executive Order aims to eliminate the credits even faster if possible.

Second, the Cost of Service Study that FPL relies upon for its proposed allocation of revenue increases among the customer classes contains material errors that significantly skew the study results and FPL's revenue allocation proposals. FRF witness Tony Georgis details the nature of those errors, the corrections needed, and explains the appropriate way to allocate any approved revenue increases under the circumstances.

Finally, FPL proposes to slash the incentive credit offered to existing and new non-firm service customers participating in the commercial/industrial CILC/CDR program by 30%. There is no basis whatsoever for that proposal, which FPL ties to an arbitrary criterion that is applied to no other DSM program, and is contradicted in any event by its own testimony and analysis showing that these programs are far more important to the FPL system and far more cost-effective than ever, even at a substantially higher credit level. FRF witness Georgis addresses this issue and explains that the credits should be increased rather than decreased. Notably, Florida Industrial Power Users Group ("FIPUG") witness Jonathan Ly also addresses this issue and concludes that the credits should be increased by an even greater amount than Mr. Georgis proposes.

E. STATEMENT ON SPECIFIC ISSUES

***Italicized issues indicate an issue considered contested.*

LEGAL ISSUES

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

a. League of United Latin Citizens Florida

FRF: No position.

b. Environmental Confederation of Southwest Florida

FRF: No position.

c. Florida Rising

FRF: No position.

d. Florida Industrial Power Users Group

FRF: No position.

e. Federal Executive Agencies

FRF: No position.

f. Southern Alliance for Clean Energy

FRF: No position.

g. EVGo, Services, LLC

FRF: No position.

h. Electrify America, LLC

FRF: No position.

i. Florida Retail Federation

FRF: Yes, the Florida Retail Federation has standing to intervene in this proceeding. The Florida Retail Federation is an established association of more than 8,000 members in Florida. Many of FRF's members are retail electric customers of FPL, including the territories previously served by Gulf Power Company. These members purchase electricity from FPL pursuant to various FPL rate schedules that are subject to Commission review and approval and, therefore, have substantial interests that will be affected by the Commission's determinations in this matter. FRF routinely intervenes on behalf of its members in rate-related and other dockets before the Commission, and its intervention in this docket is consistent with FRF's well established scope of activities regarding Commission-jurisdictional matters. FRF's petition to intervene was granted by the Prehearing Officer in Order No. PSC-2025-0130-PCO-EI, issued April 16. 2025. (Georgis)

j. Walmart

FRF: No position.

k. Florida Energy Innovation Association

FRF: No position.

l. Floridians Against Increased Rates

FRF: No position.

m. Americans for Affordable Clean Energy

FRF: No position.

n. Wawa, Inc.

FRF: No position.

o. RaceTrac, Inc.

FRF: No position.

p. Circle K, Inc.

FRF: No position.

q. Armstrong World Industries, Inc.

FRF: No position.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

<u>ISSUE 4</u>: Does the Commission have the authority to approve FPL's proposed Storm Cost Recovery mechanism?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

<u>ISSUE 6</u>: *What impact will the following pending Florida Supreme Court appeals involving PSC Orders have on this rate case, and how should the Commission address those in this docket:*

a. *SC 2021-0303 – LULAC Florida Educational Fund, Inc. v. Gary F. Clark, etc., et al?*

FRF: Agree with OPC.

b. *SC2023-0988 – Citizens of the State of Florida, etc., v. Florida Public Service Commission (and consolidated SC2023-1433 – Citizens of the State of Florida, etc. v. Florida Public Service Commission)?*

FRF: Agree with OPC.

c. *SC2024-0485 – Florida Rising, Inc. et al. v. Florida Public Service Commission, et al.?*

FRF: Agree with OPC.

d. *SC2025-0289 – LULAC Florida, Inc. et al. v. Florida Public Service Commission, et al. (and consolidated SC2025-0300 – Citizens of the State of Florida, etc. v. Florida Public Service Commission, et al.)?*

FRF: Agree with OPC.

<u>TEST PERIOD AND FORECASTING</u>

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

FRF: Agree with OPC.

<u>ISSUE 8</u>: Is FPL's projected test period appropriate:

a. For the 12 months ending December 31, 2026?

