

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In re: DOCKET NO. 20250011-EI
Petition for rate increase by
Florida Power & Light Company.

VOLUME 10
PAGES 2067 - 2251

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO SMITH
Commissioner Art Graham (Phoe) at 11/6/25

DATE: Friday, October 10, 2025

TIME: Commenced: 9:00 a.m.
Concluded: 4:50 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS:	PAGE
JAMES M. COYNE	
Examination continued Ms. Christensen	2088
STEVE W. CHRISS	
Examination by Ms. Eaton	2103
Prefiled Direct Testimony inserted	2105
Examination by Ms. McManamon	2132
LISA V. PERRY	
Examination by Ms. Eaton	2140
Prefiled Direct Testimony inserted	2142
Examination by Ms. Christensen	2181
Examination by Mr. Marshall	2191
JAMES M. COYNE	
Examination by Ms. McManamon	2198
Examination by Mr. Wright	2206
Examination by Mr. Sparks	2244

1	EXHIBITS		
2	NUMBER:	ID	ADMITTED
3	279-283	As identified in the CEL	2139
4	273-278	As identified in the CEL	2196
5	991	As identified in the CEL	2196
6	114-124	As identified in the CEL	2247
7	796-797	As identified in the CEL	2248
8	816	As identified in the CEL	2248
9	1119	As identified in the CEL	2248
10	1212	As identified in the CEL	2248
11	1234-1250	As identified in the CEL	2249
12	1516-1519	As identified in the CEL	2249
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 P R O C E E D I N G S

2 (Transcript follows in sequence from Volume
3 9.)

4 CHAIRMAN LA ROSA: All right. Well, good
5 morning, everybody. Sorry for running a few
6 minutes behind. Just trying to take care of some
7 business.

8 I am going to go ahead and recognize
9 Commissioner Fay for recognition.

10 COMMISSIONER FAY: Thank you, Mr. Chairman.
11 Just real quick. I know Commissioner Graham
12 couldn't be here today, but the past, I guess,
13 seven years I have been here, he has recognized
14 October as Breast Cancer Awareness, and I know his
15 family has been impacted by it. My mom is a
16 survivor of breast cancer, and I just think, you
17 know, one of these issues that's really important
18 to all of us. So from a public service
19 perspective, I obviously encourage folks to get
20 checked and just support the goal of, you know,
21 eventually hoping to care and at least prevent
22 cancer in a large degree.

23 So we have a lot of really good institutions.
24 My family has treated at Moffitt, but I think it's
25 something really important for our state and

1 society. So just to honor Commissioner Graham even
2 though he can't be here, I know it's important to
3 him, so thank you.

4 CHAIRMAN LA ROSA: Great. Well, thank you for
5 doing that. And you just never know who you impact
6 by simple awareness, you know, opportunities such
7 as that. So my family have certainly been affected
8 by breast cancer and other cancers, so I appreciate
9 you doing that in the absence of Commissioner
10 Graham.

11 All right. Are we ready to roll? Any
12 preliminary matters? Anything happening between
13 eight o'clock last night and this morning?

14 MR. STILLER: I believe FPL has one
15 preliminary matter to address this morning.

16 CHAIRMAN LA ROSA: Okay.

17 MR. BURNETT: Good morning, Commissioners.
18 Thank you.

19 We will add to our offer from yesterday,
20 Mr. Bores, to combine his rebuttal and his direct
21 if that's the will of everyone, and also Mr. Coyne
22 is prepared, if anyone has thought about it more to
23 do his rebuttal and direct combined today too if
24 it's helpful.

25 CHAIRMAN LA ROSA: Okay. I know there was

1 certainly chatter about that yesterday, and some of
2 the questions were may tend to go that direction,
3 but let me ask OPC.

4 MS. CHRISTENSEN: While we appreciate the
5 offer, we are still going to maintain our position
6 that we want to do those separately as that was how
7 we prepared and that's how it was presented to us,
8 so...

9 CHAIRMAN LA ROSA: Okay. So that -- let me
10 make sure I have got the record straight and I am
11 looking at a schedule in front of me. What is -- I
12 guess what is the plan, or how did you come -- I am
13 going to ask OPC this question. How did you come
14 prepared, not necessarily of the order, but what
15 time would you be ready for rebuttal?

16 MS. CHRISTENSEN: I mean, we are ready to, you
17 know, as it comes in the order, which I guess would
18 be after all the intervenor persons present their
19 testimony, we are prepared to move forward with
20 Bores and Coyne. But that may be next week, or it
21 may be late Tuesday or early Wednesday, because
22 that's the order that they would appear in.

23 CHAIRMAN LA ROSA: Okay. I will go to staff.
24 Is it something we can discuss, or maybe it's worth
25 taking a timeout for a few minutes? I know we just

1 got started, but --

2 MR. STILLER: It's probably worth taking three
3 minutes.

4 CHAIRMAN LA ROSA: Sure. Let's do that.
5 Let's have a three-minute break two minutes into
6 this meeting.

7 (Brief recess.)

8 MR. STILLER: Mr. Chair, I am sorry, if we go
9 back on the record for one minute?

10 CHAIRMAN LA ROSA: Sure. Let's do that.

11 MR. STILLER: And you asked for OPC's
12 position. The question is are there any other
13 parties on the other side of the table who have a
14 different or additional position for consideration?

15 CHAIRMAN LA ROSA: I apologize, I didn't mean
16 to forget anyone -- any other parties that are
17 here, so can I ask if any of the parties have any
18 opinion one direction or the other?

19 MR. SCHEF WRIGHT: I need to ask a clarifying
20 question. This is the position on whether Mr.
21 Coyne and Mr. Bores might present their direct and
22 rebuttal together, is that the question?

23 CHAIRMAN LA ROSA: Yes. Correct.

24 MR. SCHEF WRIGHT: It's not our primary issue.
25 I would rather take them separately, but if

1 everyone else were agreeable to taking them
2 together, I could do that. Thank you.

3 MR. MARSHALL: And we will just echo what Mr.
4 Wright said, is that, you know, we support OPC and,
5 I think, are prepared to take them separately, but,
6 you know, we are also willing to take them together
7 if that's the will of the group.

8 CHAIRMAN LA ROSA: Okay. Any other parties?
9 FEIA?

10 MR. MAY: Good morning, Mr. Chairman. FEIA
11 believes that it would be in the interest of
12 regulatory and judicial economy to allow the
13 witnesses to present their direct and rebuttal, and
14 we think that would be the most efficient,
15 particularly when we have been going late and I
16 know that some witnesses have traveled out of town,
17 and with respect -- and in respect to those
18 witnesses' travel schedules and having to stay over
19 days and days when they could be presenting their
20 testimony at the same time, we think it makes sense
21 to allow them to put their testimony on at the same
22 time, rebuttal and direct.

23 CHAIRMAN LA ROSA: Okay. Thank you.

24 All right. Seeing -- yes, OPC? Sorry.

25 MS. WESSLING: Thank you, and I just want to

1 make a quick comment about this, because I don't
2 think it's apparent maybe. When we prepared, you
3 know, we had the prehearing order, we prepared with
4 split witnesses, splitting up their testimony, and
5 although it might sound like a simple thing to just
6 combine testimonies, it's not as simple as it might
7 sound, because we have to go through, we have to
8 cross reference depo transcripts and direct and
9 rebuttal pages, and when we have to separate them,
10 if there are issues that are addressed in both the
11 direct and rebuttal, we have to then -- if we -- if
12 it were to be combined right here and now, we have
13 to go in our notes, move things around and it's --
14 we have to make sure that we are not duplicating
15 things, and it can cause us to have to jump around
16 as we are presenting our cross, which can add to
17 the confusion of matters.

18 And I also just wanted to add that, you know,
19 we have done a lot to accommodate and consolidate
20 and combine things and be as efficient as possible.
21 So I just don't want it to look like OPC is being,
22 you know, a stick in the mud and just being
23 difficult for the sake of being difficult. I can
24 assure you that's not the case.

25 We are just trying to accommodate things, make

1 things smooth -- run as smoothly as possible. We
2 have stipulated to witnesses and exhibits and
3 things even this morning. So we are working really
4 hard, especially if the Commission can't see it, we
5 are working really hard behind the scenes to keep
6 things moving and to -- in the interest of time,
7 but because, you know, we are the first person to
8 cross, and when things like this happen, it's just
9 -- it's more complicated than it might seem to make
10 sure that things are done, you know, in an
11 efficient manner, and to combine testimonies that
12 for nine months we were told were going to be
13 separate.

14 So it's just -- it might not be apparent, but
15 wanted to make that point clear. And I also just
16 want to make sure that no one here thinks that we
17 are wasting time, or we are doing things to waste
18 time. I mean, we have worked very hard to be
19 efficient and combine things, and I just don't want
20 that impression to be given at all.

21 So, you know -- and we will continue to be
22 efficient, and we will continue to cooperate with,
23 you know, requests and consider things, but just
24 given the tone of a lot of the objections and
25 things that have been made this week that have

1 insinuating that we have been wasteful of time,
2 it -- I just needed to say this.

3 Thank you.

4 CHAIRMAN LA ROSA: Thank you. And I
5 appreciate the cooperation and the efficiency, and
6 the task at hand is certainly not ignored, and it's
7 visible, and we appreciate and see the hard work,
8 not just you are party, but all the parties have
9 put into this.

10 MR. SCHEF WRIGHT: Very, very briefly, just a
11 simple procedural point.

12 I think out of 16 or 17 witnesses of FPL who
13 are presenting direct and rebuttal testimony, all
14 but two are presenting their direct and rebuttal
15 testimony together. You have an order that we have
16 relied on necessarily as to how the hearing was
17 going to go. If FPL had told us at the original
18 prehearing conference, or even more recently, that
19 they wanted Mr. Bores and Mr. Coyne to appear to
20 present their direct and rebuttal together, they
21 could have done that and it could have been
22 reflected in the order and we could have gone
23 forward accordingly. It's not OPC's fault.

24 CHAIRMAN LA ROSA: Sure. And certainly, we
25 are not blaming -- I am not blaming OPC, and I

1 don't want that to be the case. I think more than
2 anything, at least for me as Chair, and as running
3 this hearing, is I am looking at the schedule, and
4 I am looking at, you know, what's still before us.

5 So we will take that three-minute break and we
6 will confer with staff. Thank you.

7 (Brief recess.)

8 CHAIRMAN LA ROSA: All right. So this is what
9 we are going to do -- oh, I'm sorry. Good. You
10 can hear me loud and clear?

11 All right. So this is what we're going to do.
12 So we are going to finish -- OPC is going to finish
13 direct with the Witness Coyne. I am going to ask
14 FEL and FAIR to combine direct and rebuttal with
15 this asked witness, right. I am going to ask that
16 we reorder the Walmart witnesses after we are done
17 with direct. Giving you -- you both said that you
18 are prepared -- a little bit of time come back and
19 finish with Witness Coyne. I presume this would
20 take maybe the rest of the day to get through this
21 witness.

22 We will pick up the rest of the schedule, and
23 we will then see -- then we will have OPC do
24 rebuttal at the end of this phase, Phase I, before
25 we go into Phase II. That will be the opportunity

1 for rebuttal on Coyne.

2 MS. CHRISTENSEN: Commissioner, OPC would
3 register strenuously an objection to having us do
4 just the direct case and all of the intervenors who
5 are on our side do the direct and rebuttal
6 together.

7 Inherently, there is a notice issue with that,
8 and the notice provided that all of the intervenors
9 were going to do the direct case for Coyne and for
10 Bores and then do rebuttal after the intervenor
11 witnesses came and presented their testimony
12 sometime next week.

13 So we have a notice issue, and I don't think
14 that that can be cured by us just doing the direct
15 and having the other intervenors doing it combined.
16 It creates a problem with the record. In the
17 direct case, the utility has the burden of proof to
18 demonstrate that they have met their burden of
19 proof in the direct case. When you do direct and
20 rebuttal together, it confuses the record, there is
21 a lot of information that has been presented as
22 part of FPL's rebuttal cases that should maybe have
23 been presented in the direct case, and it creates a
24 messy, messy record for appeal. That's the second
25 issue that we have.

1 And as we said, you know, finally, you know,
2 this is a notice issue. Y'all a prehearing order,
3 you set out the order of witnesses. We have
4 accommodated 15 out of the 17 witnesses, we have
5 direct and rebuttal together. These two were
6 specifically witnesses that FPL had requested be
7 done separately. I mean, that was their strenuous
8 request. We have accommodated that, and now, at
9 the last minute, we are prepared to go on a Friday
10 in the middle four days into this case, we are
11 being asked to change up our expectation of the
12 presentation of the case. We strenuously object to
13 that.

14 Thank you.

15 CHAIRMAN LA ROSA: FEL?

16 MR. MARSHALL: We would also object to that
17 procedure, Mr. Chairman, because procedurally, just
18 it wouldn't make any sense. There has been no
19 rebuttal testimony until it's entered into the
20 record as though read, and so I am not sure what we
21 are crossing on if it's combined together and there
22 has been no rebuttal testimony yet.

23 It just doesn't make sense for us to be doing
24 cross on rebuttal testimony that doesn't exist
25 while OPC, you know, we have a specific witness

1 coming back later to do the rebuttal testimony and
2 then do the cross on the rebuttal. Procedurally,
3 it just -- it makes no sense and creates a record
4 that would make to sense, and so we would object on
5 those grounds.

6 CHAIRMAN LA ROSA: FAIR?

7 MR. SCHEF WRIGHT: Thank you, Mr. Chairman.

8 In procedural terms, I strongly believe you
9 should follow your order, which says this is how
10 it's going to be. Parties are entitled to rely on
11 that.

12 Separately, I do -- I just want to ask the
13 clarifying question, what, if any, thought -- make
14 a factual point. Both Mr. Bores and Mr. Coyne will
15 be back twice next week for -- on Phase II. They
16 both have direct and rebuttal on Phase II. They
17 will both be here next week.

18 But my other question is simply is it your
19 intention that we would take Mr. Bores' direct
20 whenever he falls, whether that's today or on
21 Monday, and then follow the order set forth in the
22 prehearing order and then take Mr. Bores as set
23 forth in the prehearing order?

24 CHAIRMAN LA ROSA: My intentions are to take
25 Bores when -- where he falls, so whether that's

1 today, whether that's --

2 MR. SCHEF WRIGHT: Sure.

3 CHAIRMAN LA ROSA: -- you know, later next
4 week, the intentions, frankly, were to have Coyne
5 at the end of this first phase so that knowing
6 exactly what -- partly of what you said, is that
7 they also have to reappear in the second phase.

8 MR. SCHEF WRIGHT: Well, Mr. Coyne's rebuttal
9 is necessarily at the end of this first phase, as
10 scheduled.

11 CHAIRMAN LA ROSA: Right.

12 MR. SCHEF WRIGHT: But you just said Mr.
13 Coyne. Did you mean Mr. Bores in answering my
14 question? I just want to understand what we are
15 doing. I am not being argumentative.

16 CHAIRMAN LA ROSA: No, the idea was to push
17 Coyne off until next week, as far as being on the
18 stand -- I don't want to say being on the stand
19 ones, but being here once in the sense that we get
20 him at the end of Phase I, we bring him right back
21 on Phase II. There is an efficiency in ultimately
22 in doing that, and then similar with Bores.

23 MR. SCHEF WRIGHT: I am still unclear whether
24 Bores will appear, do his direct, leave the stand,
25 whatever else happens in the order of witnesses

1 happens, and then he comes back and does his
2 rebuttal as scheduled? That's my question.

3 CHAIRMAN LA ROSA: He would for OPC.

4 MR. MARSHALL: We would have the same
5 procedural objection then for doing that with
6 Mr. Bores.

7 MR. SCHEF WRIGHT: I think this is -- I think
8 that's the right way to go, and I will tell you
9 it's not going to save much time -- it's not going
10 to go safe any time at all to have us do Mr. Bores
11 together. I think following your procedure is the
12 right thing to do -- following your order is the
13 right thing to do.

14 CHAIRMAN LA ROSA: Okay.

15 MS. CHRISTENSEN: And, Commissioner, just I
16 wasn't certain that it was applying to Mr. Bores as
17 well, that he would be taken up as direct and cross
18 for the other two intervenors and not for OPC, is
19 that what the Commission is proposing? Or is
20 direct going to be for all intervenor witnesses on
21 Mr. Bores, he would come back next Wednesday,
22 finish up the Phase I case with his rebuttal and
23 then we go into the settlement?

24 CHAIRMAN LA ROSA: He would do direct and
25 rebuttal together.

1 MS. CHRISTENSEN: Okay.

2 CHAIRMAN LA ROSA: My hope was, based on the
3 comments, giving you more time to prepare for him.

4 MS. CHRISTENSEN: Then we would object on the
5 same basis that we did for Mr. Coyne, that it would
6 be unfair to our due process if two out of the
7 three intervenors take direct and rebuttal together
8 and we are just taking direct on both of these
9 witnesses, and there is not an efficiency to be
10 gained, because if they are going to come back next
11 Wednesday or Tuesday because they are coming after
12 intervenor witnesses, then I don't know that there
13 is much efficiency to be gained by having these
14 people do the rebuttal essentially out of
15 procedural order.

16 And I think that, you know, it creates, like I
17 said, a due process burden and a noticing issue in
18 the whole case. And, again, we would strenuously
19 object to that procedural approach for Mr. Bores,
20 as well as Mr. Coyne.

21 And, you know, we are here today, we are ready
22 to proceed as was noticed in the prehearing order,
23 and we are ready to take Mr. Coyne and Mr. Bores
24 direct today, and we think that that would be the
25 appropriate procedure.

1 Thank you.

2 CHAIRMAN LA ROSA: FAIR?

3 MR. SCHEF WRIGHT: Mr. Chairman, I aver to you
4 in good faith I am not trying to slow this down,
5 but we've had other conversations about scheduling
6 that bear directly on this, and we are trying to
7 get to a resolution that would work for everybody,
8 may we please have another break?

9 CHAIRMAN LA ROSA: Yes.

10 MR. SCHEF WRIGHT: Thank you.

11 CHAIRMAN LA ROSA: Let me hear from FPL, or
12 any other party, but can it be a three-minute
13 break, even though I know I exceeded that last
14 time, but a three-minute break and we will come
15 back as soon as --

16 MR. SCHEF WRIGHT: We will do it as quick as
17 we can, Mr. Chairman. Thank you.

18 THE WITNESS: All right. Any other parties?
19 FPL?

20 MR. BURNETT: Mr. Chairman, if I could just
21 say one thing. I apologize for opening this can of
22 worms. Seriously, this was in good faith to try to
23 move things along.

24 I would note this one suggestion of FPL doing
25 this at the last minute. The reason that we are

1 waiving our right in having the last word in trying
2 to move things along is we have heard people asked
3 to do math equations time and time again; asking if
4 the sun rises in the east and sets in the west;
5 asking does a document actually say this, read the
6 title, read this paragraph, when it's easily in the
7 record and my stipulations have gone rebuked, and
8 repetitive questions over and over. That's why I
9 made the offer because they can tell you all day
10 that they are being efficient. They are not. They
11 are wasting time, and that's why I tried to do it.

12 MS. CHRISTENSEN: All right. Commissioners,
13 we are going to have to object to Mr --

14 CHAIRMAN LA ROSA: I understand.

15 MS. CHRISTENSEN: -- Burnett's
16 mischaracterization of our running of the case.

17 CHAIRMAN LA ROSA: I understand.

18 MR. MARSHALL: Absolutely.

19 CHAIRMAN LA ROSA: I am not going to -- I
20 don't need to open up a hearing on efficiency,
21 right. I want to focus on, obviously, the job at
22 hand.

23 FAIR, you have asked for a three-minute break.
24 I am assuming that's to convene with the other
25 parties?

1 MR. SCHEF WRIGHT: With the other parties,
2 probably including FPL. Thank you, Mr. Chairman.

3 CHAIRMAN LA ROSA: Okay. So let's do that.
4 Let's reconvene here in three minutes.

5 (Brief recess.)

6 CHAIRMAN LA ROSA: All right. Are we ready to
7 get back at it? FAIR, you were asking for a break
8 convene about discussions?

9 MR. SCHEF WRIGHT: The discussions didn't go
10 anywhere except that we all agreed we should a
11 proceed according to the order, including FPL.

12 CHAIRMAN LA ROSA: Okay. So then let's do
13 this. Let's -- we are going to go back into direct
14 with Coyne where we left off yesterday. If we
15 could define what efficiency is, it's not what we
16 have done in the last 45 minutes.

17 So let's do this. We are going to finish --
18 let's -- OPC, I want you to finish with direct with
19 Coyne, and then I want to go to Walmart and bring
20 your witnesses, and then we will go from there.

21 I don't know what that -- the direction we are
22 going to go because I want to see where we are at,
23 but I do want to interrupt Coyne between direct and
24 the parties to bring up Walmart's witnesses to get
25 through Walmart's witnesses and we will pick back

1 up with Coyne.

2 MS. EATON: Did you want to do all three of
3 them on direct or just as soon as OPC is done?

4 CHAIRMAN LA ROSA: Just as soon as OPC is
5 done.

6 MS. EATON: Okay. Thank you.

7 MR. SCHEF WRIGHT: That answered my question.

8 CHAIRMAN LA ROSA: Awesome.

9 Whereupon,

10 JAMES M. COYNE

11 was recalled as a witness, having been previously duly
12 sworn to speak the truth, the whole truth, and nothing
13 but the truth, was examined and testified as follows:

14 EXAMINATION continued

15 BY MS. CHRISTENSEN:

16 Q Good morning, Mr. Coyne. How are you?

17 A I am well. Thank you. Good morning.

18 Q Okay. Well, I think where we left off last
19 night around eight o'clock in the evening was discussing
20 your CAPM results on page 44 of your direct testimony
21 and I had you looking at your figure 16, which had the
22 results of all of your modeling. And if you are there,
23 that would be wonderful.

24 A I am with you.

25 Q Okay. And I think yesterday, when we had our

1 discussion, we were talking about your CAPM results of
2 15.65 and then 15.63 that you included in this table as
3 being outliers, and you disagreed that those were
4 outliers. If a result that is a 450 or so basis points
5 above your next highest result is not an outlier, what
6 would you consider an outlier?

7 A Well, there is a statistical definition of an
8 outlier, but the -- you are pointing to the fact that
9 the CAPM results are higher than the other models, and I
10 certainly concede that. That's obvious from what we see
11 here. But it's also one of the reasons why I use
12 multiple models, because some will inevitably be higher
13 and others will be inevitably lower.

14 The CAPM model is a bedrock foundational model
15 for purposes of regulatory -- setting regulatory rates
16 of return. So I would not exclude it just because the
17 results are higher than the other models. It's higher
18 because all three of the inputs to the model drive it in
19 that direction. And as I know that I am not testifying
20 on rebuttal, but those results changed quite a bit
21 between my direct and rebuttal testimony. That's one of
22 the reasons why I like --

23 MS. CHRISTENSEN: I am going to object to the
24 reference to rebuttal and ask that that be stricken
25 from the direct record.

1 CHAIRMAN LA ROSA: Okay. Sustained.

2 Can you restate the question?

3 MS. CHRISTENSEN: Well, I think he already
4 answered the question but I can follow up with an
5 additional question.

6 CHAIRMAN LA ROSA: Okay.

7 BY MS. CHRISTENSEN:

8 Q You had indicated that the CAPM was certainly
9 being driven higher by the inputs. Would you agree that
10 the largest input to the CAPM was your implied risk
11 premium that was over 11 percent?

12 A I wouldn't characterize it as the largest.
13 It's -- there are three inputs to the CAPM model, and
14 it's one of the three.

15 Q And would you agree that FERC removes
16 outliers?

17 A Yes, they have an outlier test both for the
18 DCF model and for the CAPM model.

19 Q And would you agree that FERC would remove any
20 outlier within a mode -- a result that is 150 basis
21 points above the median ROE before removing other
22 outliers, is that correct?

23 A They have an outlier test which has changed.
24 I would have to confirm it's 150 basis points.

25 Q Okay. And at the low end outlier test is

1 based on BAA bond yield plus 20 percent of the market
2 equity risk premium used in the CAPM, is that correct?

3 A That's correct.

4 Q And subject to check, the difference between
5 your proxy group average ROE without your CAPM using the
6 current interest rates is 1.26 percent, or 126 basis
7 points less than the proxy group average with the CAPM
8 results included, would you agree with that, subject to
9 check?

10 A You would have to repeat that. I would ask
11 you to slow down, please.

12 Q I will do that.

13 Subject to check, the difference between your
14 proxy group average ROE without the CAPM, which we were
15 discussing yesterday, would be in the 10.59 to 10.55
16 percent range?

17 A Without the CAPM?

18 Q Without the CAPM.

19 A That would be correct. Yes.

20 Q Okay. Using the current interest rates is 126
21 basis points less than the proxy group average with the
22 CAPM results included, and the proxy group average shown
23 on your figure 16 of 11.85, do you see that?

24 A I do. That's just basic math when you take
25 out the CAPM result.

1 Q Okay. And it's, I think, one point difference
2 between the current interest rates and the projected
3 interest rates?

4 A One point difference in what?

5 Q Well, if you added up the proxy group average
6 ROE without the CAPM and subtracted it from the proxy
7 group average including the ROE using the current
8 interest rates, it appears to be 127-basis-point
9 difference and using -- or using the projected interest
10 rates, it's 126, does that sound --

11 A I not done that math, and quite frankly, I am
12 not even with you on the math.

13 Q All right. Well, let me ask you this: Would
14 you agree that the value of 100-basis-point reduction in
15 ROE would be equivalent to approximately \$500 million
16 for FPL?

17 A I don't know that number.

18 Q Okay. Do you have any recollection of whether
19 or not 500 million would be -- sound approximately right
20 to you?

21 A I don't.

22 Q Okay. Let's discuss a little bit floatation
23 costs. Would you agree that floatation costs are
24 incurred by a publicly traded company when it issues new
25 securities and incurs expenses such as underwriting

1 fees, legal fees and registration fees?

2 A Yes, that's when it incurs floatation costs.

3 Q Okay. And isn't it true that FPL, as a
4 subsidiary of NextEra, it does not raise its own capital
5 by going to the markets?

6 A It raises debt capital. It doesn't raise
7 equity capital. Its parents raises the equity capital
8 and, therefore, the parent incurs those costs.

9 Q Okay. So you -- based on what you just said,
10 it is correct that FPL does not directly incur any
11 floatation costs?

12 A For equity, no. It's incurred at the parent
13 level, and it's compensated at the FPL level.

14 Q Okay. Now, if we turn to page 57 of your
15 direct testimony. You discuss regulatory risk in the
16 RSAM and the TAM, correct?

17 A Yes.

18 Q Okay. And when you discuss regulatory risk
19 factors, you cite to revenue decoupling as a protection
20 against the fluctuations in cluster demand, is that
21 correct?

22 A Yes, I do.

23 Q But you did not look at the mitigating affect
24 on regulatory risk of the availability of the clause
25 recovery in Florida, did you?

1 A The which recovery mechanism?

2 **Q The clause recovery mechanisms.**

3 A The clause recovery mechanism?

4 **Q Correct, for fuel, for environmental costs,**
5 **the conservation cost recovery.**

6 A No, that was not -- that was not a focus of my
7 regulatory examination. It's common -- that's a common
8 feature across most regulated utilities, that is the
9 ability to recover fuel and purchase power costs. I
10 can't think of a utility that doesn't have that
11 mechanism.

12 **Q Okay. And you would agree that because**
13 **Florida has fuel clauses that allows for annual true-up**
14 **for recovery of all the -- that they have this annual**
15 **fuel cost recovery clause, it allows them to recover for**
16 **volatile fuel costs, correct?**

17 A Yes.

18 **Q And I think I mentioned just a second ago, it**
19 **also has clauses that allow it to true-up for**
20 **environmental compliance cost and storm protection cost**
21 **as well, were you aware of that?**

22 A I am aware of those clauses, but let me ask
23 you to repeat your question.

24 **Q Well, the question was whether or not you were**
25 **aware that Florida has clauses that are annually trued**

1 **up for environmental compliance cost and storm**
2 **protection cost, as well as others, correct?**

3 A Environmental com -- well, the annual -- well,
4 let me back up.

5 I am not aware of what the annual true-up
6 mechanism for environmental costs. For storm cost
7 recovery, that's a very specific mechanism that has a
8 variety of features. And annual true-up mechanism for
9 storm cost is one that I have not examined specifically,
10 and I would just -- I would defer to FPL witness
11 Mr. Bores for the mechanics of that mechanism. I am
12 not aware of the true-up element of it as inferred in
13 your question.

14 Q **That's fair enough.**

15 **Would you agree that these clauses, where**
16 **there is annual true-ups, that mitigates business risk?**

17 A They do. Yes.

18 Q **Okay.**

19 A They are commonplace in the utility industry.

20 Q **And on page 58, lines 13 through 16, this is**
21 **the only place in your direct testimony where you**
22 **discuss the tax adjustment mechanism and the prior**
23 **noncash reserve surplus mechanism, correct?**

24 A I see it on the page. I don't know if it's
25 not elsewhere in my testimony without looking.

1 **Q Okay.**

2 **A It was also addressed through discovery**
3 **questions as well.**

4 **Q Okay. But in your direct testimony, this was**
5 **the only place that I could find that you mentioned the**
6 **TAM and the RSAM, but if you can point me to another**
7 **place in your direct testimony, I will stand corrected.**

8 **A Well, I would have to search.**

9 **Q Okay. So as we speak here today --**

10 **A I am not aware.**

11 **Q -- off the top of your head, you can't think**
12 **of another place?**

13 **A I can not, no.**

14 **Q Okay. And you said the TAM has the potential**
15 **to stabilize its noncash earnings and customer bills**
16 **similar to the RSAM, and the it being FPL, correct?**

17 **A Yes.**

18 **Q Would you agree that the Commission should**
19 **consider the existence of a noncash mechanism like the**
20 **RSAM or TAM in this case when it makes the decision**
21 **about the ROE of overall risk?**

22 **A Yes, I think the Commission should consider**
23 **that and all the elements of the rate program as it**
24 **evaluates FPL's risk.**

25 **Q And you are not aware of any other Florida or**

1 U.S. regulated electric IOU that has approved RSAM-like
2 mechanism to manage their business fluctuations, are
3 you?

4 A As I mentioned in my testimony and responses
5 to discovery, I am not aware of a mechanism that looks
6 exactly like FPL's, but there are other mechanisms
7 amongst utilities that also mitigate year to year risk
8 in fluctuations and earnings.

9 Q Okay. And to your knowledge, there is no
10 other company in your selected beings proxy group that
11 has a TAM-like mechanism similar to the one that FPL is
12 proposing in the instant case to manage their business
13 fluctuations, correct?

14 A Not exactly like FPL's, no.

15 Q And to your knowledge, there is no other
16 Florida or U.S. regulated electric IOU that has an
17 approved TAM-like mechanism that FPL is proposing in the
18 instant case to manage their business fluctuations?

19 A Not exactly like FPL's.

20 Q Okay. If we can turn to page 61 of your
21 testimony? And this is where you start your discussion
22 in the capital structure in the proxy group, correct?

23 A Yes.

24 Q And FPL is asking for a 59.6 equity in its
25 capital structure?

1 A Yes.

2 Q And on page 62 of your direct testimony, lines
3 nine through 13, you say that the proxy group has a
4 range of equity ratios from 41.43 percent to 59.22
5 percent, correct?

6 A That's correct.

7 Q And FPL's requested capital structure of 59.6
8 percent is .38 percent higher than the proxy group's
9 highest average capital structure, correct?

10 A Average capital structure, yes.

11 Q Okay. And if the dollar value of 100 basis
12 points for FPL is \$5 million, subject to check, the
13 dollar value to FPL of having an equity ratio that is
14 .38 percent higher than the proxy group average would be
15 approximately \$190 million per year, correct?

16 MS. MONCADA: Mr. Chairman, I object to that
17 question. There was a lot in there, a lot of
18 numbers, a lot of statements. If she could break
19 it down so that I could understand and help the
20 witness understand?

21 CHAIRMAN LA ROSA: Is it possible to phase out
22 those questions?

23 MS. CHRISTENSEN: I can break it down, but
24 it's really fairly simple, just a math equation.

25 If 100 basis points equates to 500 million for

1 FPL, then if you times that by the .38 percent
2 differential between the inequity between the
3 highest average capital structure and the one that
4 FPL is requesting, in a dollar amount, that would
5 translate to 190 million, subject to check?

6 CHAIRMAN LA ROSA: I think that's a clearer
7 picture, and I think the witness should be able to
8 understand that a little easier.

9 MS. CHRISTENSEN: Yeah.

10 BY MS. CHRISTENSEN:

11 **Q Would you agree with that, or am I --**

12 A No, I could not agree to that. I don't
13 understand your math, and I don't understand the
14 assumptions in your math.

15 I mean, you begin with 100 basis points equals
16 500 million. I am not sure what that hundred basis
17 points is a difference in to begin with.

18 Secondly, I don't know what assumptions you
19 are making about shifting around the capital structure,
20 but when you shift the capital structure, you can also
21 change the cost of debt for the company. You can't
22 assume that a change in capital structure is something
23 that's done in isolation without looking how the company
24 goes to capital markets.

25 So whatever assumptions you are making in your

1 question, A, I don't understand, and, B, I certainly
2 couldn't stipulate as to the result.

3 Q Okay. Well, that's fair enough. If you can't
4 understand the math, that's fine.

5 A I didn't say I didn't understand the math. I
6 said I didn't understand the assumptions that you are
7 putting into the math.

8 Q Let me ask you about the capital structure of
9 the proxy group in your Exhibit JMC-11. And that would
10 be C6-1612. And if you go to page one of six. Let me
11 know when you are there.

12 A I am with you.

13 Q Okay. On Exhibit JMC-11, you show the average
14 the equity ratio for your proxy group is 50.86 percent,
15 correct.

16 A That's correct, across the '21 through '23
17 year time period.

18 Q Okay. And you would agree that
19 mathematically, that's 8.71 percent below FPL's
20 requested equity ratio of 59.6 percent, correct?

21 A Yes.

22 Q Okay. And would you agree, normally a company
23 with a higher equity ratio is considered to have less
24 financial risk than a comparable company with a lower
25 equity ratio?

1 A That's right.

2 Q And all else being equal, the higher equity
3 ratio reduces the company's risk of default on its
4 bonds, and, thus, reduces its overall financial risk,
5 correct?

6 A All else being equal, yes.

7 Q Okay. And would you agree, because equity
8 capital is more expensive than debt, that a company must
9 reach a balance between equity and debt to minimize its
10 overall cost of capital?

11 A That's one objective. The other objective is
12 maintaining access to capital markets during all capital
13 market conditions.

14 Q And would you agree to the extent the utility
15 is able to use lower cost debt to leverage its
16 operations, it can lower its overall cost of capital?

17 A Yes.

18 Q And would you agree that an equity ratio for
19 FPL is the direct result of the equity infusions by its
20 parent company as well as any retained earnings?

21 A Could I ask you to repeat the question?

22 Q Sure.

23 Would you agree that an equity ratio for FPL
24 is the direct result of equity infusions by its parent
25 company, would you agree with that portion of the

1 **statement?**

2 A Yes, I would.

3 **Q And would you agree that it's as well as any**
4 **retained earnings kept by FPL?**

5 A Yes.

6 **Q Okay. Thank you. And that's all the**
7 **questions I have on direct.**

8 A You are welcome.

9 CHAIRMAN LA ROSA: Thank you.

10 All right. We are going to go, then, to
11 Walmart's witness, and I am going to ask Witness
12 Coyne if you will just be excused temporarily.

13 THE WITNESS: Okay.

14 (Witness excused temporarily to allow for the
15 testimony of another witness.)

16 CHAIRMAN LA ROSA: Walmart, you may call your
17 witness.

18 MS. EATON: Sure. Walmart would first call
19 its witness Steve Chriss. He is going to swear you
20 in first.

21 CHAIRMAN LA ROSA: Yeah, thank you, Mr.
22 Chriss, for standing up. Please raise your right
23 hand.

24 Whereupon,

25 STEVE W. CHRISS

1 was called as a witness, having been first duly sworn to
2 speak the truth, the whole truth, and nothing but the
3 truth, was examined and testified as follows:

4 CHAIRMAN LA ROSA: Excellent. Great. Thank
5 you.

6 EXAMINATION

7 BY MS. EATON:

8 Q Good morning. Can you please state your name
9 for the record?

10 A Good morning. My name is Steve W. Chriss.
11 Last name spelled C-H-R-I-S-S.

12 Q And who is your current employer and what is
13 your business address?

14 A My current employer is Walmart, Inc. My
15 current address is 2608 SE J Street, Bentonville,
16 Arkansas, 72716-5530.

17 Q Did you prepare and cause to be filed in this
18 docket on June 9th, 2025, prepared direct testimony
19 consisting of 23 pages?

20 A Yes.

21 Q Do you have any changes to your prefiled
22 direct testimony?

23 A No.

24 Q If I were to ask you the same questions
25 contained in your prefiled direct testimony today, would

1 **your answers be the same?**

2 A Yes.

3 MS. EATON: Mr. Chairman, Walmart requests
4 that the prefiled direct testimony of Steve W.
5 Chriss be entered into the record as though read.

6 CHAIRMAN LA ROSA: So moved.

7 (Whereupon, prefiled direct testimony of Steve
8 W. Chriss was inserted.)

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C48-5236

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

DOCKET NO. 20250011-EI

Filed: June 9, 2025

STEVE W. CHRISS

WALMART INC.

Contents

Introduction.....	1
Purpose of Testimony and Summary of Recommendations	5
Public EV Charging Rates	6
<i>FPL's Proposals</i>	6
Table 1. Current and Proposed Charges for GSD-1EV and GSLD-1EV.....	8
Table 2. Comparison of Projected Base Rate Revenue per kWh, GSD-1EV vs. GSD-1 and GSLD-1EV vs. GSLD-1, 2026 and 2027 Projected Test Years.	9
<i>Walmart Concerns and Proposals</i>	10
Figure 1. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only.....	13
Figure 2. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.....	15
Table 3. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2026 Projected Test Year.....	18
Table 4. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2027 Projected Test Year.....	18
Figure 3. Walmart Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.....	21

Exhibits

Exhibit SWC-1: Witness Qualifications Statement

Exhibit SWC-2: FPL Proposed Revenue per kWh, 2026 and 2027 Projected Test Years

Exhibit SWC-3: FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years

Exhibit SWC-4: Derivation of Walmart Proposed GSLD-1EV Rates, FPL Proposed Revenue Requirement, 2026 and 2027 Projected Test Years

Exhibit SWC-5: Walmart Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years

1 **Introduction**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
3 **OCCUPATION.**

4 A. My name is Steve W. Chriss. My business address is 2608 SE J St.,
5 Bentonville, AR 72716-0550. I am employed by Walmart Inc. ("Walmart") as
6 Senior Director, Utility Partnerships.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

8 A. I am testifying on behalf of Walmart.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. In 2001, I completed a Master of Science in Agricultural Economics at Louisiana
11 State University. From 2001 to 2003, I was an Analyst and later a Senior Analyst
12 at the Houston office of Econ One Research, Inc., a Los Angeles-based consulting
13 firm. My duties included research and analysis on domestic and international
14 energy and regulatory issues. From 2003 to 2007, I was an Economist and later a
15 Senior Utility Analyst at the Public Utility Commission of Oregon in Salem,
16 Oregon. My duties included appearing as a witness for PUC Staff in electric,
17 natural gas, and telecommunications Dockets. I joined the energy department at
18 Walmart in July 2007 as Manager, State Rate Proceedings. I was promoted to
19 Senior Manager, Energy Regulatory Analysis, in June 2011. I was promoted to
20 Director, Energy and Strategy Analysis in October 2016 and the position was re-
21 titled in October 2018. I was promoted to my current position in July 2023. My
22 Witness Qualifications Statement is attached as Exhibit SWC-1.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
2 **FLORIDA PUBLIC SERVICE COMMISSION ("COMMISSION")?**

3 A. Yes. I testified in Docket Nos. 20110138-EI, 20120015-EI, 20130140-EI,
4 20130040-EI, 20140002-EI, 20160021-EI, 20160186-EI, 20190061-EI, 20200067-
5 EI, 20200069-EI, 20200070-EI, 20200071, 20200092, 20200176, 20210015,
6 20240012-EG, 20240013-EG, 20240014-EG, 20240015-EG, 20240016-EG,
7 20240017-EG, 20240026-EI, and 20240025-EI.

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER**
9 **STATE REGULATORY COMMISSIONS?**

10 A. Yes. I have submitted testimony in over 290 proceedings before 42 other utility
11 regulatory commissions. I have also submitted testimony before legislative
12 committees in six states. My testimony has addressed topics including, but not
13 limited to, cost of service and rate design, return on equity, revenue requirements,
14 ratemaking policy, net metering, community solar, large customer renewable
15 programs, qualifying facility rates, telecommunications deregulation, resource
16 certification, energy efficiency/demand side management, fuel cost adjustment
17 mechanisms, decoupling, and the collection of cash earnings on construction work
18 in progress.

19 **Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?**

20 A. Yes. I am sponsoring the exhibits listed in the Table of Contents.

1 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN**
2 **THE SERVICE TERRITORY OF FLORIDA POWER & LIGHT**
3 **COMPANY ("FPL" OR "COMPANY").**

4 A. Walmart has 179 retail stores, four supply chain facilities, and related facilities that
5 take electric service from the Company, primarily on the Company's General
6 Service Large Demand – Time of Use (500-1,999 kW) ("GSLDT-1"), General
7 Service Demand – Time of Use ("GSDT-1") (25-499 kW), and High Load Factor
8 – Time of Use ("HLFT-2") schedules.

9 **Q. DOES WALMART HAVE EXPERIENCE IN THE ELECTRIC VEHICLE**
10 **("EV") CHARGING SPACE?**

11 A. Yes, Walmart has substantial experience with offering EV charging to its customers
12 and is actively growing its presence in the EV charging space. Specifically,
13 Walmart currently hosts more than 1,200 public Direct Current Fast Chargers
14 ("DCFCs") at 285 different locations across 43 states. As announced recently,
15 Walmart intends to build its own EV fast-charging network at thousands of
16 Walmart and Sam's Club locations across the U.S. over the next few years.¹
17 Walmart retail sites are ideally situated for EV charging stations because of their
18 large parking lots, easy public access, and retail amenities.

¹ Vishal Kapadia, *Leading the Charge: Walmart Announces Plan to Expand Electric Vehicle Charging Network*, Walmart (Apr. 6, 2023), <https://corporate.walmart.com/newsroom/2023/04/06/leading-the-charge-walmart-announces-plan-to-expand-electric-vehicle-charging-network>.

1 **Q. ARE WALMART-OWNED AND OPERATED CHARGERS NOW**
2 **AVAILABLE TO THE PUBLIC?**

3 A. Yes. We opened our first Walmart-owned and operated charging station in
4 McKinney, Texas² in March 2025, and since then we have opened several more
5 stations in the Dallas area. The base configuration of our charging stations is eight
6 stalls supplied by four 400 kW units with two handles each. Depending on the site,
7 additional units may be added.

8 **Q. WHY HAS WALMART DECIDED TO PARTICIPATE IN THE PUBLIC**
9 **EV CHARGING SPACE?**

10 A. As part of its renewable energy and carbon reduction efforts, Walmart is committed
11 to supporting EV adoption by providing EV charging stations in thousands of
12 locations that not only serve EV customers who reside and/or work nearby, but also
13 advance the nationwide EV infrastructure. Further, Walmart is proud to offer EV
14 charging as a convenience to its customers who currently own EVs and for future
15 EV owners. Building an EV charging infrastructure that serves local communities,
16 both large and small, as well as corridors located within states and throughout the
17 country, is critical as vehicle owners consider their options when purchasing a new
18 vehicle.

19 **Q. IS WALMART CURRENTLY DEVELOPING PUBLIC EV CHARGING**
20 **SITES WITHIN FPL'S TERRITORY?**

21 A. Yes.

² <https://www.walmart.com/store/206-mckinney-tx/ev-charging-station>

Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to FPL's proposals regarding its Electric Vehicle Charging Infrastructure Rider ("GSD-1EV"), Electric Vehicle Charging Infrastructure Rider ("GSLD-1EV"), and Utility-Owned Public Charging for Electric Vehicles ("UEV").

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart's recommendations to the Commission are as follows:

- 1) The Commission should approve FPL's proposal to create permanent GSD-1EV and GSLD-1EV rates, as modified per Walmart's recommendations below.
- 2) GSD-1EV and GSLD-1EV should be modified from FPL's proposed structure to be two-part rates, with a base charge equivalent to the GSD-1 or GSLD-1 base charge, respectively, and the remaining revenue requirement recovered through the energy charge.
- 3) The revenue requirements for GSD-1EV and GSLD-1EV should be set by applying a multiplier to the base rate revenue per kWh for GSD-1 and GSLD-1, respectively, and then multiplying the resulting base rate revenue per kWh by the forecast kWh for each of GSD-1EV and GSLD-1EV. Per FPL's proposed rates in this Docket, the multiplier would be 1.77 for GSD-1EV and 1.84 for GSLD-1EV.

1 4) For the purposes of this Docket, Walmart proposes that GSD-1EV continue to
2 be applicable to loads from 25 kW to 499 kW, and that GSLD-1EV be uncapped
3 so that loads of 2,000 kW or greater can take service on the schedule.

4 5) The Commission should require FPL to implement a percentage rate change for
5 the 2027 UEV energy charge equivalent to the percentage change applicable to
6 GSLD-1EV per the Commission's order in this Docket.

7 **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR**
8 **POSITION INDICATE WALMART'S SUPPORT?**

9 A. No. The fact that an issue is not addressed herein or in related filings should not be
10 construed as an endorsement of, agreement with, or consent to any filed position.

11
12 **Public EV Charging Rates**

13 ***FPL's Proposals***

14 **Q. DOES THE COMPANY CURRENTLY OFFER RATES SPECIFICALLY**
15 **FOR PUBLIC EV CHARGING OPERATED BY NON-UTILITY**
16 **CHARGING OPERATORS?**

17 A. Yes. The Company currently offers two rate schedules applicable to public EV
18 charging operated by non-utility charging operators that were approved by the
19 Commission in Order No. PSC-2020-0512-TRF-EI. The first, GSD-1EV, is an
20 optional pilot program premised on the Company's General Service Demand
21 ("GSD-1") rate, and applicable to loads of at least 25 kW and less than 500 kW.³

³ See Fifty-Third Revised Sheet 8.106.

1 The second, GSLD-1EV, is an optional pilot program premised on the Company's
2 General Service Large Demand ("GSLD-1") rate, and applicable to loads greater
3 than or equal to 500 kW and less than 2,000 kW.⁴

4 **Q. HOW ARE THESE RATES APPLIED TO PUBLIC EV CHARGING**
5 **CUSTOMER BILLS?**

6 A. The rates apply a demand limiter for each billing month such that the amount of
7 demand charged to the customer is no greater than the kWh sales divided by 75
8 hours.⁵ As a result, billing months in which the customer experiences a load factor
9 less than 10.4 percent for a 30-day month⁶ will see a lower billing demand and
10 reduced demand cost than they would with the same billing units if served under
11 GSD-1 or GSLD-1 per their service size. Above 10.4 percent load factor, the
12 monthly bill would be equivalent to the amount charged on the otherwise applicable
13 rate.

14 **Q. WHAT DOES THE COMPANY PROPOSE IN THIS DOCKET FOR GSD-**
15 **1EV AND GSLD-1EV?**

16 A. The Company proposes to make GSD-1EV and GSLD-1EV permanent rates and
17 raise the applicable rates in the same manner as GSD-1 and GSLD-1, respectively,
18 as shown in Table 1 below.

⁴ See First Revised Sheet No. 8.311.

⁵ *Id.*

⁶ 10.4 percent load factor is calculated by dividing the 75-hour limiter by the 720 hours in a 30-day month.

Table 1. Current and Proposed Charges for GSD-1EV and GSLD-1EV.

Rate	Current Charge	Proposed Charge, 2026 TY	Percent Increase from Current	Proposed Charge, 2027 TY	Percent Increase from Current
GSD-1EV					
Base Charge (\$/bill)	\$30.41	\$38.36	26%	\$42.18	39%
Non-Fuel Energy (\$/kWh)	\$0.02549	\$0.03215	26%	\$0.03535	39%
Demand (\$/kW)	\$11.46	\$14.46	26%	\$15.89	39%
GSLD-1EV					
Base Charge (\$/bill)	\$89.26	\$113.60	27%	\$127.86	43%
Non-Fuel Energy (\$/kWh)	\$0.01971	\$0.02508	27%	\$0.02823	43%
Demand (\$/kW)	\$13.68	\$17.41	27%	\$19.60	43%

Sources: Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17.

Q. DOES THE COMPANY TREAT GSD-1EV AND GSLD-1EV AS SEPARATE RATES FOR THE PURPOSES OF PROJECTING TEST YEAR REVENUES RECEIVED FROM THOSE CUSTOMERS?

A. Yes.⁷

Q. DO THE PROJECTED BASE RATE REVENUES FOR GSD-1EV AND GSLD-1EV REFLECT LOWER CUSTOMER LOAD FACTORS FOR THE CUSTOMERS WHO WOULD TAKE SERVICE ON THOSE RATES?

A. Yes. As shown in Table 2 below, the projected base rate revenues per kWh for GSD-1EV and GSLD-1EV are 77 and 84 percent higher, respectively, than GSD-1 and GSLD-1. This difference is reflective of lower customer load factors, which is essentially fewer kWh of consumption per kW of demand, and an expected

⁷ See Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17.

outcome when separating public EV charging load from broader traditional commercial and industrial ("C&I") loads.

Table 2. Comparison of Projected Base Rate Revenue per kWh, GSD-1EV vs. GSD-1 and GSLD-1EV vs. GSLD-1, 2026 and 2027 Projected Test Years.

	GSD-1	GSD-1EV	Multiplier
2026	\$0.0745/kWh	\$0.1318/kWh	1.77
2027	\$0.0821/kWh	\$0.1449/kWh	1.77
	GSLD-1	GSLD-1EV	Multiplier
2026	\$0.0676/kWh	\$0.1242/kWh	1.84
2027	\$0.0763/kWh	\$0.1399/kWh	1.83

Sources: Schedule E-13C, 2026 and 2027 Projected Test Years, pages 10 and 17, Exhibit SWC-2.

Q. DOES THE COMPANY CURRENTLY OFFER OR PROPOSE A PUBLIC EV CHARGING RATE FOR CUSTOMERS WITH LOADS 2,000 KW OR GREATER?

A. No. My understanding of the Company's rates is that a public EV charging customer with a load 2,000 kW or greater would be served under the General Service Large Demand (2,000 kW+) class of rates, such as GSLD-2 or GSLDT-2.

Q. DOES THE COMPANY CURRENTLY HAVE A COMMISSION-APPROVED RATE FOR UTILITY-OWNED PUBLIC EV CHARGERS?

A. Yes. FPL has a pilot rate schedule, UEV. The current rate for UEV is \$0.30/kWh, plus any applicable taxes or charging network fees.⁸

⁸ See First Revised Sheet No. 8.936.