FRF: Agree with OPC.

b. For the 12 months ending December 31, 2027?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

QUALITY OF SERVICE

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

FRF: No position at this time.

DEPRECIATION AND DISMANTLEMENT STUDIES

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

RATE BASE

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: No. FPL's 2025 Ten Year Site plan substantially scaled back previously planned large scale solar PV investments in a belated reaction to the operational concerns and near term capacity needs directly tied to shifting net peak demand and the declining peak availability of FPL's solar resources. Because of their low summer firm capacity value, incremental solar projects will have negligible value in serving the system net peak in critical summer peaking months and ramping periods. FPL should suspend further solar additions in the test years and focus instead on how to most cost-effectively address demonstrated capacity needs on the FPL system. (Georgis)

b. For the 2027 projected test year?

FRF: See FRF's response to Issue 26(a).

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 28</u>: Should FPL's proposed generation maintenance capital expense be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: No position at this time.

<u>ISSUE 31</u>: What amount of Net Nuclear Fuel should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 32</u>: Should FPL's proposed biogas project upgrade be approved:

a. For the 2026 projected test year?

FRF: No position at this time.

b. For the 2027 projected test year?

FRF: No position at this time.

<u>ISSUE 33</u>: Should FPL's proposed transmission plant additions be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC and see FRF's response to Issue 26

b. For the 2027 projected test year?

FRF: Agree with OPC and see FRF's response to Issue 26

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

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC and see FRF's response to Issue 26.

b. For the 2027 projected test year?

FRF: Agree with OPC and see FRF's response to Issue 26.

COST OF CAPITAL

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

NET OPERATING INCOME

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 53</u>: What amount of Total Operating Revenues should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 54</u>: What amount of generation O&M expense should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 55</u>: What amount of FPL's transmission O&M expense should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 56</u>: What amount of FPL's distribution O&M expense should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 71</u>: Should any adjustments be made to Injuries and Damages expense:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 72</u>: What amount and amortization period for Rate Case Expense should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 73</u>: What amount of uncollectible expense and bad debt rate should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 74</u>: What expense accruals for end of life materials and supplies should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

<u>ISSUE 75</u>: What amount of O&M Expense should be approved:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: No position at this time.

b. For the 2027 projected test year?

FRF: No position at this time.

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

a. For the 2026 projected test year?

FRF: No position at this time.

b. For the 2027 projected test year?

FRF: No position at this time.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

REVENUE REQUIREMENTS

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

COST OF SERVICE AND RATE DESIGN ISSUES

ISSUE 88: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate:

a. For the 2026 projected test year?

FRF: Agree with OPC.

b. For the 2027 projected test year?

FRF: Agree with OPC.

ISSUE 89: What is the appropriate methodology to allocate production costs to the rate classes:

a. For the 2026 projected test year?

FRF: Production costs should be allocated using a 4 Coincident Peak ("CP") allocation method adjusted to reflect the customer class's contribution to the net peak demand in summer months. FPL's sudden shift this year in its resource investments for the test years to substantially scale back large scale solar PV additions while accelerating battery energy storage system ("BESS") installations unequivocally demonstrates that its production costs are dictated by the measures required to satisfy peak demand, and it is inarguable that that weather sensitive summer peak loads are driving that need. The 4CP allocation method better reflects the system conditions that are dictating how FPL is investing in and managing its system. Moreover, while FPL has made significant investments in solar projects in recent years, FPL estimates that its solar energy output will only account for 12% of its total generation energy production in 2025.[1] FPL's proposal to change from its current method, which allocates production costs based on a 12CP and 1/13th Average Demand ("AD"), to a method which allocates production costs based on a 12CP and 25% AD is inconsistent with the very system conditions that are described by its witnesses in this case. The production allocation method applied in this case needs to track the reliability need to better align with actual cost causation, which makes the 4CP method the appropriate approach in this case.

Finally, FPL's Cost of Service Study incorrectly treats non-firm load associated with customer load enrolled in the CILC and CDR program as firm, which results in an overallocation of production costs to FPL's non-firm interruptible customers. FPL's study adds back CILC/CDR incentive payments as additional revenues to the participating customer classes as a form of offset to the basic allocation mistake, but that approach falls far short of correcting that error. While the current CILC/CDR credit levels are the product of prior negotiated rate settlements, they are evaluated and based on FPL's avoided costs rather than embedded costs. There is a significant gap between the firm production costs assigned to non-firm loads under FPL's method, the embedded cost benefits associated with non-firm loads that are captured but un-stated in the cost of service study (i.e., the hundreds of megawatts of generating capacity not built due to the lesser quality of service accepted by non-firm loads), and the marginal cost based credits. This is a fundamental correction that must be made to the cost of service study before its results can be relied upon for revenue allocation purposes. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 89(a).