1 **Q. WHAT DOES THE COMPANY PROPOSE FOR UEV?**

2 A. The Company proposes to make UEV a permanent rate.⁹ Additionally, the
3 Company proposes to increase the UEV energy charge to \$0.35/kWh for 2026.¹⁰

4 **Q. DOES THE COMPANY PROPOSE AN INCREASE TO THE UEV**
5 **ENERGY CHARGE FOR 2027?**

6 A. No, the Company proposes to set the 2027 UEV energy charge at \$0.35/kWh,
7 which is the same as the proposed 2026 rate.¹¹

8 **Q. IS IT YOUR UNDERSTANDING THAT UTILITY-OWNED EV**
9 **CHARGERS ARE INCLUDED IN THE COMPANY'S RATE BASE?**

10 A. Yes.¹²

11

12 ***Walmart Concerns and Proposals***

13 **Q. DOES WALMART SUPPORT THE NEED FOR PUBLIC EV RATE**
14 **DESIGN?**

15 A. Yes, Walmart supports public EV charging rates that are specifically designed for
16 public charging at third-party locations. Walmart appreciates the efforts of FPL
17 and the Commission to develop and approve public EV charging rates in the 2021
18 Settlement¹³ and FPL's proposal to make public EV charging rates permanent going
19 forward. However, as I discuss further in this testimony, Walmart believes that

⁹ See Direct Testimony of Tiffany C. Cohen, page 22, line 1.

¹⁰ See Direct Testimony of Tim Oliver, page 36, line 15 to line 16.

¹¹ See Schedule E-13C, 2027 Projected Test Year, page 13.

¹² See, as an example, Schedule B-7, page 18, line 14.

¹³ Approved in *Petition for rate increase by Florida Power & Light Company*, Docket No. 20210015-EI, Order No. PSC-2021-0446A-S-EI (issued Dec. 9, 2021) ("2021 Final Order").

1 improvements can be made to the design of the public EV charging rates to better
2 align the rate design with the operations and risks of public EV charging operations
3 and ensure a level playing field for non-utility charging operators and FPL-owned
4 and operated chargers.

5 **Q. IS IT IMPORTANT FOR OPERATIONAL CONSIDERATIONS TO BE**
6 **INCORPORATED INTO RATE DESIGNS FOR PUBLIC EV CHARGING?**

7 A. Yes. Public EV charging loads are unique in that the operator cannot necessarily
8 control or predict the timing and level of electricity demand and consumption.
9 Usage of the chargers is largely dependent on when EV drivers want or need to
10 charge, and restricting charger output may impact the customer experience and
11 result in negative reviews and reduced customer demand. This is particularly
12 critical during early-stages of operation for a charging site, when utilization can be
13 lower and less predictable than the operator projects or will realize in the long-term.

14 **Q. IS AN OPERATOR'S ABILITY TO EFFECTIVELY PRICE PUBLIC EV**
15 **CHARGING SERVICE ALSO A KEY CONSIDERATION FOR RATE**
16 **DESIGN?**

17 A. Yes. Just as Professor Bonbright articulated that utility rate structures should be
18 simple, understandable, acceptable to the public, and free from controversies as to
19 proper interpretation,¹⁴ the prices charged by an operator for public EV charging
20 services should be able to be similarly characterized. The more complex a utility's
21 public EV charging rate, whether through multiple base rate charges and riders,

¹⁴ J.C. Bonbright, "Principles of Public Utility Rates," Columbia University Press, New York, 1961, page 291.

seasonal or time-of-use rates, or other factors, the more difficult it will be for the operator to price the service in a way that creates cost predictability for the EV charging customer and "margin predictability" – the difference between electricity cost and revenue received for charging required to cover operator investment, operation and maintenance costs, and profit – for the operator. Even the use of demand charges can create significant and unpredictable swings in that margin.

Q. PLEASE EXPLAIN.

A. When a customer receives a bill from the utility, that customer can compute their "realized cost per kWh," which is the total billed amount divided by the total kWh consumed for that month. The resulting realized cost value is heavily influenced by the load factor of the customer, as higher kWh usage per kW reduces the realized cost of fixed charges such as basic service charges, billed on a \$/bill basis, and demand charges, billed on a \$/kW basis. As shown in Figure 1 below, GSLD-1EV, as proposed by FPL, including current applicable billing adjustment rates and excluding taxes,¹⁵ because it is based on GSLD-1, is structured such that realized cost per kWh declines as load factor improves, with the demand limiter provisions providing some predictability for lower load factor billing months.

¹⁵ Includes fuel, conservation, capacity, environmental, and storm protection rates. Based on <https://www.fpl.com/content/dam/fplgp/us/en/rates/pdf/electric-tariff-section8.pdf> as of June 6, 2025.

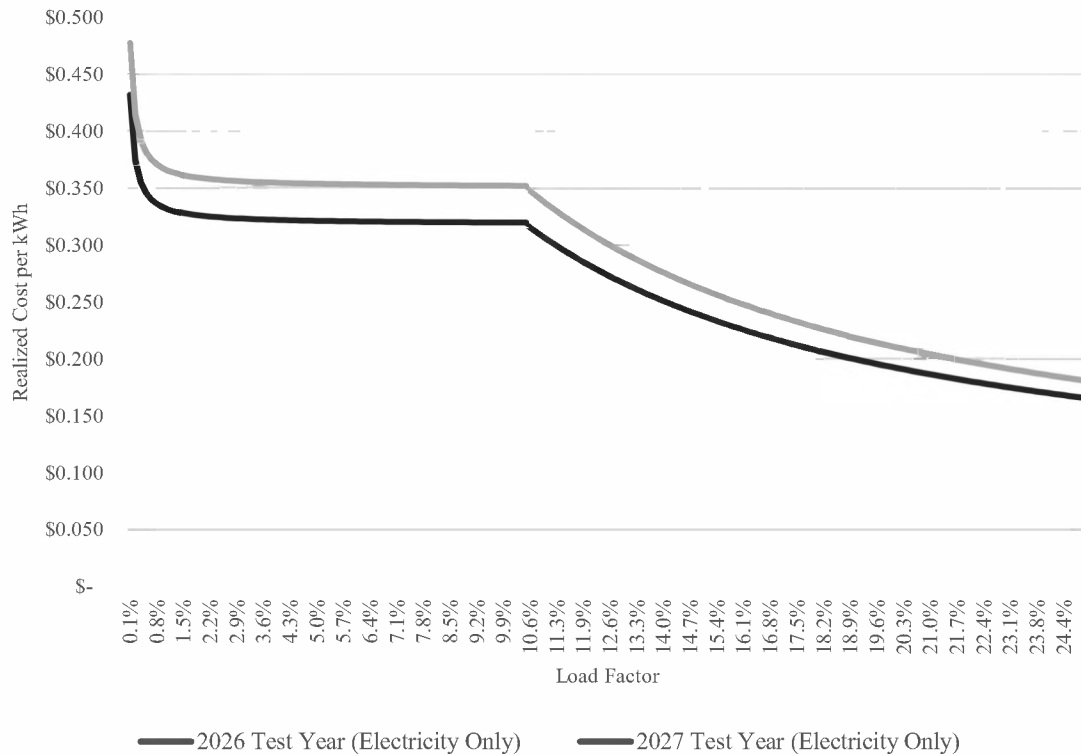


Figure 1. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only.

However, even with the demand limiter provisions, a charging operator will be challenged to predict its realized cost and ensure market competitiveness. As an example, a billing month with a 10 percent load factor will have a realized cost per kWh of \$0.319/kWh, whereas a billing month with a 15 percent load factor will have a realized cost per kWh of \$0.238/kWh. This is a difference of \$0.081/kWh and creates pricing risk for the operator, who must decide whether the service should be priced to ensure coverage of the higher realized cost, plus the desired margin to cover all other costs, or whether market forces require lower pricing, which in turn creates a risk of loss for a billing month.

1 **Q. ARE THERE ADDITIONAL FACTORS THAT EXACERBATE THIS**
2 **RISK?**

3 A. Yes. The charging operator does not know before a billing month what the realized
4 cost per kWh will be as they do not know either the utilization of the chargers or
5 what the billed cost will be. All of the pertinent data is known on an after-the-fact
6 basis when the bill is received from the utility.

7 **Q. HAS FPL SOLVED THIS PROBLEM FOR THEIR OWN CHARGING**
8 **BUSINESS?**

9 A. Yes, because UEV is currently and is proposed to be structured as a simple \$/kWh
10 charge. This provides revenue certainty for each kWh sold. Further, because the
11 return on the assets is included in rates as opposed to subject to market pricing, the
12 Company is insulated from pricing and revenue risk related to public EV charging
13 rates. Additionally, it does not appear that FPL is constrained by the 2,000 kW load
14 size cap included in the Company's GSLD-1EV proposal in this Docket; if the
15 utility chooses to build stations with higher load sizes, it would be able to charge
16 the same amount through UEV.

17 **Q. DO THE DISPARATE PRICING STRUCTURES FOR GSD-1EV AND**
18 **GSLD-1EV CREATE COMPETITIVE ISSUES FOR NON-UTILITY**
19 **CHARGING PROVIDERS?**

20 A. Yes. Figure 2 builds on Figure 1 and compares the GSLD-1EV electricity cost-
21 only realized cost per kWh, including current applicable billing adjustment rates

and excluding taxes, against FPL's proposed UEV rate, which includes all of FPL's costs to operate the station.

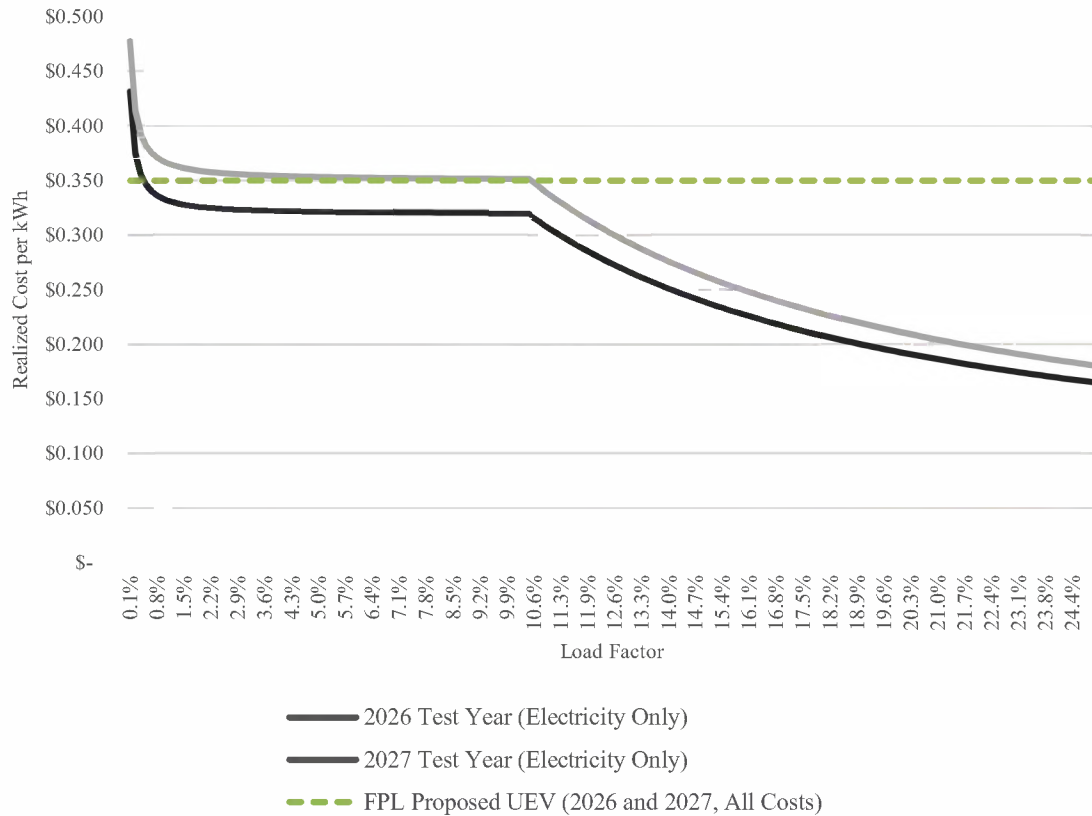


Figure 2. FPL Proposed GSLD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.

Non-utility stations with load factors less than 10 percent are essentially rendered non-competitive, as any necessary margin to recover operating and maintenance costs will likely price those stations well above the UEV rate. While competitiveness becomes less of an issue at higher billing month load factors, and every charging operator likely has a goal to reach those levels of utilization, the expectation is that it takes some time to reach those levels, with early years after station development creating the most risk. As proposed, GSD-1EV and GSLD-

1 1EV may fail to yield a rate that supports the long-term viability of public charging
2 infrastructure. As a result, the proposed rate may unintentionally discourage third-
3 party investment and hinder broader market participation at a time when expansion
4 is most critical.

5 **Q. DOES WALMART HAVE ANY ADDITIONAL CONCERNS WITH**
6 **DISPARATE PRICING STRUCTURES FOR NON-UTILITY AND FPL-**
7 **OWNED CHARGERS?**

8 A. Yes. First, as noted above, FPL does not propose to increase the energy charge for
9 UEV in 2027, while rates for GSD-1EV and GSLD-1EV are proposed to increase
10 significantly from 2026 to 2027, implying that FPL can leverage its captive
11 customer base to absorb the impacts of electricity cost increases. Second, FPL
12 appears to be unconstrained by the GSLD-1EV load size cap if they build a station
13 greater than 2,000 kW, whereas all other market participants would be subject to
14 GSLD-2 or GSLDT-2 rates, which have no equivalent EV proposals in this Docket.

15 **Q. GIVEN THE FACTORS DISCUSSED ABOVE, WHAT SHOULD THE**
16 **COMMISSION CONSIDER FOR THE APPLICABILITY AND DESIGN OF**
17 **PUBLIC EV CHARGING RATES?**

18 A. In approving a public EV charging rate in this Docket, the Commission objective
19 should be to approve rates that are:

- 20 1) Permanent, standalone, and able to be selected as one of a menu of potential rate
21 options, including traditional C&I rates, as a charging operator's business grows
22 and evolves;

- 1 2) Cost-based and effective in yielding the projected revenue requirements per the
- 2 Commission-approved revenue requirement, cost allocation, revenue allocation,
- 3 and load forecast in this Docket;
- 4 3) Simple and easy for the charging operator to understand and implement into their
- 5 service pricing strategies;
- 6 4) Able to ensure a level playing field between non-utility charging operators and
- 7 FPL-owned charging; and
- 8 5) Applicable across a broad range of service load sizes.

9 **Q. WHAT IS THE FIRST STEP TOWARDS ACHIEVING THIS OBJECTIVE?**

10 A. The first step is the creation of a permanent standalone rate, which FPL has

11 essentially done as part of its proposals in this Docket in that it has separately

12 projected the load forecast and revenues to be received from the GSD-1EV and

13 GSLD-1EV rates for the 2026 and 2027 projected test years. This is also a critical

14 component to realizing the second objective of yielding projected revenue

15 requirements, as it provides a specific revenue requirement target for the design of

16 the rates themselves.

17 **Q. DO FPL'S PROJECTED REVENUES FOR GSD-1EV AND GSLD-1EV**

18 **RECOGNIZE THE SPECIFIC LOAD CHARACTERISTICS OF PUBLIC**

19 **EV CHARGING CUSTOMERS?**

20 A. Yes, as discussed earlier in this testimony and shown in Figure 2, through the

21 projected base revenues per kWh to be realized by the Company through those rates

versus the projected base revenues per kWh to be realized through GSD-1 and GSLD-1.

Q. HOW DOES WALMART PROPOSE TO UTILIZE THE PROJECTED REVENUES TO CREATE AN ALTERNATIVE RATE DESIGN FOR GSD-1EV AND GSLD-1EV?

A. Using GSLD-1EV as an example in Table 3 and Table 4 below, Walmart proposes to use the target revenues and the forecast kWh billing units to convert the rate to a two-part rate, with the base charge set equivalent to GSLD-1 and the revenues that are projected to be recovered through the demand charge moved to the energy charge.

Table 3. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2026 Projected Test Year.

	Units	Charge	Revenue	Assign Demand Revenue to Energy Charge	Proposed Rates, 2026 PTY
Base Charge (bills)	82	\$113.60	\$9,315	\$9,315	\$113.60
Non-Fuel Energy (kWh)	7,854,520	\$0.02508	\$196,991	\$966,287	\$0.12302
Demand	44,187	\$17.41	\$769,296	\$-	\$-
Total			\$975,602	\$975,602	
Revenue per kWh			\$0.1242	\$0.1242	

Source: Exhibit SWC-4.

Table 4. Derivation of Walmart Proposed GSLD-1EV Rate, FPL Proposed Revenue Requirement, 2027 Projected Test Year.

	Units	Charge	Revenue	Assign Demand Revenue to Energy Charge	Proposed Rates, 2027 PTY
Base Charge (bills)	97	\$127.86	\$12,402	\$12,402	\$127.86
Non-Fuel Energy (kWh)	9,066,052	\$0.02823	\$255,935	\$1,255,887	\$0.13853
Demand	51,018	\$19.60	\$999,953	\$-	\$-
Total			\$1,268,290	\$1,268,290	
Revenue per kWh			\$0.1399	\$0.1399	

Source: Exhibit SWC-4.

1 While the rate is not "cost based" relative to traditional C&I rate designs where
2 fixed demand costs are recovered through \$/kW demand charges, so long as FPL
3 realizes or exceeds its own forecast kWh for customers on GSLD-1EV, the
4 Company will recover its revenue target for those customers and minimize any
5 potential cross-subsidy impacts to other customers.

6 **Q. WHAT CIRCUMSTANCES JUSTIFY MOVING AWAY FROM**
7 **TRADITIONAL C&I RATE DESIGN PRINCIPLES?**

8 A. There are several circumstances that justify this change:

- 9 • The proposed structure achieves the third objective of a rate design in that it is easy
10 for the charging operator to understand and implement into their service pricing
11 strategies, with the only caveat being that Walmart is not proposing to change the
12 rate design of the applicable billing adjustments at this time, so some demand
13 charge exposure would continue. Revisiting the comparison of realized cost per
14 kWh outcomes at 10 percent and 15 percent load factors – under Walmart's
15 proposed 2026 projected test year rates shown above, at 10 percent the realized cost
16 per kWh would be \$0.186/kWh and at 15 percent the realized cost per kWh would
17 be \$0.175/kWh, a difference of only one cent, compared to 8.1 cents per FPL's
18 GSLD-1EV proposal. *See* Exhibit SWC-5. This will significantly reduce pricing
19 risk for the operator.
- 20 • From a policy perspective, the proposed structure recognizes that public EV
21 charging is still an emerging sector, often with low and unpredictable utilization,

1 and the two-part rate design will help facilitate growth by creating an alternative to
2 realized cost of kWh risk due to demand charges.

- 3 • A key feature of traditional C&I rate designs is the minimization of intra-class
4 subsidies due to most traditional C&I rates applying to customers with a broad range
5 of load characteristics within the applicability parameter of the rates. Because the
6 proposed structure would only apply to similarly situated public EV charging
7 customers, intra-class subsidy issues are largely mitigated.
- 8 • To the extent a public EV charging customer has achieved utilization levels better
9 suited to a traditional C&I rate, they have the ability to switch rates, subject to the
10 Company's term of service of not less than one year.
- 11 • The proposed structure achieves the fourth objective and creates a more level
12 playing field with FPL's utility-owned chargers and rate UEV.

13 **Q. HOW DOES THE PROPOSED STRUCTURE CREATE A MORE LEVEL**
14 **PLAYING FIELD?**

15 A. It does so in two ways. First, the proposed structure largely aligns electricity
16 pricing with how charging operators, including FPL through UEV, charge for
17 charging service – that is, on a \$/kWh basis. Second, as shown in Figure 3, the
18 two-part structure creates significantly more margin headroom when compared to
19 UEV, enabling more likely competitive outcomes across most levels of utilization
20 – *without reducing the revenues projected to be received by FPL for each test year.*

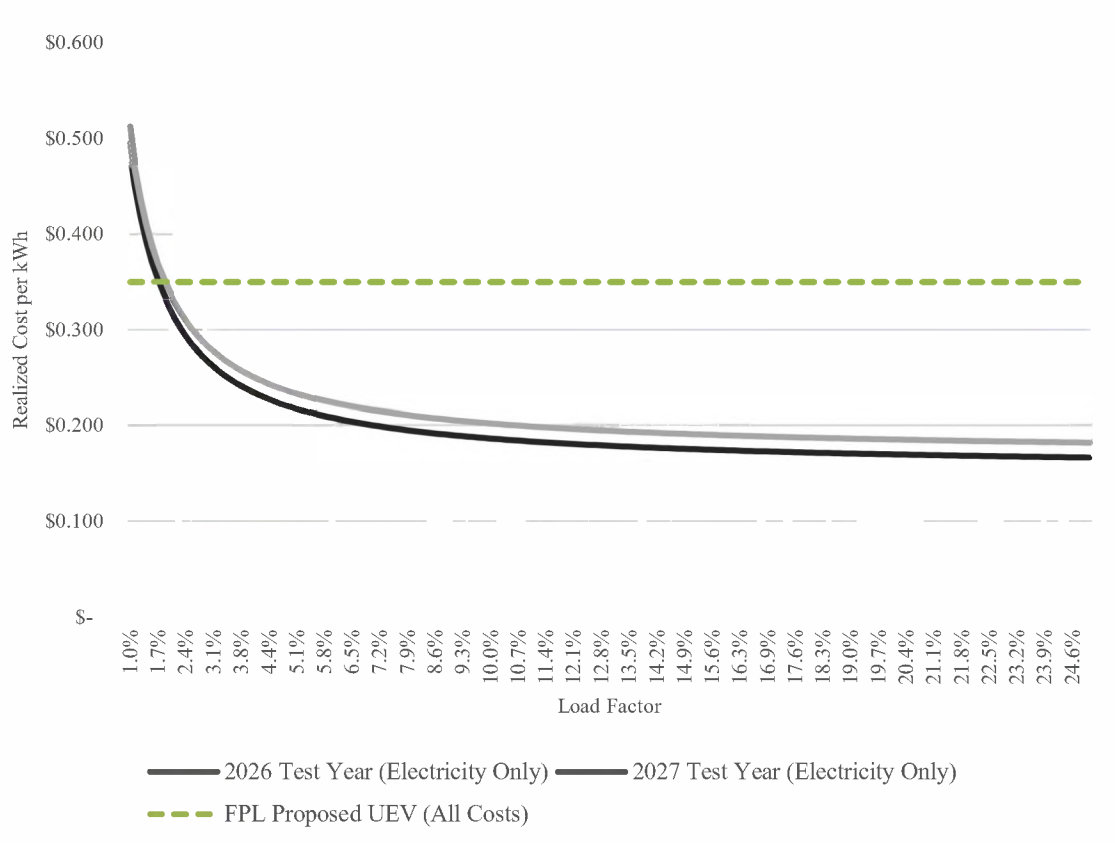


Figure 3. Walmart Proposed GSD-1EV Realized Cost per kWh, 2026 and 2027 Projected Test Years, Electricity Cost Only vs. FPL Proposed UEV for 2026 and 2027.

Q. BASED ON YOUR EXPERIENCE, IT IS LIKELY THAT THE COMMISSION-APPROVED REVENUE REQUIREMENT WILL BE DIFFERENT THAN THAT PROPOSED BY THE COMPANY. HOW DOES WALMART PROPOSE THAT THE REVENUE REQUIREMENTS FOR GSD-1EV AND GSLD-1EV BE SET?

A. Walmart recommends that the revenue requirements for GSD-1EV and GSLD-1EV be set by applying a multiplier to the base rate revenue per kWh for GSD-1 and GSLD-1, respectively, and then multiplying the resulting base rate revenue per kWh by the forecast kWh for each of GSD-1EV and GSLD-1EV. As shown in

1 Exhibit SWC-2, per FPL's proposed rates, the multiplier would be 1.77 for GSD-
2 1EV and 1.84 for GSLD-1EV.

3 **Q. WHAT IS WALMART'S PROPOSAL TO ACHIEVE THE FIFTH**
4 **OBJECTIVE, TO HAVE PUBLIC EV RATES APPLICABLE ACROSS A**
5 **BROAD RANGE OF LOAD SIZES?**

6 A. For the purposes of this Docket, Walmart proposes that GSD-1EV continue to be
7 applicable to loads from 25 kW to 499 kW, and that GSLD-1EV be uncapped so
8 that loads of 2,000 kW or greater can take service on the schedule.

9 **Q. WHY IS THIS IMPORTANT?**

10 A. The charger count and load sizes of public EV charging are increasing to better
11 serve customers through greater access and charging speed, while the risk and
12 operational factors pertaining to rate design do not change. Walmart's proposal will
13 enable the industry to grow how it serves customers, and also create an even playing
14 field with FPL, who does not appear to have a cap for its charging load size.

15 **Q. DOES WALMART HAVE A RECOMMENDATION IN REGARDS TO**
16 **FPL'S PROPOSED UEV?**

17 A. Yes. As discussed earlier, FPL did not propose an increase in the UEV energy
18 charge for the 2027 projected test year. The Commission should require FPL to
19 implement a percentage rate change for the 2027 UEV energy charge equivalent to
20 the percentage change applicable to GSLD-1EV per the Commission's order in this
21 Docket.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 A. Yes.

1 BY MS. EATON:

2 Q Did you also prepare and cause to be filed
3 with your prefile direct testimony five exhibits marked
4 as SWC-1 through SWC-5?

5 A Yes.

6 MS. EATON: I note for the record that those
7 exhibits have been identified on the Comprehensive
8 Exhibit List as Exhibits 279 through 283.

9 CHAIRMAN LA ROSA: Great.

10 BY MS. EATON:

11 Q Do you have to any changes to your Exhibits
12 SWC-1 through SWC-5?

13 A No.

14 Q Did you prepare a summary of your prefiled
15 direct testimony?

16 A Yes.

17 Q Would you please read that to the Commission,
18 staff and parties present?

19 A Sure.

20 Good morning, Commissioners. Hi, my name is
21 Steve Chriss. I am with Walmart, Inc., and my testimony
22 discusses EV rates.

23 So the recommendations that we make in our
24 testimony are, one, that the Commission should approve
25 FPL's proposal to create permanent GSD-1EV and GSDLD-EV

1 rates as modified per our recommendations in this
2 docket.

3 Number two, that those rates should be
4 modified from FPL's proposed structure to be two-part
5 rates, with a base charge equivalent to the GSD-1 or
6 GSLD-1 base charge respectively, and the remaining
7 revenue requirement recovered through the energy charge.

8 Our third recommendation was that the revenue
9 requirements for rates be set by applying a multiplier
10 to the base rate revenue per kilowatt hour for the --
11 for GSD-1 and GSLD-1 respectively, and then multiplying
12 the resulting base rate revenue per kilowatt hour by the
13 forecast kilowatt hour for each of the EV rates. For
14 FPL's proposed rates in this docket, that multiplier
15 would be 1.77 GSD-1EV and 1.84 for GSLD-1EV.

16 Our fourth recommendation is that for the
17 purposes of this docket, we propose that GSD-1EV
18 continue to be applicable to loads from 25 kW to 499 kW,
19 and that GSLD-1EV be uncapped so that loads of 2,000 kW
20 or greater can take service on the schedule.

21 Finally, our last recommendation is that the
22 Commission should require FPL to implement a percentage
23 rate change for the 2027 UEV energy charge equivalent to
24 the percentage change applicable to GSLD-1EV per the
25 Commission's order in this docket.

1 **Q Thank you.**

2 MS. EATON: Mr. Chairman, Mr. Chriss is now
3 available for cross-examination.

4 CHAIRMAN LA ROSA: Thank you.

5 OPC?

6 MS. CHRISTENSEN: We have no questions for Mr.
7 Chriss.

8 CHAIRMAN LA ROSA: FEL?

9 MS. McMANAMON: Thank you.

10 EXAMINATION

11 BY MS. McMANAMON:

12 **Q Good morning, Mr. Chriss.**

13 A Good morning.

14 **Q I have just a few questions for you.**

15 **Regarding your proposal for the GSD-1EV and**
16 **GSLD-1EV to be a two-part rate structure, or the base**
17 **charge set equivalent to the GSLD-1 and the revenues**
18 **that are projected to be recovered through the demand**
19 **charge be moved, how does this impact users with high**
20 **demand and low energy?**

21 A So what this would do -- and you -- let me ask
22 a clarifying question, then. This is referring to
23 public EV charging users on the rate, correct?

24 **Q Yes.**

25 A Yeah, so what this would do is essentially --

1 and I have a graph on page -- I am sorry. This would
2 essentially smooth out what's called the realized cost
3 per kilowatt hour across a number of different usage
4 outcomes in a given month.

5 One of the challenges with -- and this graph
6 is on page 21, it's Figure 3.

7 MS. EATON: It's CE -- it's master dock 5258,
8 if that helps. C485258.

9 MS. McMANAMON: Got it. Thank you.

10 THE WITNESS: Thank you. Ah, there it is.

11 So what this does is it makes -- it makes the
12 resulting -- oh, let me back up.

13 So realize cost per kilowatt hour is the total
14 bill divided by the total kWh. And so as -- with
15 the traditional, even with the GSLD-1EV as proposed
16 by FPL, there is some lumpiness to it where if you
17 have really low usage for a particular month
18 against, you know, relatively high demand, you are
19 going to have a higher realized cost per kilowatt
20 hour is because those demand costs are divided by
21 fewer kWh, and so it's a math -- it's a math thing.

22 But where that impacts public EV charging
23 suppliers is that, one, you have to price against
24 something. And so when you have that demand charge
25 component, it becomes a little less predictable in

1 terms of where your outcome is going be to, because
2 you don't know who is going to come up and charge
3 in a given month. And so when you price it, you
4 are pricing against some expected level of usage,
5 but where the actual usage comes out could be well
6 different from what your expected level of usage
7 was for any number of reasons.

8 And so by switching to the two-part rate, it
9 essentially smooths out where the pricing could
10 land, so you have a little bit more predictability
11 when you are doing your own pricing on the customer
12 side as an operator.

13 BY MS. McMANAMON:

14 **Q Do you agree that this could shift costs away**
15 **from customers who have spikey demand?**

16 A If done incorrectly, yes. That's why, you
17 know, one of -- our focus is, when we look at EV rates,
18 is to ensure that when the rate design is shifted over,
19 if there is a change, that the rates are set such that
20 whatever the projected revenues and fixed cost recovery
21 are for those customers, that the utility has a
22 reasonable opportunity to do that. We certainly don't
23 want to build subsidies into these rates.

24 So the load forecast at the utility level
25 becomes incredibly important at that point. I can't --

1 you would have to ask FPL's witness if they think that
2 where they think public EV charging load will be during
3 the course of this rate plan, if they think that they
4 will have enough concentration where they can get a
5 really good load forecast in. That's not something I
6 can speak to. But if you forecast the load correctly,
7 and set the rates based on -- and things turn out
8 against forecast, it shouldn't be an issue. But
9 certainly, we want to make sure that structures are set
10 that, you know, all customers are protected.

11 Our base way of how we look at rates is we
12 don't want to be subsidized, and we don't want to
13 subsidize. So if we can set things at cost, that would
14 be great.

15 **Q Thank you. And that flows into my next**
16 **question, where you discuss in your testimony that as**
17 **long as FPL realizes or exceeds its own forecast**
18 **kilowatt hours for customers on the GSLD-1EV, the**
19 **company will recover its revenue target. Do you agree**
20 **that there is no guarantee that FPL will realize or**
21 **exceed its forecast?**

22 A Correct, and that's correct for any rate
23 class.

24 **Q And do you agree that if FPL does not realize**
25 **or exceed its forecasted kilowatt hour, it would need to**

1 **recover this elsewhere?**

2 A Well, so during the course of rates being
3 effective, there would essentially be an implicit
4 subsidy built in. Now, with -- in their next rate case,
5 to the extent that that subsidy is not addressed, then,
6 you know, going forward, there is an issue.

7 But, you know, during the course of a
8 utility's operations, nothing is ever going to perfectly
9 match what was set out in the test year, and that's for
10 any rate class. It's not just a public EV charging
11 thing.

12 You know, given where the industry is going,
13 and certainly with what Walmart has planned in the
14 state, and what it sounds like others may have planned,
15 there is going to be growth in that segment. So to the
16 extent that this change is made, growth could actually
17 exceed what's in the load forecast. But again, there is
18 no guarantees in any direction for any rate class.

19 **Q So if these forecasts don't materialize, and**
20 **there is high demand and low energy, that could possibly**
21 **create cross-subsidization issues?**

22 A Yes, and that would show up in the cost of
23 service study in the next rate case, at which point, you
24 know, the Commission, parties, the utility would all get
25 to litigate that at that time.

1 Q Thank you.

2 And regarding your recommendation for the
3 GSLD-1EV to be uncapped so loads of 2,000 kilowatts or
4 greater can take service, that would mean if there is an
5 EV site with 10,000 kilowatts but only during a few big
6 travel days, they would be able to take service under
7 this proposed rate, correct?

8 A As an uncapped proposal, yes.

9 Q And would you agree that the cost to serve an
10 EV site with a 10,000-kilowatt demand would be higher
11 than to serve an EV site with a 2000-kilowatt demand,
12 all else being equal?

13 A Well, I think -- so one of the areas that we
14 walk into in this is that the operational realities that
15 if I went to FPL and asked for a 10-megawatt site, that
16 they would probably wouldn't let us be on a secondary
17 rate anyway. So there is going be to an inflection
18 point of service size where you are moving over to
19 primary rates.

20 We haven't asked for a primary EV rate in this
21 docket, nor does FPL proffer one. So, you know, in
22 theory, yes, but a 10-megawatt service a much different
23 service than a two-megawatt service.

24 The other thing to keep in mind is that as
25 sites are developed, customers are usually required to

1 pay some amount of the construction cost, and the
2 contributions there. FPL and other utilities will
3 typically do some sort of model, where they look at
4 expected revenues for the first five years and then
5 create a charge based against that. So if they say, you
6 know, it costs X, but you are going to rate -- we will
7 only have rate recovery of something less than X, we
8 will have to make up the difference during construction.
9 There are a lot of different mechanisms that go into it
10 to ensure that infrastructure gets paid for, whether
11 through rate recovery or whether through a contribution
12 in aid of construction type payments.

13 So there is a lot of moving pieces to the
14 question, so it's hard to say definitively yes or no
15 that it would end up a certain way.

16 **Q Okay. One moment. That's all my questions.**
17 **Thank you.**

18 A You are welcome.

19 CHAIRMAN LA ROSA: FAIR?

20 MR. SCHEF WRIGHT: No cross for my friend, Mr.
21 Chriss. Thank you.

22 CHAIRMAN LA ROSA: FIPUG?

23 MS. PUTNAL: No questions.

24 CHAIRMAN LA ROSA: FEIA?

25 MR. MAY: No questions.

1 CHAIRMAN LA ROSA: FPL?

2 MR. BURNETT: No questions.

3 CHAIRMAN LA ROSA: Staff?

4 MR. STILLER: No questions.

5 CHAIRMAN LA ROSA: Commissioners, any
6 questions?

7 Seeing none, back to Walmart for redirect.

8 MS. EATON: Sure. Walmart would move for
9 admission of CEL Exhibits 279 through 283 into the
10 record, and ask that Mr. Chriss be excused.

11 CHAIRMAN LA ROSA: Okay. Assuming no
12 objections to those, so moved.

13 (Whereupon, Exhibit Nos. 279-283 were received
14 into evidence.)

15 CHAIRMAN LA ROSA: And Mr. Chriss, you are
16 excused. Thank you.

17 (Witness excused.)

18 CHAIRMAN LA ROSA: Anything else that needs to
19 get moved into the record? FEL, nothing?

20 Okay. Let's move to your next witness,
21 Walmart.

22 MS. EATON: Walmart calls Witness Lisa Perry.

23 CHAIRMAN LA ROSA: Ms. Perry, do you mind
24 remaining standing and raising your right hand to
25 be sworn in?

1 Whereupon,

2 LISA V. PERRY

3 was called as a witness, having been first duly sworn to
4 speak the truth, the whole truth, and nothing but the
5 truth, was examined and testified as follows:

6 THE WITNESS: I do.

7 CHAIRMAN LA ROSA: Thank you. You can get
8 settled in. I wasn't meaning to rush you.

9 Walmart, whenever you are ready, we can
10 proceed.

11 MS. EATON: Thank you.

12 THE WITNESS: All right. I am ready.

13 EXAMINATION

14 BY MS. EATON:

15 Q Okay. Thank you.

16 Can you please state your name for the record?

17 A Lisa V. Perry, spelled P-E-R-R-Y.

18 Q And who is your current employer and what is
19 your business address?

20 A Walmart, Inc., 2608 SE J Street, 72716.

21 Q Did you prepare and cause to be filed in this
22 docket on June 9th, 2025, prepared direct testimony
23 consisting of 33 pages?

24 A Yes, I did.

25 Q Do you have any changes to your prefiled

1 **direct testimony?**

2 A No, I do not.

3 **Q If I were to ask you the same questions**
4 **contained in your prefiled direct testimony, would your**
5 **answers be the same?**

6 A Yes, they would.

7 MS. EATON: Mr. Chairman, Walmart requests
8 that the prefiled direct testimony of Lisa V. Perry
9 be entered into the record as though read.

10 CHAIRMAN LA ROSA: So moved.

11 (Whereupon, prefiled direct testimony of Lisa
12 V. Perry was inserted.)

13

14

15

16

17

18

19

20

21

22

23

24

25

In re: Petition for rate increase by : **DOCKET NO. 20250011-EI**
Florida Power & Light Company :
 : **Filed: June 9, 2025**

WALMART INC.

Table of Contents

I.	Introduction.....	1
II.	Purpose of Testimony and Summary of Recommendation	3
III.	Revenue Requirement and ROE	7
	(A) Revenue Requirement and Requested ROE	7
	(B) Recent ROEs Approved by the Commission.....	9
	(C) National Utility Industry ROE Trends.....	11
	Figure 1. FPL's Proposed ROE Versus Authorized ROEs for All Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.....	13
	Figure 2. FPL's Proposed ROE Versus Authorized ROEs for Top 12 Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.....	14
IV.	Cost of Service and Production Plant Cost Allocation	16
	(A) Cost of Service.....	16
	(B) Production Plant Cost Allocation.....	17
V.	Revenue Allocation.....	22
	Table 1. Parity Index, FPL's Proposed Cost of Service Study Results for 2026 and 2027, Present Rates.....	23
VI.	CDR Credit and Large Load Tariffs	25
	(A) CDR Credit	25
	(B) Proposed Large Load Tariffs – Rate LLCS-1 and Rate LLCS-2.....	28

Exhibits:

Exhibit LVP-1: Witness Qualifications Statements

Exhibit LVP-2: Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2023 to Present

Exhibit LVP-3.1: Impact of FPL's Current Return on Equity vs. FPL's Proposed Return on Equity – Year 2026

Exhibit LVP-3.2: Impact of FPL's Current Return on Equity vs. FPL's Proposed Return on Equity – Year 2027

Exhibit LVP-4.1: Impact of FPL's Proposed Increase in Return on Equity vs. National Average for Vertically Integrated Utilities, 2023 to Present – Year 2026

Exhibit LVP-4.2: Impact of FPL's Proposed Increase in Return on Equity vs. National Average for Vertically Integrated Utilities, 2023 to Present – Year 2027

1 **I. Introduction**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
3 **OCCUPATION.**

4 A. My name is Lisa V. Perry. My business address is 2608 SE J Street, Bentonville,
5 AR 72716. I am employed by Walmart Inc. ("Walmart") as Director, Utility
6 Partnerships – Regulatory.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

8 A. I am testifying on behalf of Walmart.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. I received a J.D. in 1999 and a LL.M. in Taxation in 2000 from the University
11 of Florida Levin College of Law. From 2001 to 2019, I was in private practice
12 with an emphasis from 2007 to 2019 in Energy Law. My practice included
13 representing large commercial clients before the utility regulatory commissions
14 in Colorado, Texas, New Mexico, Arkansas, and Louisiana in matters ranging
15 from general rate cases to renewable energy programs. I joined the Energy
16 Services department at Walmart in September 2019 as Senior Manager, Energy
17 Services. My Witness Qualifications Statement is attached as Exhibit LVP-1.

18 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
19 **FLORIDA PUBLIC SERVICE COMMISSION ("COMMISSION")?**

20 A. Yes. I testified in Docket Nos. 20200067-EI, 20200069-EI, 20200070-EI,
21 20200071-EI, 20210010-EI, 20220010-EI, 20230019-EI, and 20230020-EI.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE**
2 **OTHER STATE REGULATORY COMMISSIONS?**

3 A. Yes, I have submitted testimony with state regulatory commissions for
4 Arkansas, Colorado, Connecticut, Georgia, Iowa, Illinois, Indiana, Kansas,
5 Kentucky, Louisiana, Maryland, Michigan, New Hampshire, New York, North
6 Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas,
7 Virginia, Washington, Wisconsin, and Wyoming. I have also provided legal
8 representation for customer stakeholders before the state regulatory
9 commissions for Colorado, Texas, Arkansas, Louisiana, and New Mexico in
10 the cases listed under "Commission Dockets" in Exhibit LVP-1.

11 **Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?**

12 A. Yes. I am sponsoring the Exhibits in the Table of Contents.

13 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN**
14 **FLORIDA.**

15 A. As shown on Walmart's website, Walmart operates 387 retail units, 14 supply
16 chain facilities, and employs over 119,000 associates in Florida.¹ In fiscal year
17 ending 2025, Walmart purchased \$8.8 billion worth of goods and services from
18 Florida-based suppliers, supporting over 63,000 jobs.²

¹ <https://corporate.walmart.com/about/location-facts/united-states/florida>

² *Id.*

1 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN**
2 **THE SERVICE TERRITORY FOR FLORIDA POWER AND LIGHT**
3 **COMPANY ("FPL" OR "COMPANY").**

4 A. Walmart has 179 retail units, four supply chain facilities, and related facilities
5 served by FPL. Walmart purchases more than 800 million kWh annually from
6 the Company, pursuant to the Company's General Service Large Demand –
7 Time of Use (500-1,999 kW) ("GSLDT-1"), General Service Demand – Time
8 of Use (25-499 kW) ("GSDT-1"), and High Load Factor – Time of Use
9 ("HLFT-2") schedules.

10
11 **II. Purpose of Testimony and Summary of Recommendation**

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. The purpose of my testimony is to respond to the Company's *Petition for Base*
14 *Rate Increase* filed in this case on February 28, 2025 ("Petition"), along with
15 supporting testimony, and to provide recommendations to assist the
16 Commission in its thorough and careful consideration of the Company's
17 proposed rate increase, including the impact on customers. Specifically, my
18 testimony addresses (i) the return on equity ("ROE") proposed by the Company,
19 (ii) the proposed cost of service studies ("COSS") and revenue allocation,
20 (iii) the Company's proposed production plant cost allocation methodology,
21 (iv) proposed reduction in the Commercial/Industrial Demand Reduction

1 ("CDR") credit, and (v) two new proposed tariffs, Large-Load Contract
2 Service-1 ("LLCS-1") and Large-Load Contract Service-2 ("LLCS-2").

3 **Q. ARE OTHER WITNESSES FILING TESTIMONY ON BEHALF OF**
4 **WALMART IN THIS DOCKET?**

5 A. Yes; Steve W. Chriss is also filing testimony in this Docket on behalf of
6 Walmart and will address certain rate design issues.

7 **Q. IN SETTING THE REVENUE REQUIREMENT AND ROE FOR THE**
8 **COMPANY, SHOULD THE COMMISSION CONSIDER THE IMPACT**
9 **OF THE ASSOCIATED RATE INCREASE ON BUSINESS**
10 **CUSTOMERS?**

11 A. Yes. Electricity is a significant operating cost for retailers such as Walmart.
12 When electric rates increase, the increased cost to retailers can put pressure on
13 consumer prices and on the other expenses required by a business to operate.
14 The Commission should thoroughly and carefully consider the impact on
15 customers in examining the requested revenue requirement and ROE, in
16 addition to all other facets of this case, to ensure that any increase in the
17 Company's rates is the minimum amount necessary to provide safe, adequate,
18 and reliable service, while also providing FPL the opportunity to recover its
19 reasonable and prudent costs and earn a reasonable return on its investment.

20 **Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO**
21 **THE COMMISSION.**

22 A. Walmart's recommendations to the Commission are as follows:

- 1 (1) The Commission should thoroughly and carefully consider the impact
2 on customers in examining the requested revenue requirement and ROE,
3 in addition to all other facets of this case, to ensure that any increase in
4 the Company's rates is only the minimum amount necessary to provide
5 adequate and reliable service, while also providing an opportunity to
6 earn a reasonable return.
- 7 (2) The Commission should closely examine the Company's proposed
8 revenue requirement increase and the associated proposed increase in
9 ROE, especially when viewed in light of:
- 10 (a) The customer impact of the resulting revenue requirement
11 increases;
- 12 (b) The use of a future test year, which reduces regulatory lag by
13 allowing the utility to include projected costs in its rates at the
14 time they will be in effect;
- 15 (c) Recent rate case ROEs approved by the Commission; and
- 16 (d) Recent rate case ROEs approved by other state regulatory
17 commissions nationwide.
- 18 (3) Except as for the proposed production cost allocation methodology,
19 Walmart does not take a position on the remaining portions of the
20 COSS. However, to the extent that alternative cost of service
21 methodologies or modifications to the Company's methodology are
22 proposed by other parties, Walmart reserves the right to address any

1 such changes in accordance with the Commission's procedures in this
2 Docket.

3 (4) Walmart recommends that the Commission reject the Company's
4 proposal to allocate production costs using a 12-month coincident peak
5 ("12CP") and 25% cost basis, and instead, should maintain the existing
6 12CP and 1/13 methodology.

7 (5) Walmart does not oppose the Company's proposed methodology for
8 allocating revenue to customer classes. However, to the extent that
9 alternative revenue allocation methodologies or modifications to the
10 Company's methodology are proposed by other parties, Walmart
11 reserves the right to address any such changes in accordance with the
12 Commission's procedures in this Docket.

13 (6) To promote participation and to ensure the continued effectiveness of
14 the CDR program, Walmart recommends that the Commission reject the
15 Company's proposal to reduce the CDR credit and instead maintain the
16 credit at its current level.

17 (7) To ensure that Rates LLCS-1 and LLCS-2 are applied only to the types
18 of customers the Company intends for them to be applied and not to
19 traditional commercial and industrial ("C&I") customers, Walmart
20 recommends increasing the eligibility threshold from 25 MW to 75
21 MW.

1 **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR**
2 **POSITION ADVOCATED BY THE COMPANY INDICATE**
3 **WALMART'S SUPPORT?**

4 A. No. The fact that an issue is not addressed herein or in related filings should
5 not be construed as an endorsement of, agreement with, or consent to any filed
6 position.

7
8 **III. Revenue Requirement and ROE**

9 **(A) Revenue Requirement and Requested ROE**

10 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S**
11 **PROPOSED REVENUE REQUIREMENT INCREASE IN THIS**
12 **DOCKET?**

13 A. My understanding is that the Company is seeking a four-year rate plan that
14 would include a base rate increase for 2026 of \$1.545 billion and an increase of
15 \$927 million for 2027.³ Additionally, the Company is seeking approval of a
16 Solar and Battery Base Rate Adjustments ("SoBRA") for 2028 and 2029 to
17 recover costs associated with solar and battery projects placed into service
18 during those years based on economic or resource need.⁴

³ See Petition, p. 1; see also Direct Testimony of Liz Fuentes ("Fuentes Direct"), p. 6, lines 7-8 and p. 8, lines 11-12.

⁴ See Petition, p. 1; see also Direct Testimony of Scott R. Bores ("Bores Direct"), p. 55, lines 1-5.

1 **Q. WHAT IS THE COMPANY'S PROPOSED ROE AND WEIGHTED**
2 **AVERAGE COST OF CAPITAL ("WACC") IN THIS DOCKET?**

3 A. The Company is proposing a ROE of 11.90 percent, which is based on the
4 average results of four methodologies – Discounted Cash Flow ("DCF"),
5 Capital Asset Pricing Model ("CAPM"), Risk Premium, and Expected Earnings
6 – as presented by Company witness Coyne.⁵ These methodologies produced an
7 average ROE of 11.83 percent, to which the Company added nine basis points
8 to account for flotation costs, resulting in a requested ROE of 11.90 percent
9 (rounded down from 11.92 percent).⁶

10 The WACC for 2026 is 7.63 percent based on a common equity ratio of
11 50.07 percent.⁷ For 2027, the WACC is 7.64 percent based on a common equity
12 ratio of 50.12 percent.⁸

13 **Q. IS WALMART CONCERNED ABOUT THE REASONABLENESS OF**
14 **THE COMPANY'S PROPOSED ROE?**

15 A. Yes, especially when viewed in light of:

- 16 (1) The customer impact of the resulting revenue requirement increases;
- 17 (2) The use of a future test year, which reduces regulatory lag by allowing
18 the utility to include projected costs in its rates at the time they will be
19 in effect;
- 20 (3) Recent rate case ROEs approved by the Commission; and

⁵ See Direct Testimony of James M. Coyne ("Coyne Direct"), p. 63, lines 13-18.

⁶ See *id.*

⁷ See MFR, 2026 Projected Test Year, Schedule D-1a, p. 1, line no. 9.

⁸ See MFR, 2027 Projected Test Year, Schedule D-1a, p. 1, line no. 9.

(4) Recent rate case ROEs approved by other state regulatory commissions nationwide.

Q. HAS THE COMMISSION RECOGNIZED THAT THE USE OF A FUTURE TEST YEAR IMPACTS THE COMPANY'S EXPOSURE TO REGULATORY LAG?

A. Yes. The use of a projected test year reduces the risk due to regulatory lag because, as the Commission has previously stated, "the main advantage of a projected test year is that it includes all information related to rate base, [Net Operating Income or] NOI, and capital structure for the time new rates will be in effect."⁹ As such, the Commission should carefully consider the level of ROE justified by the Company's exposure to regulatory lag.

(B) Recent ROEs Approved by the Commission

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CURRENTLY APPROVED ROE?