<u>ISSUE 90</u>: What is the appropriate methodology to allocate transmission costs to the rate classes:

a. For the 2026 projected test year?

FRF: Transmission costs should be allocated using a 4CP allocation method adjusted to reflect each customer class's contribution to the net peak demand in summer

[1] *See* Schedule 6.2 to the FPL 2025 Ten Year Site Plan.

months. Transmission systems are constructed to meet system peak demands. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 90(a).

ISSUE 91: What is the appropriate methodology to allocate distribution costs to the rate classes:

a. For the 2026 projected test year?

FRF: Agree with FIPUG

b. For the 2027 projected test year?

FRF: Agree with FIPUG.

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

FRF: FPL inconsistently treats certain O&M expenses in its COSS. FPL allocates each production O&M supervisory and engineering expense account (e.g., FERC Account 500 or 510) to demand and energy-related costs based on the portion of labor costs in all other O&M expense accounts within the production account grouping and divided by the total O&M expenses in that grouping. This allocation method is inconsistent with the NARUC Electric Utility Cost Allocation Manual and is internally inconsistent within FPL's COSS. This error results in nearly $170 million in O&M expenses incorrectly being classified as energy-related rather than demand-related in FPL's COSS. (Georgis)

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

a. For the 2026 projected test year?

FRF: Because of the serious deficiencies in FPL's COSS, using the COSS to precisely assign rate increases to certain classes is insufficient to ensure just and reasonable rates. FRF accordingly recommends that any approved increase in revenues be allocated among customer classes on an equal percentage basis. The Commission should establish a tolerance band of +/- 15% of rate parity within the COSS to allocate a system average rate increase to customer classes falling within that band. Further, in applying the fundamental principle of gradualism, the Commission should require the basic metric be that no customer class receives an increase of more than 150% of the system average rate base rate increase. (Georgis)

b. For the 2027 projected test year?

FRF: See answer for Issue 93(a).

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

a. For the 2026 projected test year?

FRF: No position.

b. For the 2027 projected test year?

FRF: Agree with OPC.

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

a. For the 2026 projected test year?

FRF: Base charges should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 95(a).

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

a. For the 2026 projected test year?

FRF: Demand charges should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 96(a).

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

a. For the 2026 projected test year?

FRF: Energy charges should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 97(a).

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

a. For the 2026 projected test year?

FRF: Standby and Supplemental Services rate schedule charges should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 98(a).

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

a. For the 2026 projected test year?

FRF: The CILC rate should incorporate a credit of $9.63/kW-month, which is a 10% increase from the current credit of $8.76/kW-month. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 99(a).

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

a. For the 2026 projected test year?

FRF: The CDR credit should be set at $9.63/kW-month, which is a 10% increase from the current credit of $8.76/kW-month. (Georgis)

b. For the 2027 projected test year?

FRF: See answer to Issue 100(a).

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

a. For the 2026 projected test year?

FRF: No position at this time.

b. For the 2027 projected test year?

FRF: No position at this time.

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

FRF: No position with respect to Residential Service. General Service Non-Demand charges should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

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

FRF: No position at this time.

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

FRF: Agree with FIPUG.

a. *Should the modifications apply only to nongovernmental Applicants?*

FRF: Agree with FIPUG.

b. *Should an Applicant be required to pay 100 percent of the upfront cost if an Applicant has a total load of 15 MW or more, or requires new or upgraded facilities with a total estimated cost of $25 million or more?*

FRF: Agree with FIPUG.

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

FRF: Agree with FIPUG.

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

FRF: No position at this time.

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

FRF: No position at this time.

ISSUE 107: *Has FPL adequately insulated the general body of retail customers and the citizens of Florida from the impacts of any data center or other "hyperscaler" customers? If not, what measures should the Commission require FPL to undertake?*

FRF: No position at this time.