A. My understanding is that the Company's currently authorized ROE is 10.60 percent, with a provision allowing for a 20-basis-point upward adjustment if the 30-year Treasury bond yield increases by 50 basis points or more over a

⁹ *In re: Request for rate increase by Gulf Power Company*, Docket No. 010949-EI, Order No. PSC-02-0787-FOF-EI (issued June 10, 2002), p. 9.

specified period.¹⁰ That condition was met, and as a result, the Company's current ROE is 10.80 percent.¹¹

Q. IS THE COMPANY'S PROPOSED ROE SIGNIFICANTLY HIGHER THAN THE ROEs APPROVED BY THE COMMISSION FROM 2023 TO PRESENT?

A. Yes. Since 2023, the Commission issued an Order with a stated ROE in the following three cases:

(1) Docket No. 20240025-EI, Duke Energy Florida, LLC ("DEF") general rate case completed in 2024, in which the Commission awarded an ROE equal to 10.30 percent;¹²

(2) Docket No. 20240026-EI, Tampa Electric Company ("TECO") general rate case completed in 2024, in which the Commission awarded an ROE equal to 10.50 percent;¹³ and

(1) Docket No. 20240099-EI, Florida Public Utilities Co. general rate case completed in 2025, in which the Commission awarded an ROE equal to 10.15 percent.¹⁴

¹⁰ See *In re: Petition for rate increase by Florida Power & Light Company*, Docket No. 20210015-EI, Order No. PSC-2024-0078-FOF-EI (issued Mar. 25, 2024), p. 15; see Coyne Direct, p. 7, lines 12-18.

¹¹ See *id.* at 7, lines 18-21.

¹² See *In re: Petition for rate increase by Duke Energy Florida, LLC*, Docket No. 20240025-EI, Order No. PSC-2024-0472-AS-EI (issued Nov. 12, 2024), p. 10, see also Exhibit LVP-2.

¹³ See *In re: Petition for rate increase by Tampa Electric Company*, Docket No. 20240026-EI, Order No. PSC-2025-0038-FOF-EI (issued Feb. 3, 2025), p. 95; see also Exhibit LVP-2.

¹⁴ See *In re: Petition for rate increase by Florida Public Utilities Company*, Docket No. 20240099-EI, Order No. PSC-2025-0114-PAA-EI (issued Apr. 7, 2025); see also Exhibit LVP-2.

As such, the Company's proposed 11.90 percent ROE is counter to recent Commission actions regarding ROEs for other investor-owned electric utilities in Florida.

Q. HAVE YOU CALCULATED AN ESTIMATE OF THE IMPACT TO CUSTOMERS FROM THE COMPANY'S PROPOSED INCREASE IN ROE FROM 10.80 PERCENT TO 11.90 PERCENT?

A. Yes. The impact of the proposed 110 basis point increase in authorized ROE is an increase to the revenue requirement of approximately \$554.9 million, or 35.92 percent of the rate increase requested by the Company for 2026.¹⁵ For 2027, the difference is a revenue requirement increase of approximately \$597.1 million, or 64.38 percent of the requested rate increase.¹⁶

(C) National Utility Industry ROE Trends

Q. IS THE COMPANY'S PROPOSED ROE SIGNIFICANTLY HIGHER THAN THE ROEs APPROVED BY OTHER UTILITY REGULATORY COMMISSIONS IN 2023, 2024, AND SO FAR IN 2025?

A. Yes. According to data from S&P Global Market Intelligence ("S&P Global"), a financial news and reporting company, the average of the 100 reported electric utility rate case ROEs authorized by commissions to investor-owned utilities in 2023, 2024, and so far in 2025, is 9.68 percent.¹⁷ The range of reported

¹⁵ Exhibit LVP-3.1.

¹⁶ Exhibit LVP-3.2.

¹⁷ Exhibit LVP-2.

1 authorized ROEs for the period is 8.63 percent to 11.45 percent, and the median
2 authorized ROE is 9.70 percent.¹⁸ The average and median values are
3 significantly below the Company's proposed ROE of 11.90 percent. As such,
4 the Company's proposed 11.90 percent ROE is counter to broader electric
5 industry trends.

6 **Q. SEVERAL OF THE REPORTED AUTHORIZED ROEs ARE FOR**
7 **DISTRIBUTION-ONLY UTILITIES. WHAT IS THE AVERAGE**
8 **AUTHORIZED ROE IN THE REPORTED GROUP FOR VERTICALLY**
9 **INTEGRATED UTILITIES?**

10 A. In the group reported by S&P Global, the average ROE for vertically integrated
11 utilities authorized from 2023 through April 29, 2025 is 9.78 percent.¹⁹ The
12 average ROE authorized for vertically integrated utilities in 2023 was 9.71
13 percent; in 2024, it was 9.85 percent; and so far in 2025 is 9.83 percent.²⁰ Thus,
14 the Company's proposed 11.90 percent ROE is counter to broader electric
15 industry trends. In fact, if approved by the Commission, the Company's
16 requested 11.90 percent ROE would be the highest awarded ROE for vertically
17 integrated utilities since 2023 as shown in Figure 1 and Figure 2 below.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

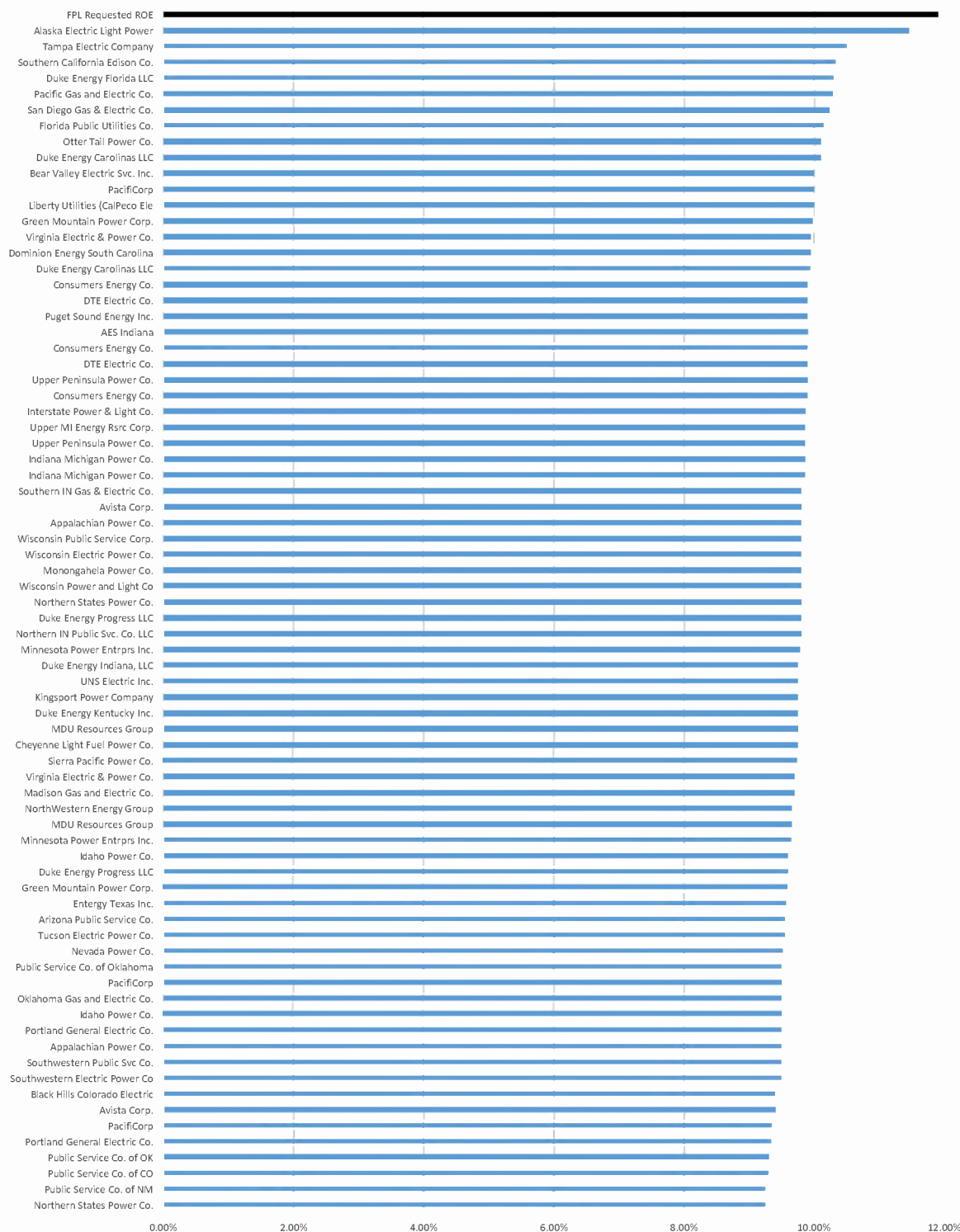


Figure 1. FPL's Proposed ROE Versus Authorized ROEs for All Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.

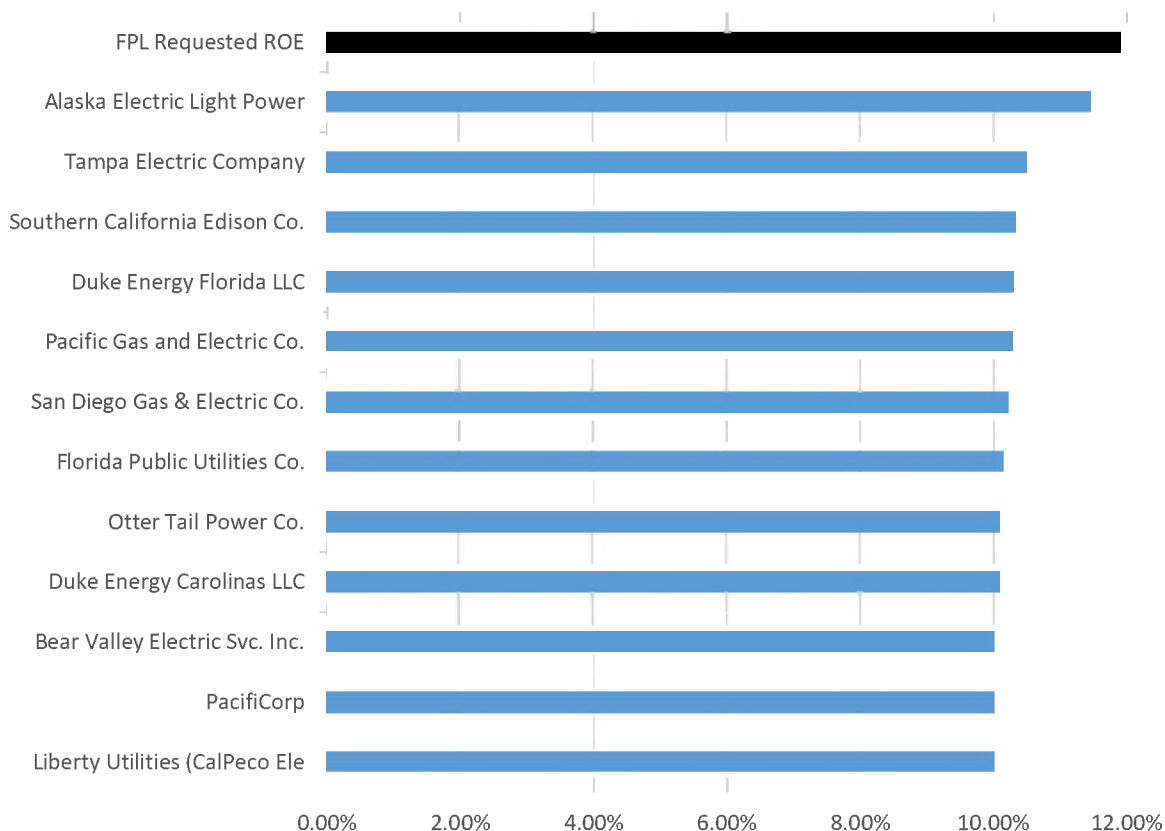


Figure 2. FPL's Proposed ROE Versus Authorized ROEs for Top 12 Vertically Integrated Utilities since 2023. Source: Exhibit LVP-2.

Q. WHAT IS THE REVENUE REQUIREMENT IMPACT WERE THE COMMISSION TO APPROVE AN ROE FOR THE COMPANY EQUIVALENT TO 9.78 PERCENT, THE AVERAGE AUTHORIZED ROE NATIONWIDE IN 2023, 2024, AND SO FAR IN 2025 FOR VERTICALLY INTEGRATED UTILITIES?

A. If the Commission were to approve an ROE for the Company of 9.78 percent, versus its proposed 11.90 percent ROE, it would result in a \$1.1 billion, or 69.24

percent, reduction in the Company's proposed revenue requirement for 2026.²¹

For 2027, it would result in a \$1.15 billion reduction, which would not only eliminate the proposed revenue requirement for 2027, but also allow customers to receive a decrease in their bills.²²

Q. IS WALMART RECOMMENDING THAT THE COMMISSION BE BOUND BY ROEs AUTHORIZED BY OTHER STATE REGULATORY COMMISSIONS?

A. No. Decisions of other state regulatory commissions are not binding on the Commission. Additionally, each state regulatory commission considers the specific circumstances of each case in its determination of the proper ROE. Walmart is providing this information to illustrate a national customer perspective on industry trends in authorized ROE. This nationwide perspective is also relevant since the Company is often competing for capital on a nationwide basis.

Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION REGARDING THE COMPANY'S PROPOSED ROE?

A. The Commission should reject the 11.90 percent ROE requested by the Company as unreasonable in light of:

(1) The customer impact of the resulting revenue requirement increases;

²¹ See Exhibit LVP-4.1.

²² See Exhibit LVP-4.2.

- 1 (2) The use of a future test year, which reduces regulatory lag by allowing
2 the utility to include projected costs in its rates at the time they will be
3 in effect;
- 4 (3) Recent rate case ROEs approved by the Commission; and
- 5 (4) Recent rate case ROEs approved by other state regulatory commissions
6 nationwide.
- 7

8 **IV. Cost of Service and Production Plant Cost Allocation**

9 ***(A) Cost of Service***

10 **Q. GENERALLY, WHAT IS WALMART'S POSITION ON SETTING**
11 **RATES BASED ON THE UTILITY'S COST OF SERVICE?**

12 A. Walmart advocates that rates be set based on the utility's cost of service for each
13 rate class. This produces equitable rates that reflect cost causation, sends proper
14 price signals, and minimizes price distortions.

15 **Q. DID THE COMPANY PREPARE A COSS?**

16 A. Yes, it did. Based on my understanding, the Company conducted a retail COSS
17 for the 2026 Projected Test Year and for the 2027 Projected Test Year.²³

18 **Q. DOES WALMART TAKE A POSITION ON THE COMPANY'S**
19 **PROPOSED COSS AT THIS TIME?**

20 A. Except as discussed below in my testimony regarding the proposed production
21 cost allocation methodology, Walmart does not take a position on the remaining

²³ See generally Direct Testimony of Tara DuBose ("DuBose Direct"); see also MFR, Schedule E-06b.

1 portions of the COSS. However, to the extent that alternative cost of service
2 methodologies or modifications to the Company's methodology are proposed
3 by other parties, Walmart reserves the right to address any such changes in
4 accordance with the Commission's procedures in this Docket.

5
6 **(B) Production Plant Cost Allocation**

7 **Q. WHAT IS YOUR UNDERSTANDING OF THE PURPOSE OF**
8 **PRODUCTION PLANT FIXED COST ALLOCATION?**

9 A. Production plant cost allocation is the process of allocating to each customer
10 class the fixed costs of a utility's generation assets. Fixed costs are defined as
11 costs that do not vary with the level of output and must be paid even if there is
12 no output.²⁴

13 **Q. DO A UTILITY'S FIXED PRODUCTION PLANT COSTS CHANGE**
14 **BASED ON THE AMOUNT OF ELECTRICITY GENERATED?**

15 A. No, they do not. The utility's fixed production plant costs do not change with
16 changes in the amount of electricity generated. For example, if a generating unit
17 is not dispatched and produces no energy, the fixed costs are not avoided by the
18 utility or by the customers. Generation units can be built and operated for
19 different reasons, such as to take advantage of lower fuel costs or to provide
20 reliability, but the way in which a generation unit is operated does not change

²⁴ Pindyck, Robert S. and Daniel L. Rubinfeld, "Microeconomics", 5th ed., 2001, p. 206.

1 the fact that the fixed costs are, in fact, fixed and should be treated as such in
2 the production capacity cost allocation.

3 **Q. IS IT YOUR UNDERSTANDING THAT PRODUCTION PLANT**
4 **CAPACITY IS SIZED TO MEET THE MAXIMUM DEMAND**
5 **IMPOSED ON THE SYSTEM BY THE COMPANY'S CUSTOMERS?**

6 A. Yes; it is my understanding that the timing and size of a utility's production
7 plant capacity additions are generally made to meet the maximum demand
8 placed on the utility's system by all customer classes, also known as its CP. All
9 of a utility's generation units are needed to meet that demand, and removing any
10 of the units from that stack will limit the utility's ability to do so.

11 **Q. WHY IS IT IMPORTANT FOR THE ALLOCATION OF**
12 **PRODUCTION PLANT COSTS TO RECOGNIZE THAT**
13 **PRODUCTION CAPACITY IS DESIGNED TO MEET SYSTEM PEAK?**

14 A. Basing the allocation of production plant fixed costs on the utility's system peak
15 ensures that the resulting rates reflect cost causation and minimize cost
16 responsibility shifts between rate classes. Allocation of fixed production plant
17 costs on a variable, or energy, basis can introduce shifts in cost responsibility
18 from lower load factor classes to higher load factor classes. Quite simply, under
19 an energy allocator, two customer classes can have the same contribution to
20 system peak demand in the test year and cause the Company to incur the same
21 amount of fixed costs to meet that demand. However, because one class uses
22 more kWh (energy) than the other, that class would be allocated – and pay –

1 more of the Company's fixed costs than the class that uses less kWh (energy).

2 Additionally, use of an energy allocator implies that the generation plant to

3 which that allocator is applied has no fixed costs, which is plainly not the case.

4 **Q. WHAT IS YOUR UNDERSTANDING OF THE PRODUCTION COST**
5 **ALLOCATOR CURRENTLY APPLIED BY THE COMPANY?**

6 A. My understanding is that in Docket No. 20210015-EI, the Commission
7 approved the Company's continued use of the "12CP and 1/13" cost allocation
8 methodology for production plant costs.²⁵ Based on my understanding, this
9 method allocates 12/13 (approximately 92 percent) of production plant costs
10 based on the average of the 12CP and 1/13 (approximately 8 percent) based on
11 average demand, which is mathematically equivalent to energy usage. It is also
12 my understanding that the 12CP and 1/13 methodology has been a standard
13 approach in Florida for allocating production plant costs, reflecting both
14 demand and energy components.

15 **Q. WHAT IS YOUR UNDERSTANDING OF THE PRODUCTION COST**
16 **ALLOCATOR PROPOSED BY THE COMPANY IN THIS DOCKET?**

17 A. My understanding is that the Company proposes to implement a "12CP and
18 25%" allocation methodology for production plant costs, under which 75
19 percent of demand-related production costs would be allocated based on

²⁵ See *In re: Petition for rate increase of Florida Power & Light Company*, Docket No. 20210015-EI, Order No. PSC-2021-0446-S-EI (issued Dec. 2, 201), Attachment A, Stipulation and Settlement Agreement, at par. 4(f).

average demand during the 12CP, and the remaining 25 percent would be allocated based on total energy consumption.²⁶

Q. WHAT JUSTIFICATION DOES THE COMPANY PROVIDE FOR MOVING TO A 12CP AND 25% PRODUCTION COST ALLOCATION METHODOLOGY?

A. The Company claims that the 12CP and 25% allocation method better reflects the evolving nature of its generation portfolio, particularly the increasing share of solar and battery storage.²⁷ According to the Company, as solar generation continues to grow, a reduction in system-wide fuel expenses will provide more benefit to high-energy users that justifies a greater emphasis on energy-based cost allocation.²⁸ Additionally, the Company argues that solar contributes limited firm capacity during system peaks and shifts the net peak to later in the day, and as such, a higher energy-weighted allocation of production plant costs is more appropriate than the current 12CP and 1/13 method.²⁹

Q. WHAT IS WALMART'S POSITION ON THE COMPANY'S PROPOSED ALLOCATOR?

A. The Company's proposed shift to the 12CP and 25% allocation methodology is not justified and should be rejected. While the Company argues that increased solar generation warrants a greater allocation of production plant costs based on energy rather than demand, this rationale is inconsistent with long-standing

²⁶ See DuBose Direct, p. 20, lines 19-21.

²⁷ See *id.* at 21, lines 3-7.

²⁸ See *id.* at 21, lines 8-13.

²⁹ See *id.* at 21, line 15 to 22, line 5.

1 cost causation principles. The fact that solar generation has no fuel cost and
2 provides fuel savings does not change the fact that the fixed capital costs are
3 associated with building and maintaining production facilities – costs that are
4 incurred to meet system capacity requirements, not energy usage.

5 Moreover, the Company's statement that the net system peak is shifting
6 later in the day due to solar generation does not support abandoning the well-
7 established 12CP and 1/13 methodology. The existing methodology already
8 strikes a balance between demand and energy. In contrast, the Company's
9 proposal appears to reallocate costs to certain customer classes without any
10 clear evidence of a change in underlying cost causation. By shifting a larger
11 share of production plant costs to energy, the proposal would unfairly burden
12 high-energy users.

13 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE**
14 **COMMISSION WITH REGARD TO THE COMPANY'S PROPOSAL**
15 **TO ALLOCATE DEMAND-RELATED PRODUCTION COSTS USING**
16 **A 12CP AND 25% METHODOLOGY?**

17 A. Walmart recommends that the Commission reject the Company's proposal to
18 allocate production costs using a 12CP and 25% cost basis, and instead, should
19 maintain the existing 12CP and 1/13 methodology.

20

1 **V. Revenue Allocation**

2 **Q. HOW DOES THE COMPANY REPRESENT WHETHER RATES FOR**
3 **A CUSTOMER CLASS ACCURATELY REFLECT THE**
4 **UNDERLYING COST OF SERVICE?**

5 A. The Company represents this relationship in its COSS results through the use
6 of class-specific rates of return. These rates of return can be converted into a
7 parity index, which measures the relationship of the rate of return for an
8 individual rate class to the total system rate of return. A parity index greater
9 than 100 percent means that the rate class is paying rates in excess of the costs
10 incurred to serve that class. Conversely, a parity index less than 100 percent
11 means that the rate class is paying rates less than the costs incurred to serve that
12 class. As such, those rate classes with a parity index greater than 100 percent
13 shoulder or subsidize some of the revenue responsibility for the classes with a
14 parity index less than 100 percent.

15 **Q. HAS THE COMPANY CALCULATED A PARITY INDEX FOR EACH**
16 **CUSTOMER CLASS BASED ON ITS COST OF SERVICE RESULTS**
17 **AT PRESENT RATES?**

18 A. Yes, as shown in Table 1 below.

Table 1. Parity Index, FPL's Proposed Cost of Service Study Results for 2026 and 2027, Present Rates

Customer Class	2026 Parity Index	2027 Parity Index
CILC-1D	73%	72%
CILC-1G	85%	85%
CILC-1T	73%	70%
GS(T)-1	125%	126%
GSCU-1	136%	135%
GSD(T)-1	85%	85%
GSLD(T)-1	76%	75%
GSLD(T)-2	67%	65%
GSLD(T)-3	82%	79%
MET	106%	107%
OS-2	60%	65%
RS(T)-1	106%	107%
SL/OL-1	112%	108%
SL-1M	104%	109%
SL-2	112%	110%
SL-2M	155%	156%
SST-DST	335%	362%
SST-TST	245%	248%
Total Company	100%	100%

Sources: DuBose Direct, Exhibit TD-2, p. 1-2

1 **Q. BASED ON TABLE 1, ARE THE COMPANY'S CURRENT RATES AT**
2 **THEIR COST-BASED LEVELS?**

3 A. No, they are not. As shown in Table 1 above, each customer class is either
4 paying more or less than their cost-based rates as indicated by parity indices
5 greater than (subsidizing) or less than (subsidized) 100 percent.

6 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S**
7 **REVENUE ALLOCATION PROPOSAL?**

8 A. Based on my understanding, the Company starts with Company witness
9 DuBose's COSS to evaluate how proposed revenue changes affect each rate
10 class.³⁰ The Company then seeks to improve parity among rate classes while
11 following the Commission's principle of gradualism by limiting any rate class
12 increase to no more than 1.5 times the system average and prohibits any class
13 from receiving a revenue decrease.³¹

14 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE**
15 **COMMISSION WITH REGARD TO THE COMPANY'S PROPOSED**
16 **REVENUE ALLOCATION METHODOLOGY?**

17 A. Walmart does not oppose the Company's proposed methodology for allocating
18 revenue to customer classes. However, to the extent that alternative revenue
19 allocation methodologies or modifications to the Company's methodology are
20 proposed by other parties, Walmart reserves the right to address any such
21 changes in accordance with the Commission's procedures in this Docket.

³⁰ See Direct Testimony of Tiffany C. Cohen ("Cohen Direct"), p. 17, lines 7-8.

³¹ See *id.* at 17, lines 8-14.

1 **VI. CDR Credit and Large Load Tariffs**

2 **(A) CDR Credit**

3 **Q. WHAT IS YOUR UNDERSTANDING OF THE CDR CREDIT?**

4 A. Based on my understanding, the CDR Credit is available to C&I customers
5 served under specified rate schedules who voluntarily agree to reduce their
6 electric load during periods when the Company experiences emergency
7 conditions, capacity shortages (either in power supply or transmission), or when
8 projected system load would otherwise require the use of peaking generation
9 units.³² In return, participating customers receive a \$/kW credit on their monthly
10 bill at the current rate of \$8.76/kW as outlined in the applicable tariff.³³

11 **Q. WHAT SYSTEM-WIDE BENEFITS DOES THE CDR PROGRAM**
12 **PROVIDE?**

13 A. The CDR program allows the Company to manage demand during times of grid
14 stress by incentivizing load reductions, which benefits all customers by
15 reducing the need for costly peaking generation, helping prevent outages, and
16 potentially deferring the construction of new generation facilities. Participating
17 customers are compensated for delivering this system-wide value through a bill
18 credit.

³² See FPL Twenty-Sixth Revised Sheet No. 8.680, Commercial/Industrial Demand Reduction Rider (CDR).

³³ See *id.*

1 **Q. IS THE COMPANY PROPOSING CHANGES TO THE CDR CREDIT?**

2 A. Yes, it is. The Company is proposing to reduce the CDR Credit from the current
3 rate of \$8.76/kW to \$6.22/kW.³⁴

4 **Q. DOES WALMART CURRENTLY PARTICIPATE IN THE CDR**
5 **PROGRAM?**

6 A. Yes, Walmart is currently participating in the CDR program.

7 **Q. WHAT IS WALMART'S RESPONSE TO THE COMPANY'S**
8 **PROPOSED REDUCTION TO THE CREDIT?**

9 A. It is my understanding that, at the current credit level, the Company has
10 determined the CDR program yields a positive benefit-to-cost ratio of 1.06
11 under the Rate Impact Measure ("RIM") test.³⁵ Nevertheless, despite this
12 favorable outcome, the Company now proposes to reduce the credit in order to
13 increase the RIM ratio to 1.49.³⁶ Walmart believes that reducing customer
14 compensation to enhance the benefit-to-cost ratio is short-sighted, as it risks
15 undermining customer participation and the overall effectiveness of the
16 program.

17 **Q. PLEASE EXPLAIN.**

18 A. For customers like Walmart to participate in programs like the CDR program,
19 the economics must be sufficient to justify the operational impacts of
20 participation. Specifically, participation may require running backup generation

³⁴ See Direct Testimony of Andrew W. Whitley, p. 40, lines 14-16.

³⁵ See *id.* at 40, lines 8-12.

³⁶ See *id.* at 40, lines 14-18.

1 and incurring associated costs. If the credit is reduced to the proposed
2 \$6.22/kW, there is a significant risk that current participants may choose to
3 withdraw, and prospective participants may be discouraged from enrolling due
4 to the diminished economic value. This reduction in participation could
5 ultimately undermine the program's effectiveness and negatively affect the very
6 benefit-to-cost ratio the Company seeks to improve.

7 **Q. ARE THERE OTHER CONCERNS WITH REDUCING THE CDR**
8 **CREDIT?**

9 A. Yes, there are several important considerations. Beyond the potential negative
10 impact on the RIM benefit-to-cost ratio, maintaining a robust load reduction
11 program like the CDR program is critical for system reliability and overall grid
12 efficiency. Programs like this serve as valuable demand-side management tools
13 that give the Company flexibility during periods of grid stress – such as extreme
14 weather events or unplanned outages – when system demand is unusually high.

15 When large commercial customers like Walmart reduce their load
16 during these peak periods, the Company can avoid dispatching more expensive
17 peaking generation resources, which can be less efficient and more costly for
18 the Company to operate. Moreover, effective load reduction helps the Company
19 prevent capacity shortfalls that could otherwise lead to involuntary measures
20 like rotating outages. In this way, the CDR program not only supports the
21 Company's operational resilience but also delivers broad system-wide benefits,
22 including cost savings and improved reliability. Undermining participation

1 through reduced credits jeopardizes these benefits at precisely the time when
2 the grid needs flexible, responsive demand-side resources the most.

3 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE**
4 **COMMISSION WITH REGARD TO THE CDR CREDIT?**

5 A. To promote participation and to ensure the continued effectiveness of the CDR
6 program, Walmart recommends that the Commission reject the Company's
7 proposal to reduce the CDR credit and instead, at a minimum, maintain the
8 credit at its current level.

9
10 **(B) *Proposed Large Load Tariffs – Rate LLCS-1 and Rate LLCS-2***

11 **Q. IS THE COMPANY PROPOSING NEW TARIFFS FOR "LARGE**
12 **LOAD CUSTOMERS?"**

13 A. Yes, the Company is proposing two new tariffs specifically for what it is
14 describing as "large load customers" – Rate LLCS-1 and LLCS-2.³⁷

15 **Q. WHAT ABOUT RATE LLCS-1?**

16 A. The proposed Rate LLCS-1 will serve up to 3 gigawatts ("GW") of combined
17 load within three designated zones – Sunbreak (St. Lucie County), Tesoro
18 (Martin County), and Sugar (Palm Beach County) – chosen for their proximity
19 to FPL's 500 kV transmission infrastructure and suitability for additional
20 generation capacity, which minimized network upgrade costs.³⁸ Rate LLCS-1
21 includes a stated rate reflecting the cost of new generation capacity needed to

³⁷ See MFR, Schedule E-14, pp. 130-136.

³⁸ See Cohen Direct, p. 24, lines 7-14.

1 serve the 3 GW load, which will be updated in future rate proceedings based on
2 the specifics of the installed resources.³⁹ Once the 3 GW cap is fully subscribed,
3 the rate schedule will be closed to new or incremental load.⁴⁰

4 **Q. WHAT IS THE PROPOSED STRUCTURE FOR RATE LLCS-2?**

5 A. The proposed Rate LLCS-2 is similar to Rate LLCS-1, but differs in three key
6 ways: (i) it is not available in the three designated LLCS-1 regions; (ii) it has
7 no 3 GW load cap; and (iii) it does not include a stated rate for the incremental
8 generation capacity needed to serve customer load.⁴¹ Rate LLCS-2 is an
9 optional rate for customers who choose to locate outside the specified LLCS-1
10 zones.⁴²

11 **Q. HOW DOES THE COMPANY ASSERT THAT THESE TARIFFS WILL**
12 **PROTECT NON-LARGE LOAD CUSTOMERS?**

13 A. The Company states that both Rates LLCS-1 and LLCS-2, along with the
14 associated LLCS Service Agreement, include multiple safeguards to protect the
15 general body of customers from bearing the incremental costs of serving large,
16 high-load-factor customers, including:

- 17 • Service availability is limited to FPL's capacity based on the estimated in-
18 service date;

³⁹ See *id.* at 24, lines 14-18.

⁴⁰ See *id.* at 24, lines 18-20.

⁴¹ See *id.* at 24, line 22 to 25, line 3.

⁴² See *id.* at 25, lines 3-4.

-
- 1 • FPL retains sole discretion over resource selection to serve these loads,
2 aligned with its system planning and Commission-approved Ten-Year Site
3 Plan;
4 • Customers must enter into a binding LLCS Service Agreement outlining
5 service terms, responsibilities, capacity timelines, and commercial
6 conditions, including the requirement for new impact studies for additional
7 load;
8 • A 20-year minimum service term with a two-year termination notice
9 ensures recovery of infrastructure costs;
10 • A set maximum demand and negotiated ramp-up schedule aligns resource
11 deployment with customer demand growth;
12 • Take-or-pay provisions that require customers to pay from the in-service
13 date regardless of whether full projected load is achieved; and
14 • Early termination fees that further ensure general customers are not left
15 covering unrecovered costs.⁴³

16 The Company claims that these provisions will ensure that the costs of new
17 generation capacity required to serve LLCS customers are fully borne by those
18 customers and not subsidized by the broader customer base.⁴⁴

⁴³ See *id.* at 26, line 21 to 28, line 9.

⁴⁴ See Cohen Direct, p. 28, lines 10-13.

1 **Q. DOES WALMART SUPPORT LARGE LOAD TARIFFS SUCH AS**
2 **RATES LLCS-1 AND LLCS-2?**

3 A. Generally, yes it does. Due to the significant forecasted load growth driven in
4 large part by data centers, Walmart supports the creation of separate tariffs
5 specifically designed to address the unique characteristics of large load
6 customers. While traditional large C&I customers have historically driven
7 electricity demand, they also tend to deliver broader economic benefits to the
8 local community, including significantly more job opportunities compared to
9 the limited ongoing positions typically associated with data center operations.

10 Additionally, data centers present a unique challenge due to the scale
11 and concentration of their energy demands. Individual data center projects can
12 be hundreds or even thousands of MWs in size, with a single facility potentially
13 comprising a substantial portion of a utility's system peak. This level of
14 concentrated load presents system planning and cost recovery risks not typically
15 associated with other types of commercial or industrial development.

16 **Q. HOW DO TARIFFS SUCH AS RATES LLCS-1 AND LLCS-2 ADDRESS**
17 **THESE CONCERNS?**

18 A. Given the unprecedented scale of electricity demand associated with large load
19 customers – and the significant investment required to serve that demand – it is
20 essential that appropriate safeguards are implemented to protect existing
21 customers. This includes ensuring that projected load materializes as expected
22 and remains in service over a meaningful duration. Additionally, Walmart

1 believes that fostering a supportive environment for traditional C&I customers
2 is vital to Florida's long-term economic health. Establishing separate large load
3 tariffs can provide a prudent framework to manage the unique risks posed by
4 data center growth while balancing the broader interests of both current and
5 prospective customers across the state.

6 **Q. DOES WALMART HAVE CONCERNS WITH RATES LLCS-1 AND**
7 **LLCS-2?**

8 A. While Walmart does not take issue with the overall structure of Rates LLCS-1
9 and LLCS-2, it is concerned that the minimum eligibility thresholds –
10 particularly the requirement that customers with projected new or incremental
11 load of 25 MW qualify – may be set too low. This threshold could
12 unintentionally subject traditional C&I customers to these rate schedules, even
13 if the Company did not intend for the rates to apply to them. Clarification or
14 adjustment of the criteria may be necessary to ensure the rates are targeted only
15 to the types of large load customers they were designed to address.

16 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE**
17 **COMMISSION WITH REGARD TO THE PROPOSED RATES LLCS-1**
18 **AND LLCS-2?**

19 A. To ensure that Rates LLCS-1 and LLCS-2 are applied only to the types of
20 customers the Company intends for them to apply and not to traditional C&I
21 customers, Walmart recommends increasing the eligibility threshold from 25
22 MW to 75 MW.

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A. Yes, it does.

1 BY MS. EATON:

2 Q Ms. Perry, did you also prepare and cause to
3 be filed with your prefiled direct testimony six
4 exhibits marked as LVP-1, LVP-2, LVP-3.1, LVP-3.2,
5 LVP-4.1 and LVP-4.2?

6 A Yes, I did.

7 MS. EATON: And for the record, those exhibits
8 have been identified as Exhibits 273 through 278 on
9 the Comprehensive Exhibit List.

10 CHAIRMAN LA ROSA: Okay.

11 BY MS. EATON:

12 Q Do you have any changes to your exhibits?

13 A No, I do not.

14 Q And did you prepare a summary of your prefiled
15 direct testimony?

16 A Yes, I did.

17 Q Would you please read that to the Commission,
18 staff and the parties present?

19 A Yes. Thank you.

20 Good morning, Chair and Commissioners. My
21 name is Lisa Perry. I am a director on the utility
22 partnership's team at Walmart.

23 Walmart operates nearly 400 stores and 15
24 distribution facilities in Florida, employing more than
25 119,000 associates. Within FPL's service territory, we

1 have 179 stores and four distribution centers.

2 Electricity is one of our largest operating costs, so
3 rate increases matter greatly to us and to the customers
4 who we serve.

5 First, Walmart urges the Commission to ensure
6 that any rate increase is no more than necessary to
7 provide reliable service while allowing FPL a reasonable
8 return. In this case, FPL is asking for an 11.9 percent
9 return on equity, up from its current 10.8 percent.
10 This request is well above recent Florida approvals.
11 For example, 10.3 percent was awarded for Duke Energy,
12 and 10.5 percent for TECO; and also far above the
13 national average of around 9.8 percent for vertically
14 integrated utilities. Approving 11 -- approving 11.9
15 percent would add more than half a billion dollars to
16 customer costs in 2026 alone.

17 Second, Walmart recommends that the Commission
18 maintain the current 12 CP and 1/13th method for
19 allocating production costs rather than FPL's proposed
20 12 CP and 25 percent approach. The existing method
21 fairly reflects how generation is built to meet system
22 peaks. Shifting more costs to energy use would unfairly
23 burden high load factor customers like Walmart without
24 evidence of a change in cost causation.

25 Third, Walmart asks the Commission to keep the

1 CDR credit at its current rate of \$8.76 per kilowatt
2 rather than reducing it to \$6.22, as proposed by FPL.
3 The CDR program provides system-wide reliability and
4 cost benefits. Reducing the incentive may discourage
5 participating and weaken the valuable demand-side
6 management tool.

7 Finally, Walmart supports FPL's creation of
8 large load tariffs for hyperscale customers like data
9 centers, but recommends raising the eligibility
10 threshold from its current 25 megawatts to 75 megawatts
11 to ensure traditional commercial and industrial
12 customers are not unintentionally included in these new
13 rate schedules.

14 In summary, Walmart respectfully requests that
15 the Commission reject the proposed 11.9 percent ROE,
16 maintain the 12 CP and 1/13th cost allocation, keep the
17 current CDR credit and limit the new large load tariffs
18 to customers above 75 megawatts. These actions will
19 promote cost-based rates, protect customers and maintain
20 Florida's balance of affordability and reliability.

21 Thank you for your time.

22 **Q Thank you.**

23 MS. EATON: Mr. Chairman, Ms. Perry is now
24 available for cross-examination.

25 CHAIRMAN LA ROSA: Thank you.

1 OPC?

2 MS. CHRISTENSEN: Yes.

3 EXAMINATION

4 BY MS. CHRISTENSEN:

5 Q Good morning, Ms. Perry.

6 A Good morning.

7 Q How are you doing?

8 A I am good.

9 Q In your testimony you filed June 9th, you
10 addressed ROE and capital structure, correct?

11 A Correct.

12 Q And you would agree that it's accepted
13 practice under Bluefield and Hope to estimate the
14 required return on equity using modeling such as DCF and
15 CAPM?

16 A I know that's what's traditionally done, yes.

17 Q Okay. And as we were just discussing, you
18 would agree that the discounted cash flow method is one
19 of the models that's generally used to estimate ROE?

20 A That is my experience.

21 Q And you did not conduct any DCF modeling for
22 your testimony?

23 A No, I did not.

24 Q Okay. And you would agree that the capital
25 asset pricing model is another method frequently used to

1 **estimate ROE, correct?**

2 A Similar --

3 MS. EATON: I would -- I would object and just
4 say Ms. Perry has her direct testimony which shows
5 what she did and didn't do, and it's -- she didn't
6 do modeling. We can stipulate that she didn't do
7 modeling.

8 MS. CHRISTENSEN: And while I appreciate that
9 comment by co-counsel, you know, I am trying to
10 conduct my cross-examination and highlight what I
11 think is absent. This is cross-examination. It is
12 intended to highlight things that are absent from
13 her testimony, so I think this is a fair line of
14 questioning, and at this point I only have a few
15 more questions and I don't -- I am not agreeable to
16 stipulating my cross-examination.

17 CHAIRMAN LA ROSA: I would just -- I would
18 simply state that the witness can answer the
19 question if they know the answer to it.

20 MS. CHRISTENSEN: Thank you.

21 BY MS. CHRISTENSEN:

22 **Q You would agree that the capital asset pricing**
23 **model is another frequently used methodology for**
24 **estimating ROE?**

25 A In my experience, I have seen it, yes.

1 Q Okay. And you didn't do any CAPM analysis
2 yourself, correct?

3 A Correct.

4 Q Okay. And finally, you would agree that the
5 risk premium model is also a method that's used to
6 estimate ROE, correct?

7 A Correct.

8 Q And you did not do any risk premium analysis
9 yourself, did you?

10 A That is correct.

11 Q Okay. On page 10, lines six through 16, you
12 say that FPL's requested 11.9 is significantly higher
13 than the ROEs approved by the Commission since 2023,
14 correct?

15 A Correct.

16 Q And you cite the 10.3 ROE awarded by Duke in
17 March of '24 as part of the -- as part of a settlement,
18 correct?

19 MR. BURNETT: Mr. Chairman, I am going to
20 object to friendly cross-examination.

21 CHAIRMAN LA ROSA: Can you restate the
22 question that you just asked to make sure that's
23 what you are objecting to?

24 MS. CHRISTENSEN: Well, this is a foundational
25 question for my next question, but I don't know

1 that there is actually anything considered friendly
2 cross other than the method of asking the question.
3 I am certainly not asking --

4 CHAIRMAN LA ROSA: Can you restate the
5 question?

6 MS. CHRISTENSEN: Certainly.

7 Would you agree -- I think in your opening,
8 you cited the cases that were recently awarded by
9 this commission. Were you aware that in the Duke
10 case and the FPUC case, that OPC was a signatory to
11 those settlements?

12 CHAIRMAN LA ROSA: Before that question is
13 answered, is that what you were objecting to?

14 MR. BURNETT: Mr. Chairman, I am just simply
15 -- to the extent she's putting in testimony that
16 aligns with OPC's testimony, it's free friendly
17 cross, and that's one of the first things you told
18 us at the start of the hearing.

19 MS. CHRISTENSEN: I mean, there is no actual
20 objection as friendly cross. I am allowed to
21 elicit the information that I want whether or not
22 it's detrimental or helpful to my case. And I this
23 I his objection is it's going to hurt his case, and
24 that's not an actual objection.

25 MR. BURNETT: Mr. Chairman, my actual

1 objection is it's cumulative.

2 MS. CHRISTENSEN: I don't think that that was
3 actually in the testimony, so I don't think it can
4 be cumulative. That's why I am trying to ask cross
5 questions on it.

6 CHAIRMAN LA ROSA: Okay. Let me go to my
7 advisors on this, having heard from the parties
8 multiple times.

9 MS. HELTON: Mr. Chairman, if you will give me
10 one second, I am looking up the prehearing order to
11 see exactly what it says about friendly cross, but
12 the Commission has a long history of --

13 CHAIRMAN LA ROSA: It's definitely
14 discouraged.

15 MS. HELTON: Yes, sir.

16 MR. MARSHALL: Mr. Chairman, if I could just
17 be briefly heard on this. I mean, the definition
18 of friendly cross cannot be answers that help our
19 side of the case, because that is the entire point
20 of cross, is to get answers that help our case.

21 CHAIRMAN LA ROSA: Thank you.

22 MS. HELTON: I am looking at page five of the
23 prehearing order, and it states that the parties
24 shall avoid duplicative or repetitious
25 cross-examination. Further, friendly

1 cross-examination will not be allowed.

2 Cross-examination shall be limited to witnesses
3 whose testimony is adverse to the party desiring to
4 cross-examine. Any party conducting what appears
5 to be a friendly cross-examination of a witness
6 should be prepared to indicate why that witness'
7 direct testimony is adverse to its interests.

8 MS. CHRISTENSEN: Well, I believe that this
9 cross -- or her examination, as I pointed out, they
10 did not do the same analysis that our witness did
11 to coming and have an ROE recommendation, and their
12 recommendation is based on just surveying ROEs, and
13 that's what I am trying to elicit through my cross.

14 So it's not the same as my cross on ROE. It's
15 not aligned. And I will grant you, it's not FPL's
16 case, but that -- I don't think that that makes it
17 not friendly to my thing. They are not supporting
18 my ROE witness, so I think I have the opportunity,
19 and should have the opportunity to elicit the
20 differences between that cross-examination.

21 I only have a few pages. It's probably taking
22 more to object to this.

23 CHAIRMAN LA ROSA: Initially, you mentioned
24 that this was a foundational question.

25 MS. CHRISTENSEN: Correct, and my next

1 question on, and I am trying to condense it, was
2 whether or not she was aware in the Duke case and
3 the FPUC case that FPUC was a signatory to the
4 settlement that approved those ROEs.

5 CHAIRMAN LA ROSA: If that's where you are
6 picking up with that question, let's proceed.

7 BY MS. CHRISTENSEN:

8 Q Ms. Perry, do you want me to repeat the
9 question?

10 A Yes, please.

11 Q Sure.

12 Were you aware in the Duke case, the ROE that
13 you cited, as well as the FPUC case that you cited
14 today, were you aware that OPC was signatories to those
15 settlements?

16 A I am not aware of that off the top of my head.

17 Q Okay. And were you aware that the TECO ROE of
18 10.5, that was a result of a fully litigated case?

19 A I believe so. If I go to my Exhibit LVP-2,
20 which is where I got this information, it does list the
21 TECO case as fully litigated.

22 Q Okay. And on page 11 of your testimony, lines
23 seven through 12, I think this is the part where you
24 discuss the impact of the 11.9 percent requested ROE
25 from FPL, the difference between that and the current

1 10.8 percent ROE, is that correct?

2 A That is correct.

3 Q Okay. In the analysis that you did, did you
4 look at the average of 100 reported electric utility
5 rate case ROEs authorized by commissions from 2023
6 through April of 2025?

7 A Yes, I believe so.

8 Q Okay. And would you agree that the range for
9 those ROEs was -- I am sorry. Oh, I am sorry, okay,
10 that the range for those ROEs was from 8.63 percent to
11 11.45 percent?

12 A Yes.

13 Q Okay. And if I am looking at page -- and am I
14 correct that of the vertically integrated utilities that
15 you looked at, the average ROE was 9.68 percent for '23,
16 '24 and '25, on page 11, line 20?

17 A Yes, for investor-owned utilities? Yes,
18 that's correct.

19 Q Okay. And was the highest ROE that you
20 included in your review, was that for 11.45 percent, and
21 was that awarded to Alaska Electric Light Power Company
22 in August of 23?

23 A Correct.

24 Q And I think -- is there a difference between
25 the average authorized ROE for the vertically integrated

1 **electric IOUs from '23 through '25?**

2 A Yes, when you look just at vertically
3 integrated, then there is a different average.

4 Q Okay. And is that -- the average ROE for the
5 vertically integrated, is that slightly higher at
6 9.78 percent?

7 A Yes.

8 Q And would you agree that the review of the
9 other vertically integrated electric IOUs analysis is
10 not an ROE calculation, but, rather, a check if the ROE
11 is set appropriately?

12 A I don't know if I would say is set
13 appropriately. I mean, I think it's -- the attempt is
14 to provide a national perspective on where ROEs have
15 been awarded as a benchmark or a point of comparison.

16 Q Okay. And on page 15 of your testimony, you
17 claim that the nationwide perspective is relevant since
18 FPL is often competing for capital on a nationwide basis
19 with respect to other electric utilities, is that
20 correct?

21 A That's correct.

22 Q So would you agree that the recommendation not
23 to approve FPL's requested 11.9 percent ROE is not based
24 on any of the traditional DCF, CAPM or risk premium
25 analysis?

1 A Yes. That's correct.

2 Q And in your testimony, you state that the 2026
3 weighted average cost of capital of 7.63 percent is
4 based on a common equity of 50.07 percent, correct?

5 A Where in my testimony is that?

6 Q I believe it's towards the end of your
7 testimony.

8 A I thought it was in the beginning.

9 Q Well, let me ask you this: Would you agree
10 that common equity ratio is different than the
11 percentage of common equity to total cost of capital?

12 A I --

13 MS. EATON: I think this is getting a little
14 bit beyond her testimony.

15 MS. CHRISTENSEN: If she doesn't know, that's
16 fine.

17 CHAIRMAN LA ROSA: If the witness knows the
18 answer to the question, they may answer it. If
19 they simply don't, then they can say that.

20 THE WITNESS: No, I don't believe so. I don't
21 know.

22 MS. CHRISTENSEN: Okay. Well, with that, I
23 think I will just end my questioning. Thank you,
24 Ms. Perry.

25 THE WITNESS: Thank you.

1 CHAIRMAN LA ROSA: Thank you.

2 FEL?

3 MR. MARSHALL: Thank you, Mr. Chairman.

4 EXAMINATION

5 BY MR. MARSHALL:

6 Q Good morning, Ms. Perry.

7 A Good morning.

8 Q You would agree that Walmart advocates that
9 rates be set based on the utility's cost of service for
10 each rate class?

11 A Yes.

12 Q And that's because it produces equitable rates
13 that reflect cost causation, sends proper price signals
14 and minimizes price distortions?

15 A Correct.

16 Q And in your testimony about production plant,
17 you testify that the timing and size of a utility's
18 production plant capacity additions are generally made
19 to meet the maximum demand based on the utility's system
20 by all customer classes, also known as it's CP?

21 A Right. Correct.

22 Q So on page 21, lines three to four of your
23 testimony, you say that the costs being incurred for
24 solar are to meet system capacity requirements, not
25 energy usage?

1 A Well, I would say it's -- yes. I mean, I
2 think that if you are going to build generation that you
3 don't need for your highest capacity needs, so your
4 coincident peak, then it seems like to me you would be
5 overbuilding a system.

6 **Q Well, we might agree with that, but do you**
7 **have an analysis that shows that FPL is adding solar**
8 **plants to its system to meet capacity requirements and**
9 **not for its energy usage?**

10 A Well, it's also -- well, it's meeting capacity
11 in the sense that you want to make sure that on the
12 hottest day in the summer, that no matter who you are,
13 you can turn your air conditioning on, and also it's for
14 usage as well, I mean, in order to provide power to its
15 customers.

16 **Q Are you aware of FPL's showing its decline --**
17 **a declining firm capacity value for the solar it's**
18 **adding to the grid?**

19 A I believe that's what they said in their
20 original filing.

21 **Q Do you have any analysis to show that a**
22 **different firm capacity value should be awarded to those**
23 **new solar additions?**

24 A I am sorry, could you repeat the first part of
25 that question?

1 Q Of course.

2 Do you have an analysis to show that a
3 different firm capacity value should be given to those
4 new solar additions?

5 A You know what, I don't, and that's why in my
6 testimony that I recommend they stay with the current
7 allocation methodology, because I don't believe that
8 there is sufficient evidence to show that what they are
9 proposing should be shifted more towards energy.