ISSUE 108: *Should existing FPL customers that meet the size and load factor criteria after the LLCS effective date due to load additions or process improvements be grandfathered, and thus not be subject to the LLCS rate schedules?*

FRF: Yes.

ISSUE 109: *Should the Commission order FPL to file a limited rate case proceeding in 2027 to recognize the revenues and costs to serve new Large Load Contract Service customers that have committed to take service from FPL in 2028 and 2029?*

FRF: Yes.

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

FRF: No position at this time.

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

FRF: No position at this time.

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

FRF: No position at this time.

ISSUE 113: Should the Commission approve the proposed cancellation of the following tariffs currently closed to new customers? Curtailable Service (CS-3, CST-3) (Sheet Nos.

8.542-8.548); Existing Facility Economic Development Rider (Sheet No. 8.900); Business Incentive Rider (Sheet Nos. 8.901-8.904)?

FRF: No position at this time.

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

FRF: No position.

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

FRF: No position at this time.

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

a. For the 2026 projected test year?

FRF: Agree with OPC with respect to respect to revenue requirement. Rates and charges reflected in tariffs should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

b. For the 2027 projected test year?

FRF: Agree with OPC with respect to respect to revenue requirement. Rates and charges reflected in tariffs should be set consistent with the cost and revenue allocation principles outlined in FRF witness Tony Georgis' testimony in this proceeding. (Georgis)

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

a. For the 2026 projected test year?

FRF: No position at this time.

b. For the 2027 projected test year?

FRF: No position at this time.

OTHER ISSUES

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

FRF: The Commission should deny the TAM as not in the public interest. The TAM vehicle is only warranted, if at all, in the context of a four year base rate commitment by FPL, which it has not made. Additionally, the near term uncertainty in FPL's revenue and sales as well as resource needs calls into question the wisdom of approving a four year plan not supported by the parties. Thus, if the Commission does approve the TAM, it should direct that the TAM expire at the end of the proposed term of the rate plan (i.e., year-end 2027). (Georgis)

ISSUE 119**:** *With respect to costs that are recovered in base rates, is FPL prudently operating its nuclear fleet in Florida? If not, what action should the Commission take?*

FRF: Agree with OPC.

ISSUE 120**:** *With respect to costs that are recovered in base rates, is FPL prudently operating its in-ground cooling systems? If not, what action should the Commission take***?**

FRF: Agree with OPC.

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

FRF: The Commission should deny FPL's requested Solar Base Rate Adjustment mechanisms in 2028 and 2029. FPL's existing solar PV investments have created a resource planning and operational issue due to the intermittent nature of solar PV generation that is not dispatchable and cannot be counted on to meek system peak demands. FPL has not demonstrated that it is just and reasonable or in the public interest to approve additional solar PV generation recovery. (Georgis)

ISSUE 122**:** *Should the Commission require FPL to adopt a "make-ready" program for third-party electric vehicle charging stations, and if so under what terms?*

FRF: No position.

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

FRF: No position.

ISSUE 124**:** *What storm damage reserve amount should be approved, if any?*

FRF: No position at this time.

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

FRF: The enactment of the One Big Beautiful Bill Act on July 4, 2025, calls into question the claimed cost-effectiveness ("CPVRR") analyses performed by FPL in this proceeding to justify its proposed investments in battery storage and solar PV generation in the test years. The Commission should require FPL to submit additional testimony and analysis and allow intervenors to conduct discovery and file responsive testimony to the extent that this will impact rates.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: Agree with OPC.

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

FRF: No position at this time.

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

FRF: Agree with OPC.

ISSUE 130: Should this docket be closed?

FRF: No position at this time.

F. STIPULATED ISSUES

None.

G. PENDING MOTIONS

None.

H. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

None.

I. OBJECTION TO WITNESS QUALIFICATIONS AS AN EXPERT

None at this time.

J. REQUEST FOR SEQUESTRATION OF WITNESSES

FRF does not request sequestration of witnesses at this time.

K. COMPLIANCE WITH ORDER NO. PSC-2025-0075-PCO-EI

There are no requirements of the Procedural Order with which FRF cannot comply.

Respectfully submitted,

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Dated: July 18, 2025

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Prehearing Statement of the Florida Retail Federation has been furnished by electronic mail this 18th day of July 2025, to the following:

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