10 Q On page 23 of your testimony, you show the RS
11 and GS classes above parity, is that right?

12 A Yes.

13 Q And rate classes with a parity index greater
14 than 100 percent shoulder subsidize some of the revenue
15 responsibilities for the classes with a parity index
16 less than 100 percent?

17 A That is correct.

18 Q Switching to the CDR credits. Your testimony
19 is that part of the value is large customers like
20 Walmart can reduce their load during peak periods,
21 allowing FPL to avoid dispatching more expensive peaking
22 generation resources?

23 A That's correct.

24 Q Has FPL, in the last 10 years, dispatched its
25 interruptible program in this fashion, to avoid

1 **dispatching its more expensive peaking generation?**

2 A I believe that would be a question that you
3 would have to ask FPL.

4 Q **And so you don't know if there has been**
5 **interruptions in the last 10 years?**

6 A I don't know for sure.

7 Q **And you haven't conducted your own RIM**
8 **analysis to show the cost-effectiveness of the CDR**
9 **credit?**

10 A No. I relied on the RIM analysis that FPL did
11 with the credit at its current rate.

12 Q **If we could next go to master page F10-3640?**
13 **This is CEL Exhibit 991.**

14 MS. EATON: Bradley, can you talk a little bit
15 more slowly?

16 MR. MARSHALL: I am sorry.

17 MS. EATON: And also, it takes just a sec for
18 the dock to pull up, so hold on.

19 CHAIRMAN LA ROSA: You are certainly going
20 through rapid fire on this one.

21 MR. MARSHALL: Yes, I apologize, I was trying
22 to be quick.

23 MS. EATON: I understand.

24 BY MR. MARSHALL:

25 Q **Just a couple of questions on this. These are**

1 **the workpapers -- these are your workpapers, right?**

2 A Correct.

3 **Q And you use these to support your testimony in**
4 **this case?**

5 A Yes, I did.

6 **Q And it also supports the charts in your**
7 **testimony, as well as the exhibits attached to your**
8 **testimony?**

9 A Yes.

10 **Q Great. Thank you. That's all my questions**
11 **for you, Ms. Perry.**

12 A Thank you.

13 CHAIRMAN LA ROSA: Thank you.

14 FAIR?

15 MR. SCHEF WRIGHT: No cross for Ms. Perry.

16 Thank you, Mr. Chairman.

17 CHAIRMAN LA ROSA: FIPUG?

18 MS. PUTNAL: Thank you. No questions.

19 CHAIRMAN LA ROSA: FEIA?

20 MR. MAY: No questions.

21 CHAIRMAN LA ROSA: FPL?

22 MR. BURNETT: No questions.

23 CHAIRMAN LA ROSA: Staff?

24 MR. STILLER: No questions.

25 CHAIRMAN LA ROSA: Commissioners, do we have

1 any questions?

2 Seeing none, back to Walmart for redirect.

3 MS. EATON: No redirect.

4 CHAIRMAN LA ROSA: Okay.

5 MS. EATON: Walmart moves for admission of CEL
6 Exhibits 273 through 278 into the record, and ask
7 that Ms. Perry be excused.

8 CHAIRMAN LA ROSA: Assuming there is no
9 objections to those, so moved.

10 (Whereupon, Exhibit Nos. 273-278 were received
11 into evidence.)

12 CHAIRMAN LA ROSA: Ms. Perry, you are excused
13 goer. Thank you for your testimony.

14 (Witness excused.)

15 CHAIRMAN LA ROSA: Any other parties have
16 anything else to move into the record? FEL?

17 MR. MARSHALL: We have one exhibit, Exhibit
18 No. 991.

19 CHAIRMAN LA ROSA: Any objections?

20 MS. EATON: No.

21 CHAIRMAN LA ROSA: Seeing none, so moved.

22 (Whereupon, Exhibit No. 991 was received into
23 evidence.)

24 CHAIRMAN LA ROSA: Okay. So it's 10:40. I
25 have certainly considered the concerns of all the

1 parties. I will just state at that my role is to
2 make sure that we move along in an orderly fashion,
3 that we stay on time and on task.

4 There is a second phase of this hearing, I
5 will call it, right, that is really unknown. I
6 know the parties are talking, and maybe you guys
7 have got a better understanding of the flow of how
8 that part of the hearing will operate as far as
9 time, but I am very cautious of that.

10 My personal belief is the combination would
11 make sense, but that's not what I am going to
12 decide. I am going to decide to keep it as is. So
13 we will bring back Mr. Coyne and finish his direct
14 testimony. We will keep it separate from rebuttal,
15 and the same for Mr. Bores.

16 So let's try to pick up where we left off with
17 Mr. Coyne. I probably should give him some type of
18 heads up. Is he in the room? Oh, there he is.
19 Excellent.

20 MS. MONCADA: He is in the room, yes.

21 CHAIRMAN LA ROSA: Mr. Coyne, you can come
22 back to the witness stand. Yeah, sure. No
23 worries, because I didn't give you any warning,
24 let's take a quick five-minute break and then we
25 will reconvene.

1 (Brief recess.)

2 CHAIRMAN LA ROSA: Is FEL ready? Okay. Let's
3 go ahead and pick up where we left off maybe an
4 hour ago or so.

5 Just a quick reminder, Mr. Coyne, you are here
6 in the witness box still sworn under oath in
7 questioning with FEL.

8 THE WITNESS: Thank you, sir.

9 CHAIRMAN LA ROSA: Thank you.

10 MS. McMANAMON: Thank you.

11 (The witness resumed the stand and testimony
12 continues as follows:)

13 EXAMINATION

14 BY MS. McMANAMON:

15 Q Good morning again, Mr. Coyne.

16 A Good morning.

17 Q Just for everyone to show know, this shouldn't
18 take too long, I don't think, but you explain in your
19 testimony that the ROE recommendation is based on the
20 formal average ROE, correct?

21 A Yes.

22 Q And is this your practice for recommending
23 ROEs by taking the average of model results?

24 A No. I look at the range from the models, and
25 oftentimes my recommendation is different than the

1 average, so it's not exclusively the average. It's a
2 starting point for me, though.

3 Q And can we look at F10-16023? And this is
4 Exhibit 1119.

5 And these are the other jurisdictions you have
6 provided testimony in, correct? You may need to zoom in
7 a little.

8 A I take it you are looking at my resume?

9 Q It's not your resume. It's the jurisdictions
10 you have provided testimony and the recommended ROEs
11 that you have provided in all of them?

12 A I see. Yes. That was in response to
13 discovery.

14 Q Yes.

15 And what you are recommending for FPL is the
16 highest ROE that you have recommended for an
17 investor-owned utility in your professional experience,
18 correct?

19 A No.

20 Q Can you point me to --

21 A Yes. There have been sev -- I am not sure if
22 it's on this page or not, but I suspect it probably is
23 several, but there have been several transmission
24 proceedings before the FERC, where the ROE
25 recommendation has been substantially higher.

1 **Q Okay. But those aren't on --**

2 A Let's take a look, if we could scroll to
3 through FERC.

4 **Q And for just investor-owned utilities is what**
5 **I am asking about.**

6 A Right. Right. I don't see those here, but --
7 well, no, there is -- okay. I see the one above it, but
8 that's actually a pipeline case. And there have been
9 other FERC cases as well, where the recommended ROE has
10 been higher, but I don't see those on this list.

11 **Q Okay. And next moving to your discussion of**
12 **the different risk factors, the risk factors that you**
13 **consider in your testimony, are these standard**
14 **considerations for all utilities that you look at?**

15 A Some are, some aren't, and some are emerging.
16 So regulatory framework is -- the financial analysis is,
17 some are unique to FPL, for example, storm risk.
18 Although, it's an increasing risk for the industry in
19 general, it's a specific risk to FPL. Nuclear
20 generation risk is specific to FPL. I do look at
21 capital expenditure profiles for all the utilities that
22 I look at, so that's common. So some are common and
23 some are not.

24 **Q And you consider high capital spending as a**
25 **risk factor, correct?**

1 A I do, because the credit rating agencies look
2 at it that way, and it's consistent with my
3 understanding of how investors consider utilities as
4 well. Investors like to see growth, but they also know
5 that growth comes with risks.

6 **Q And you state that FPL's capital expenditures**
7 **is the fourth highest in your proxy group, correct?**

8 A I believe that's right.

9 **Q But you are not recommending any upward**
10 **adjustment to your proposed ROE because of this risk**
11 **factor?**

12 A That's right. I didn't recommend any
13 adjustment factor as a result of FPL's risks, even
14 though they are notable in several of these areas.

15 **Q And you are also not providing testimony on**
16 **whether FPL's capital expenditures are prudently**
17 **incurred, correct?**

18 A That's correct.

19 **Q You also discuss weather risks as a risk**
20 **factor. You discuss the risks from storm damage and**
21 **that FPL territory has experienced more active storm**
22 **seasons more recently than in the past, correct?**

23 A Yes.

24 **Q And you should have a big red binder. It**
25 **might be behind you. It's the one with the tabs if you**

1 **see?**

2 A Number one or number two?

3 Q **The one with the tabs sticking out. That one**
4 **might not be it.**

5 MR. SCHULTZ: That's just the 344. I think I
6 just handed him the one with the tabs.

7 MS. McMANAMON: Okay. Perfect. Thank you.

8 BY MS. McMANAMON:

9 Q **And if we could go to FEL 388C, which should**
10 **be towards the back?**

11 A FEL 338?

12 Q **Yes.**

13 A I am with you.

14 Q **And this is an article that you cite to in**
15 **your direct testimony, correct? If you don't recall, I**
16 **can point you to the footnote.**

17 A Yes, I did.

18 Q **And I am assuming this is confidential because**
19 **of copyright, correct, so it would be --**

20 A It's a copyright issue with Standard & Poor's,
21 yes.

22 Q **So where it says, under the, in blue, CAPEX**
23 **and climate change pressures credit quality, do you see?**

24 A That I do.

25 Q **Do you believe climate change is a factor**

1 **impacting FPL's risk?**

2 A I do.

3 Q Thank you.

4 And moving to your discussion of the
5 **regulatory risk. In your evaluation of FPL's regulatory**
6 **risk, you looked at the test year convention, rate base**
7 **convention, revenue decoupling, capital cost recovery,**
8 **CWIP and rate base, correct?**

9 A Yes.

10 Q And you discuss that 68 percent of the
11 **operating companies held by the proxy group have either**
12 **full or partial revenue decoupling mechanisms?**

13 A Yes. Am I done with this particular exhibit?

14 Q You are.

15 A I will set this aside.

16 Q Yes. We are not going to do that again, so...

17 A I will set that aside.

18 Q Thank you.

19 A In my direct testimony, I have a section on
20 **risk. It begins --**

21 Q I have the master number as C6-1545, if we
22 **just want to go to it. I think it's line 11.**

23 A Okay. I am referring to my direct testimony,
24 **beginning on page 44, where I discuss business risk, are**
25 **you referring to?**

1 **Q** Yes, the regulatory risk, where you discuss
2 that 68 percent of operating companies held by the proxy
3 group have either full or partial revenue decoupling
4 mechanisms, page 49 -- or -- you want me to say the
5 master number again? C6-1545.

6 **A** Okay.

7 **Q** Line 11. Can you see what page that is of the
8 rebuttal -- or direct testimony?

9 **A** I have page 57 --

10 **Q** Okay.

11 **A** -- where I begin to discuss regulatory risk.

12 **Q** Thank you.

13 And to your knowledge, if FPL wished to
14 propose a revenue decoupling mechanism in this rate
15 case, it would be free to, correct?

16 **A** Is your question would FPL be free to propose
17 revenue decoupling?

18 **Q** Yes.

19 **A** I guess they would be free to propose it.
20 Whether or not the Commission would accept it or not is
21 another matter.

22 **Q** Right.

23 **A** In some jurisdictions decoupling is actually
24 promoted as a legislative issue, so not all commissions
25 will take that step.

1 Q But to your knowledge, there is nothing to
2 preventing FPL from proposing that?

3 A No not to my knowledge.

4 Q Okay. And you also consider FPL's proposal
5 for its four-year rate plan as a potential regulatory
6 risk, correct?

7 A Yes. Well, it's a -- it becomes an
8 operational risk because of the, you know, the farther
9 you get out into the future, the more uncertain costs
10 are and other events that impact the utility's
11 operations.

12 Q And you would agree FPL is not required to
13 propose a four-year rate plan, correct?

14 A Yes.

15 Q And on page 26 of your testimony, the range
16 equity ratios within the proxy group you chose is 41.43
17 to 59.22?

18 A Yes, the average of the holding company equity
19 ratios.

20 Q So that would make your recommended equity
21 ratio of 59.6 for FPL higher than the equity ratios in
22 your proxy group?

23 A Not of all the operating companies, but the
24 average four, if you rolled them up to the holding
25 company, yes.

1 **Q** And is there anywhere in your testimony that
2 considers how your recommended ROE of 11.9, the proposed
3 equity structure of 59.6 and the TAM collectively impact
4 FPL's overall earnings?

5 A Could you repeat the question?

6 **Q** Yes. Sorry.

7 Is there anywhere in your testimony that
8 considers how your recommended ROE of 11.9, the proposed
9 equity structure of 59.6 and the TAM collectively impact
10 FPL's overall earnings?

11 A No, I did not do an earnings analysis. That's
12 not a typical -- not typically associated with a cost of
13 capital analysis. I don't look at earnings. I look at
14 the required return from the marketplace.

15 **Q** One moment. That's all my questions. Thank
16 you.

17 A You are welcome.

18 CHAIRMAN LA ROSA: Thank you.

19 FAIR?

20 MR. SCHEF WRIGHT: Thank you, Mr. Chairman. I
21 do have some cross for Mr. Coyne, and I will -- you
22 will hear as I go, I am going to try to keep it as
23 short as I can. We will be here a little while,
24 but finish before lunch.

25 EXAMINATION

1 BY MR. SCHEF WRIGHT:

2 Q Good morning, Jim. Good to see you again.

3 A Good morning. It's good to be back.

4 Q Good.

5 MR. SCHEF WRIGHT: As a preliminary matter, I
6 will note that at the end of Mr. Coyne's cross, I
7 am going to move a number of exhibits in, not all
8 of which I will cross him about, many of which I
9 will. Those that I wouldn't cross him about
10 include some FPL earnings surveillance reports. I
11 have conferred with my friend Mr. Burnett, and he
12 said, Schef, if they are FPL documents, you can
13 move them in, and we will just get them in now
14 because I will be using them later.

15 CHAIRMAN LA ROSA: Okay. Great.

16 MR. SCHEF WRIGHT: Okay? Thank you.

17 CHAIRMAN LA ROSA: Sure.

18 BY MR. SCHEF WRIGHT:

19 Q Mr. Coyne, you and I, I know we agree that the
20 normal practice that you and I both try to follow is
21 that I will ask a question and you will give an answer
22 that is something like yes, no, or I don't know, after
23 which you are free to explain your answer, good?

24 A I will do my best.

25 Q So will I. Thank you.

1 Will you agree that the regulatory compact is
2 a set of principles, some embodied in statutory law,
3 some embodied in rules, some embodied just in case law
4 and utility practice over time, so far so good?

5 A Yes.

6 Q And generally, the regulatory compact is that
7 the utility gets a monopoly, free from competition,
8 their rates -- in return for which they are regulated,
9 regulation allows them to recover all their reasonable
10 expenses, depreciation costs, taxes, reasonable and
11 prudent investments through rate base, including a
12 reasonable rate of return, correct?

13 A I think that's a good synopsis.

14 Q And following those principles, the rates that
15 fallout fall out of that analysis are regarded as fair,
16 just and reasonable, correct?

17 A Yes.

18 Q Great. I am going to read you -- if you
19 wanted to look at a copy of Hope -- of Bluefield, I have
20 exhibits in the exhibit stack of the Bluefield case and
21 the Hope case. I want to simply ask -- I will start
22 with this predicate question. You agree that those are
23 the real landmark cases as to what a reasonable return
24 is, correct?

25 A They do, and I use them in my testimony.

1 Q Right.

2 I am going to read you a quote from Bluefield
3 and ask if you think it's a fair statement of the
4 Bluefield standard. This is Bluefield Water Works
5 versus Public Service Commission of West Virginia. I
6 know you have heard this before. This is at page 692 of
7 the U.S. Report.

8 Here's the quote: A public utility is
9 entitled to such rates as will permanently it to earn a
10 return on the value of the property which it employs for
11 the convenience of the public equal to that generally
12 being made at the same time and in the same general part
13 of the country on investments and other business
14 undertakings which are attendant by corresponding risks
15 and uncertainties. Is that a fair statement of
16 Bluefield?

17 A It sounds like a direct quote from Bluefield.

18 Q I hope I read it correctly. Thank you.

19 Will you agree that when a regulatory
20 commission or authority sets a utility's revenue
21 requirements and rates based on a specified midpoint
22 ROE, that rate is the fair and reasonable ROE for that
23 utility for the time period covered by the regular
24 regulator's order?

25 A The Commission has consider -- well, I will

1 violate my agreement with you that I made at the outset,
2 because it doesn't lend itself to yes, no, or something
3 else.

4 Because of the way you stated the question,
5 you have -- as I understood your question, you have
6 asked me that whether or not it's the midpoint that the
7 Commission sets that is determinative of how rates will
8 be set? I just want to make sure I understand your
9 question.

10 **Q That wasn't quite the way I tried to frame the**
11 **question. The question I tried to ask is: When the**
12 **Commission sets rates using a specific midpoint ROE,**
13 **11.9 percent, 9.78 percent, whatever it might be, when**
14 **the Commission sets the rate that it is going to use to**
15 **determine the utility's authorized revenue requirements,**
16 **is that rate a fair and reasonable ROE?**

17 A I would assume that when the Commission is
18 setting that rate upon which rates are set, that it is
19 using -- that its judgment is that that is a fair and
20 reasonable return. So I think that -- that's probably
21 the best answer I could give you to your question.

22 My assumption is that the Commission would act
23 that way, but I can't speak for any given commission, of
24 course. But that should be the standard under which
25 they are operating.

1 **Q Okay.**

2 A Now, when you say midpoint, and forgive me if
3 I am giving you more than you are looking for here.
4 When you say midpoint, it's not uncommon for a
5 commission such as this to also provide ranges of
6 allowed returns around that midpoint so --

7 **Q Of course.**

8 A -- that -- you -- going back to your prior
9 question about practice and the regulatory compact, the
10 Commission -- this commission adopts a practice of
11 allowing a bandwidth allowed required returns. And
12 that's not uncommon. So that is also within the rubric
13 of, you know, what I see as being common regulatory
14 practice across the country and in Canada as well.
15 Understanding that setting a rate of return is something
16 that also provides incentives for the utilities, and a
17 certain amount of flexibility around that midpoint can
18 be a desirable thing.

19 **Q My question is really pretty simple. When the**
20 **Commission uses a rate, let's just say 10.8 percent,**
21 **that happens to be FPL's current rate, they have to use**
22 **that rate -- if it's in a rate case decision, they have**
23 **to use that rate to establish the revenue requirements**
24 **that the utility will be authorized to recover, correct?**

25 A Yes.

1 **Q And barring some violation such as occurred in**
2 **the Bluefield case of the utility's due process right --**
3 **rights, barring some violation like that, that rate is a**
4 **fair and reasonable return, correct?**

5 A It was the judgment of the Commission at the
6 time it set that, going back to my answer to your
7 previous question, it was likely the judgment of the
8 Commission when it set that rate, that that was a fair
9 and reasonable return, and that fair and reasonable
10 return can last for years in the context of a multiyear
11 rate plan.

12 One hopes it remains fair and reasonable, but
13 there is a reason that companies come in periodically to
14 test whether or not that's still the case.

15 And the other caveat to that -- I am totally
16 violating our agreement, I realize. I am trying to be
17 responsive to your question.

18 **Q Look at him.**

19 A Okay. All right. I will.

20 But the other caveat to that, as I said, is
21 that sometimes commissions set ranges, and the
22 presumption is that within that range, it remains fair
23 and reasonable.

24 **Q That's certainly right. My point is, when**
25 **they set the rates, when they set the revenue**

1 requirements, they have to use a number for the ROE,
2 correct?

3 A Yes.

4 Q Okay. And isn't it -- you mentioned -- in
5 your explanatory remarks, you mentioned multiyear rate
6 plans, isn't it also true that sometimes utilities will
7 go on for some years without coming back in, given a
8 set -- given rates set on a given ROE with a range
9 around them?

10 A That's correct. Yeah.

11 And I should say at that there is also such a
12 thing as a black box settlement, where commissions don't
13 even set the ROE. They set -- they establish a revenue
14 requirement, and the parties settle around that revenue
15 requirement.

16 Q Thank you. I think many of us in here have
17 been parties to such things, but my questions really are
18 going to the practice of setting an ROE and setting
19 revenue requirements based on a specific ROE, so I will
20 move on.

21 If -- we don't have to go there if we don't
22 want to. We submitted some interrogatories to FPL.
23 There were nine interrogatories. You answered one
24 through six. I will note for everyone's information,
25 these are identified as FAIR cross-examination Exhibit

1 No. 3, and they would appear -- Brian, you don't have to
2 go there, but they appear at F11-67.

3 You sponsored the responses to one through
4 six, Mr. Coyne, correct?

5 A Yes.

6 Q Thank you.

7 Do you have any changes to make to your
8 responses you gave to those interrogatories?

9 A No.

10 Q Thank you.

11 Will you agree that all of the utilities in
12 your proxy group have provided safe and reliable service
13 from January 1st of 2022, through the present day?

14 A Yes.

15 Q Is it your understanding or knowledge, I
16 should hope, that NextEra Energy is FPL's sole common
17 stockholder?

18 A Yes.

19 Q Do you have any knowledge as to what NextEra
20 Energy's common stock price has done over the last
21 three-and-a-half years, since January of 2022?

22 A I'm not aware of that.

23 Q As an analyst in this area working for FPL in
24 this case, you haven't looked at that?

25 A Well, I have from time to time, but I couldn't

1 cite specifically what it's done over a three-and-a-half
2 year period.

3 Q Subject to check, you would accept that their
4 stock price, the NEE stock price has fluctuated roughly
5 between \$60 and the low eighties over the last
6 three-and-a-half years?

7 A I don't have that knowledge.

8 Q Okay. Do you know whether NextEra Energy has
9 been able to issue common stock throughout the period?

10 A I have -- I don't know what NextEra has issued
11 for common stock over that period.

12 Q FPL is a vertically integrated electric
13 utility, correct?

14 A Yes.

15 Q And is that generally why you chose only
16 vertically integrated utilities for your proxy group?

17 A Yes.

18 Q Will you also agree that Duke Energy Florida
19 is vertically integrated?

20 A Yes.

21 Q This is a compound question, but it's simple.
22 Tampa Electric, Duke Energy Carolinas, Duke Energy
23 Progress and Georgia Power are all vertically
24 integrated?

25 A Yes.

1 Q Thank you.

2 If you know, what is Georgia Power's current
3 authorized ROE midpoint? And I would point out, this is
4 addressed in FAIR's cross Exhibits 8 and 9, which are
5 1241 and 1242 in the exhibit list, but you don't have to
6 go there if you know the answer, Jim.

7 A My recollection is that it's 10.5 percent.

8 Q Thanks.

9 Are you further aware that it has been -- it
10 was recently -- I am sorry, that the existing alternate
11 rate plan, which is what the settlement is called in
12 Georgia, are you aware of that?

13 A Yes.

14 Q Okay. Are you aware that that ARP, as they
15 call it, was recently approved to be extended through
16 2028?

17 A Yes. They have a three-year roll-over of
18 their current plan.

19 Q Thanks. And the ROE remains at 10.5 percent
20 through that roll-over period?

21 A Yes, it does.

22 Q Thank you.

23 You will also agree that Georgia Power, Duke
24 Carolinas and Duke Progress all own nuclear generation,
25 will you not?

1 A Which companies?

2 Q Georgia Power, Duke Progress and Duke
3 Carolinas.

4 A Yes.

5 Q Thanks.

6 In fact, don't I have it right that either
7 nine or 10 out of your proxy group utilities own nuclear
8 generation?

9 A That's correct.

10 Q Thank you.

11 Will you agree that considered as a whole,
12 Duke Energy Corporation generates -- that's through all
13 of its operating utility companies -- generates about
14 35 percent of its electricity in 2024 using nuclear
15 generation resources?

16 A I believe I have that in my analysis with the
17 exact numbers for each of these companies, but I
18 couldn't put my finger on it without searching through
19 my exhibits.

20 Q Okay. I am going to help us out here.

21 Brian, if you would please go to Exhibit 124
22 three. That's FAIR 10. Sorry, let me get the -- thank
23 you. And if you could go to -- there are some page
24 numbers at the bottom of the pages in here. If you
25 could go to page 15, that would be great. There we go.

1 Okay. It looked like you just passed it.

2 If you look in the middle there, it says
3 generate -- there is a pie chart that says generated net
4 output gigawatt hours, and shows 35 percent nuclear.
5 Does that look right to you? You got to let the
6 computer catch up.

7 A Yes, I see that.

8 Q Okay. That's accurate as far as you know,
9 isn't it?

10 A It's in the company's 10-K, so I assume it is,
11 yes.

12 Q Me too. Thank you.

13 And if you look just to the right of that,
14 there is a bullet point that says: Duke Energy
15 Corporation's operating utilities provide service to
16 approximately 8.6 million residential, commercial and
17 industrial customers; do you see that?

18 A I see that, yes.

19 Q And as far as you know, is that true and
20 accurate?

21 A I would assume so, yes.

22 Q Thank you.

23 As a percentage of its generating fleet, do
24 you know how much nuclear Georgia Power has?

25 A I don't know that number off the top of my

1 head.

2 Q Same questions for Duke Carolinas and Duke
3 Progress, if you know?

4 A As a percentage of their generation fleet?

5 Q That is my question, yes.

6 A No. I don't have that number off the top of
7 my head.

8 Q Will you agree that with respect to those
9 three utilities, it's a fairly significant percentage?

10 A It is. Yes. And as I cite in my testimony, I
11 recognize nuclear ownership in the proxy group, and for
12 that reason, I make adjustment to my ROE recommendation
13 for FPL as a result of its nuclear ownership, because
14 it's well represented in the proxy group.

15 Q Thank you.

16 Brian, if you could go to -- let me go this
17 way. Actually, if you could go back to hearing Exhibit
18 274, which was one of Walmart's exhibits, one of Ms.
19 Perry's exhibits. It is LVP-2. It should be -- it
20 should be master C 49-5358. I will aver to you, this is
21 the exact same exhibit as FAIR's Exhibit 1245, but let's
22 just stick with this one. I thought it would be easier
23 to find.

24 If you could scroll down -- just scroll down
25 to the first page of the table. That's good. Thank

1 **you.**

2 **I have a couple of questions for you regarding**
3 **the context of Bluefield's references to the same time**
4 **period in the same general part of the country.**

5 **If we were going to look at a same or similar**
6 **time period with respect to this case, do you think it**
7 **would be better to look at '23 through -- 2023 through**
8 **2025, or 2024 and 2025 considered as a two-year period?**

9 A I would say none of the above, because in each
10 of those cases, this was based on an evidentiary record
11 that inevitably would have led into the period of this
12 decision that's behind where we are today for this case.

13 This commission is setting a rate of return
14 for FPL for the next -- for the 2026 through 2029
15 period, and so none of these cases would have adequately
16 captured that data.

17 So I would say that none of those time periods
18 would adequately reflect the capital market
19 circumstances that are faced by FPL over these next four
20 years. So on that basis alone, I would say, and I would
21 agree with what the Commission has found in the past,
22 that these are different records, different utilities,
23 and are not appropriate for determining the cost of
24 capital for FPL in this case.

25 **Q So are you saying that the Bluefield standard,**

1 **which includes looking at similar industries in the same**
2 **general part of the country in the same time period is**
3 **not relevant?**

4 A It's the last piece of it, is what I am
5 saying, that you can't replicate by looking at this
6 record. This -- those are not the same time period as
7 we sit here today in this hearing, and the cost of
8 capital -- we went back to regulatory practice a few
9 questions ago -- is always a forward-looking process.
10 So it's this commission's role to determine what the
11 forward-looking cost of capital is going to be. And any
12 one of these decisions would lag, in some cases by a
13 significant amount, the capital market information
14 that's relevant to the decision it must make in this
15 case.

16 If you just look at the interest rates, for
17 example, if you go back, the current Federal Reserve
18 rate is four-and-a-quarter percent today, and it was 25
19 basis points when the Commission last made its decision
20 for the company in this proceeding. So that's gone up
21 over 400 basis points. Treasury yields and Moody's, BAA
22 bond yields have gone up by 200 or 300 percent over the
23 last few years. So at any point in time, you would run
24 the risk of these decisions being out-of-date. But I
25 can't think in recent history of a time when this would

1 be more of a concern than it is today.

2 Just look any one of us if we go to get a
3 mortgage. I was fortunate enough to secure a mortgage
4 on our home back when interest rates were very
5 favorable. But if one to do -- if I were to go to a
6 badge and say, look, I could have done this two years
7 ago, or three years ago, they would say, you are out of
8 look. That's not what capital markets are today.

9 Q Well, we note a couple of things, it would
10 take me a little time to find it, but I will aver to you
11 that the Public Service Commission said in an order
12 involving FPL that they don't think it's appropriate to
13 set ROEs on the basis of national ROE results, but they
14 don't believe that an ROE for FPL should be
15 significantly above or significantly below national
16 averages. Have you ever seen that order?

17 A I don't recall that specific language, no.

18 Q Okay. Are you saying that this information is
19 just irrelevant, or are you saying not exactly
20 irrelevant but qualifying by saying things are different
21 now?

22 A No, I didn't say irrelevant. You know, as
23 I -- if I am sitting in a commissioner's seat, I would
24 definitely want to understand what these national trends
25 are, and because they inform a view of where the

1 industry has been and where regulators have set ROEs.

2 But back to my mortgage example, I am mindful
3 that capital markets change, and I am also mindful that
4 this commission needs to make its decision based on the
5 record evidence in this case, and it's bound to be
6 different than the record evidence in all these other
7 cases.

8 Q At any point in time, a utility's ROE, that is
9 per -- that it was set per the regulator's most recent
10 decision, is continuing into the future until it's
11 changed, correct?

12 A Yes.

13 Q Okay. And just go back to Georgia Power very
14 briefly. It's 10.5, and actually the Georgia Commission
15 has just reapproved 10.5 through 2028, correct?

16 A That's high understanding, in a settlement,
17 with a lot of complex issues involved in that
18 settlement --

19 Q Yes, sir.

20 A -- over the next three years for that utility.

21 Q Yep.

22 Okay. We covered this in your deposition, and
23 I will make it as quick as I can if you are willing to
24 help me out with this.

25 In your deposition, we actually went down the

1 list of utilities in 2024 and 2025 that had --
2 vertically integrated utilities that had ROEs greater
3 than or equal to 10 percent approved by a regulator,
4 either litigated or settlement, in 2024 or 2025. Do you
5 recall that conversation we had?

6 A Generally.

7 Q A little bit?

8 A Yes.

9 Q My recollection -- actually, my very clear
10 notes, and we have the information here if we had to try
11 to go through it, is that you agreed that there are 41
12 vertically integrated utilities in this group, and that
13 seven of those had ROEs greater than 10 percent. Does
14 that sound right to you?

15 A Did I say that in the deposition?

16 Q You did.

17 A Then it must have been the case.

18 Q Okay. And being fair, that did not include
19 Georgia Power, because that was very recent, so if we
20 through in Georgia Power, that would bring the number to
21 eight out of 42, correct?

22 A Yes, it would.

23 Q Okay. And the highest ROE in -- other than
24 Alaska Electric Light & Power, the highest ROE in this
25 exhibit is 10.5 percent, and that's for -- that was for

1 **Tampa Electric last year, correct?**

2 A On this -- that's my recollection. You know,
3 there is another -- now, these are decisions that have
4 been decided in that timeframe. You know, it's also the
5 case that Alabama Power Company operates under a program
6 where its ROE is setting -- is set according to a
7 historic rate, and then it's updated periodically. And
8 Alabama Power currently has a rate of return that's
9 between 10.87 and 11.18 under its current rate
10 mechanism, with a target equity ratio of 55 percent.
11 And that's part of Southern Company.

12 Southern Company is also a major nuclear
13 operator, and it's also in the southeast region. So its
14 rate -- its base rate wasn't established during this
15 time period, but that's a data point that would have
16 shown -- wouldn't have shown up on that screen.

17 **Q Thank you.**

18 **You would please repeat the range under which**
19 **Alabama Power operates?**

20 A Yes. It's given a target equity ratio for
21 this year of 55 percent. It operates within a range of
22 10.87 to 11.18.

23 **Q Thank you.**

24 A And that data is provided in response to FEL's
25 second set of interrogatory, Interrogatory No. 49 --

1 Q Thank you.

2 A -- as additional explanation around how that
3 rate mechanism works.

4 Q And is it also your -- do you know -- I will
5 aver to you that Duke Energy Florida currently has an
6 ROE of 10.30 percent, correct?

7 A 10.30?

8 Q Correct.

9 A That's correct.

10 Q Okay. And do you know whether that ROE will
11 remain in place through 2027 pursuant to the PSC's order
12 approving a settlement in that case?

13 A That's my understanding.

14 Q Thank you.

15 I would like to, Brian, if you would -- I am
16 sorry. Let me go to a couple of FAIR -- I am going to
17 skip this procedural part if we can.

18 You have recently filed testimony in support
19 of rate increases for Duke Energy Progress and Duke
20 Energy Carolinas in -- before the South Carolina Public
21 Service Commission, correct?

22 A Yes.

23 Q Okay. We have exhibits that I will move into
24 evidence that are -- they are identified in our cross
25 exhibits and include the petitions in each case and your

1 testimony in each case. You can take that as given.

2 My question for you is this: Isn't it true,
3 you are recommending an ROE of 10.85 percent for each of
4 those utilities in those cases?

5 A Yes.

6 Q Thank you.

7 Continuing with a little point of interest
8 regarding Duke Energy Corporation. Are you aware that a
9 company called Brookfield Corporation has recently
10 acquired a 19.7 percent noncontrolling equity interest
11 in Duke Energy Florida for \$6 billion?

12 A Yes.

13 Q And that occurred sometime this summer, did it
14 not?

15 A This year. Yes.

16 Q Thank you.

17 I read in the Trade Press that part of that
18 capital infusion to Duke Energy Corp would be used to
19 support a Duke Energy capital expansion plan over the
20 next five years of \$87 billion, does that sound familiar
21 to you?

22 A I don't recall the capital investment number.
23 Did you say 87 --

24 Q 87, yes, sir.

25 A -- billion dollars? Duke Corporate or --

1 **Q Duke Energy Corp total.**

2 A Corporation. That --

3 **Q Go ahead.**

4 A That sounds more reasonable to me.

5 **Q It certainly wasn't Duke Florida.**

6 A I can't -- yes. Okay.

7 **Q Okay. Thanks.**

8 A And I think it's an important point you raise,
9 because the utility industry, similar to FPL, is facing
10 an enormous need for capital over the next five years
11 and beyond, because of where we are in the industry,
12 with increasing growth and electrification, data
13 centers, and things of that nature.

14 So it's probably going to be an unprecedented
15 level of capital market access required, not just by
16 FPL, but by all utilities in the country. So every one
17 of these utilities will be competing for capital against
18 each other, but also in the broader capital market.

19 So it's not in a vacuum that -- where each of
20 these commissions must consider we are in that economic
21 industry cycle. It's an important issue, and that's one
22 of the reasons why we see companies like Duke who, I
23 would surmise, would probably not prefer to sell slices
24 of its system, doing so in order to be able to access
25 all the capital it needs to make those expansions.

1 Q Right. And we have established that Duke
2 Energy Florida's current ROE is 10.3 percent, correct?

3 A Yes.

4 Q And I understand from Ms. Perry's exhibit, or
5 this exhibit, that Duke Carolinas' ROE in South Carolina
6 currently, pending the current case, is 9.94 percent,
7 correct?

8 A I believe that's correct.

9 Q And Duke Energy Carolinas in North Carolina --
10 I can't remember what one of them is -- Duke Energy
11 Carolinas in North Carolina is 10.10, correct?

12 A I don't have that in my head.

13 Q Okay.

14 A In North Carolina, you say?

15 Q In North Carolina.

16 A For Duke Energy Progress or --

17 Q Duke Energy Carolinas.

18 A I can't confirm that without looking it up.

19 Q Well, I hate to make us look at small numbers,
20 but these numbers are here. If you look at -- if you go
21 down the list to the fourth line, we can that's -- South
22 Carolina. That's Duke Energy. Let's find North
23 Carolina. Duke Energy Progress North Carolina is about
24 40 percent the way down the list. It shows 9.80 as its
25 current approved ROE.

1 A Which page of the table are you on?

2 **Q We are on the first page now, I think.**

3 A Okay. Page one?

4 **Q Yeah.**

5 A Which is page three of the exhibit?

6 **Q Yes, the date -- it says -- the date appears**
7 **to be August 18th, 2023, but I am not 100 percent sure**
8 **of my ability to read those digits.**

9 MS. MONCADA: Mr. Wright, this was an exhibit
10 that was already entered into the record when Ms.
11 Perry testified --

12 MR. SCHEF WRIGHT: Yes.

13 MS. MONCADA: -- and at this point, the
14 numbers are what they are.

15 MR. SCHEF WRIGHT: Sure.

16 MS. MONCADA: I am just saying if we are
17 talking about efficiency, we have talked about
18 efficiency this morning. I am not sure what
19 value -- what more value we are getting from having
20 a Mr. Coyne reading tiny print on an exhibit that's
21 already been introduced.

22 CHAIRMAN LA ROSA: Mr. Wright, are you trying
23 to reference specific parties on this list?

24 MR. SCHEF WRIGHT: I am -- we just were
25 talking about Duke Energy, Duke Energy's capital

1 plan. He answered my question about that. He went
2 on to talk about capital planning needs, et cetera,
3 et cetera. And I simply want to confirm that the
4 ROEs are what they are. He said, I would have to
5 look it up. I would have been perfectly happy if
6 he would have said I agree, 10.1 percent sounds
7 fine with me, sounds appropriate to me. He wasn't
8 able to do that, and that's why I decided to go
9 back to the exhibit.

10 CHAIRMAN LA ROSA: Okay. That's fine.

11 Continue.

12 MR. SCHEF WRIGHT: Thank you.

13 BY MR. SCHEF WRIGHT:

14 **Q So, Mr. Coyne, are you aware that Duke Energy**
15 **Progress in South Carolina, Duke Energy Progress, that**
16 **is, is at 9.6 percent?**

17 A You have moved on to South Carolina now.

18 **Q Well, let's go back to Duke Energy Carolinas**
19 **in North Carolina, 10.1 percent, correct?**

20 A Yes.

21 **Q Okay. Duke Energy Progress in North Carolina,**
22 **9.8 percent?**

23 A Correct. Both set in 2023.

24 **Q Yes, sir.**

25 A Uh-huh.

1 **Q Duke Energy Progress in South Carolina, 9.6**
2 **percent?**

3 A And that's the date of that decision?

4 **Q It appears to be February 9, 2023.**

5 A Okay. I accept that, subject to me looking at
6 the table again, and I don't think that's in anybody's
7 interest.

8 **Q And that's all I was trying to do.**

9 A Right. I understand.

10 **Q Thank you.**

11 A And then did you want to cite Duke Energy
12 Carolinas in South Carolina?

13 **Q We already did. It's 9.94. You are aware of**
14 **that, you just filed testimony in the case?**

15 A No, the -- but the prior decision is, I think,
16 what you are referring to, is it not?

17 **Q Yes. Yeah. The current ROE is 9.94. I was**
18 **trying to say that I think you would be aware of the**
19 **current ROE given that you just filed testimony in the**
20 **new case asking for 10.85?**

21 A Your impression of my memory is better than it
22 is, so I don't recall each and every allowed ROE for
23 each utility in the country, even though it's where I
24 file testimony. My focus is typically on current
25 capital markets for these -- in these testimonies.

1 **Q Are you aware of FPL's earnings -- reported**
2 **earnings results for the last eight-and-a-half years**
3 **under its recent -- actually, its two recent rate plans?**

4 A Generally so, yes.

5 **Q Will you agree generally that they have**
6 **achieved ROEs at or near the top of their range since**
7 **2017?**

8 A Yes.

9 **Q Do investors consider Georgia Power to be a**
10 **risky utility?**

11 A Georgia Power is a unique utility because of
12 its nuclear construction program. I would say that,
13 over time, that has probably been mitigated by
14 completion of that project; but compared to its national
15 peers, I would say yes.

16 **Q Do you believe that rational objective**
17 **investors consider FPL to be riskier than Georgia Power?**

18 A I think a distinguishing feature for FPL
19 compared to Georgia Power would be its storm risk, and
20 that's what's very unique to this company, and it's
21 greater than Georgia Power's. So I think in that sense,
22 yes.

23 **Q Now, to be clear, was that a yes with respect**
24 **to storm risk, or was that a yes with respect to overall**
25 **riskier than Georgia Power?**

1 A From an equity investor's standpoint, I think
2 that would stand out as making it riskier than Georgia
3 Power.

4 **Q You are certainly aware of FPL's ability to**
5 **come in through the storm cost recovery charge and storm**
6 **cost recovery mechanisms that exist in its current**
7 **settlement, yes?**

8 A Yes. But I am also aware that FPL has more
9 storm exposure, where those mechanisms mitigate that
10 risk but they don't eliminate it.

11 **Q Has FPL ever been denied recovery of storm**
12 **restoration costs in a prompt manner by this commission?**

13 A Would you define prompt manner?

14 **Q Well, specifically in compliance with their**
15 **approved plan. They are allowed to -- is it your -- do**
16 **you know about the mechanism works under the plan?**

17 A I have a general understanding of how it
18 works.

19 **Q Is it your understanding that they can simply**
20 **apply and impose charges of X, I think it's \$4**
21 **1,000-kilowatt hour's starting very soon after they file**
22 **preliminary cost numbers for the storm?**

23 A When you say simply apply, you know, that's a
24 complex undertaking. I wouldn't --

25 **Q You can drop the adverb. Thanks.**

1 A My understanding is, yes, they can apply for
2 storm cost recovery within those limits. My point in
3 response to you isn't that those mechanisms don't exist
4 and don't mitigate that risk. My point is they don't
5 eliminate that risk.

6 **Q Are you -- well, then that goes back to the**
7 **question that I asked, and that is: When -- are you**
8 **aware of whether FPL has been denied recovery of its --**
9 **of storm restoration costs?**

10 A I am not aware of a denial of storm cost
11 recovery. I am aware that it can take years at times to
12 have full storm cost recovery.

13 **Q Do you know how that --**

14 A And in my testimony, I actually examine the
15 weather risk exposure for FPL, and it's at the upper end
16 of the spectrum for U.S. utilities because of the nature
17 of the service area.

18 **Q From an investor's perspective, don't the**
19 **investors care about the utility being able to make the**
20 **restorations and get cost recovery to protect their**
21 **investments?**

22 A They do, and I think that they would find that
23 it would mitigate but not eliminate that risk. And the
24 thing about storm risk is that, you know, its magnitude
25 can't be predicted, or its frequency can't be predicted

1 in advance. So it's unlike -- it's unlike other risks
2 that a utility manages. They can be very large and very
3 unpredictable.

4 Q Well, we can certainly agree on that, because
5 we all, unfortunately, have those T-shirts.

6 In 2021, you testified that FPL needed an ROE
7 of 11.5 percent, did you not?

8 A I testified that was the -- my judgment was
9 that was the just and reasonable rate of return for the
10 utility at that point in time.

11 Q And that testimony was in the context of a
12 proposed four-year rate plan, correct?

13 A That's correct.

14 Q And FPL settled for 10.6 for the first part of
15 that settlement period, correct?

16 A That's correct.

17 Q With a trigger tied to future U.S. Treasury
18 Bond rates, correct?

19 A Yes.

20 Q Thanks.

21 And I am going to follow up quickly with -- on
22 align that Ms. Christensen asked you about, but I think
23 I can help us out and make this happen -- make this
24 quick, quick, quick.

25 Let's see. Brian, I am going to FAIR 17,

1 which is hearing Exhibit 1250. I am scrolling myself
2 down to get you the master number.

3 Mr. Coyne, this is a -- this is an earnings
4 surveillance report. It's a standard company document
5 they file every month. Have you seen these?

6 A Yes.

7 Q Okay. Good.

8 If we could scroll down, Brian, to -- hang on,
9 let me get to the right page. Scroll down to master
10 F11-626, please, and make it bigger.

11 MR. SCHULTZ: What was that?

12 MR. SCHEF WRIGHT: I am sorry, 626. I think
13 it's F11-626.

14 MR. SCHULTZ: The document here starts at
15 Exhibit 1248, that's why --

16 MR. SCHEF WRIGHT: Oh, now what? Well, bear
17 with me a minute, because -- I am sorry, I have got
18 a little computer glitch here. Let me deal with
19 that for a few seconds. Okay. Let me scroll down.
20 I have no idea.

21 The page number I am looking for is F11-652.
22 I apologize for the 626. I don't know where that
23 came from.

24 Okay. So if you can make it a little bit
25 bigger. I want to look at the column of numbers on

1 the left-hand side.

2 BY MR. SCHEF WRIGHT:

3 Q This is numeric information that addresses
4 questions asked by Ms. Christensen. Will you agree,
5 looking at the first column, where it says, operating
6 revenues there, and this is for the period ending
7 May 2025, the number shown is six -- \$16,569,551,836?

8 A I see that, yes.

9 Q And below that, there is a column of
10 additional numbers, most of which are value -- dollar
11 numbers for recovery during the period pursuant to what
12 we call the cost recovery clause charges, do you see
13 those?

14 A I see those, yes.

15 Q Okay. It also includes other monies that the
16 utility must collect and then remit to others,
17 specifically franchise fees and gross receipts taxes.
18 Do you see these those up at the top?

19 A I do.

20 Q Okay. And will you agree the report says
21 this, that the total clause and other pass-through
22 numbers are \$6,629,550,049?

23 A Yes.

24 Q And if you want to do the math, you can but I
25 will aver to you I have done the calculation, and that

1 **number -- the percentage that the clause and similar**
2 **revenues represents of the total is 40.01 percent, will**
3 **you accept that subject to check? If you want to do it,**
4 **go ahead.**

5 A Well, I am just trying to understand what you
6 are trying to get at here. Are you caring the total
7 FPSC adjustments, the six -- the 6.6 billion number to
8 total jurisdictional revenues?

9 Q **Yeah. The amount they recover through the**
10 **clauses and other pass-through type charges to their**
11 **total revenues, 66.6 billion out of 16.6 billion?**

12 A And your percentage is what?

13 Q **40.01.**

14 A Okay. I will accept that subject to check.
15 It seems about right. Is there a question pertaining to
16 that number?

17 Q **No. I just wanted to clarify that that's the**
18 **magnitude of the number that Ms. Christensen asked you**
19 **about.**

20 A It is, yeah. And I would observe that that's
21 typical for a vertically integrated utility that has
22 fuel cost pass-through charges, you can see that that is
23 the, you know, a substantial portion of that amount. I
24 see utilities that number is 50 percent, so that doesn't
25 surprise me at all.

1 Q And I am sure you would agree that the
2 percentages in Florida change when we have storm
3 restorations costs or a fuel price spike, correct?

4 A Well, I would think for fuel, but it seems to
5 me like storm cost recovery is -- it looks like that's
6 done in the -- down below. I am not sure if that's in
7 those numbers or not. I do see a line for storm
8 deficiency recovery, I see. Yes.

9 Q Yeah, that's where it is.

10 A Yeah.

11 Q You know, and it's one thing if we don't -- we
12 have been blessed so far this year not to have storms,
13 and so the storm restoration charges for most of our
14 utilities are rolling off. This is a good thing. That
15 could change next week, right?

16 A Yes, sir.

17 Q Okay. Is it your testimony that FPL needs its
18 revenue requirements and rates -- I am off the cost
19 recovery clause line. And you will be happy to know I
20 am near the end.

21 Is it your testimony that FPL needs its
22 revenue requirements and rates set using a midpoint ROE
23 of 11.9 percent in order to provide safe and reliable
24 service going forward after this case?

25 A No, that's not my testimony. It's not a

1 question of need. It's a question of judgment
2 concerning a just, fair and reasonable return. My
3 judgment is that just, fair and reasonable return is
4 11.9 percent on a 59.6 percent equity ratio.

5 **Q Is it your testimony that FPL needs an ROE set**
6 **at that level in order to continue -- in order for its**
7 **parent company, NEE, to continue to attract equity**
8 **capital?**

9 A No. It's not a statement of need. It's a
10 statement of opinion pertaining to the market cost of
11 capital.

12 **Q In your view, what is the best indicator of**
13 **market interest rates? Is it the fed funds rate? You**
14 **said the Federal Reserve rate a little while ago, did**
15 **you mean the fed funds rate?**

16 A I did. Yes.

17 **Q Okay.**

18 A Is your question what's the best indicator
19 of --

20 **Q That's -- yeah, my question is, to you, Jim**
21 **Coyne, is the fed funds rate the best indicator of**
22 **market interest rates?**

23 A For a utility?

24 **Q For the market generally.**

25 A Well, there is no such thing as a general

1 market, because there's -- it's a very short-term
2 interest rate.

3 If you were to ask me if it's a general
4 indicator of the short-term market for debt, then I
5 would say yes. But it's not a good indicator of the
6 long-term market for debt or, for that matter, it
7 doesn't tie directly to equity investor returns. It's
8 an indicator, but it's a very short-term market
9 indicator.

10 **Q So let me ask you the question you seemed to**
11 **want to answer. What's the best indicator of market**
12 **interest rates going forward for a utility?**

13 A Well, a utility such as FPL needs to be in the
14 market for very short-term debt, near-term, mid-term and
15 long-term. But when it comes to estimating the cost of
16 capital as done here, I typically rely on the longer
17 term interest rate, because it's indicative of the
18 cypresses types of assets and investments that a utility
19 such as FPL is investing in. So I use the 30-year bond
20 yield as being most relevant for those purposes. I also
21 look at the Moody's BAA utility index as well as an
22 indication of what's going on on the utility side of
23 fence.

24 **Q Do you have an opinion as to what you think**
25 **those rates are going to -- the interest rates you just**

1 **mentioned, 30-year T bond, Moody's BAA, I think you**
2 **said?**

3 A BAA Moody's bond.

4 Q **Yeah.**

5 A Yes.

6 Q **Do you have an opinion as to what is going to**
7 **happen with those market interest rates going forward**
8 **over the next -- well, over the next four years? Let's**
9 **say that.**

10 A I really don't. My -- I used to forecast
11 interest rates, and it was even more humbling than
12 forecasting fuel prices, which I used to do as well. I
13 learned I was miserable at both. And these are complex
14 markets, so the reason that I approach it the way I do,
15 is I look at both the current 30-year bond yield and I
16 look at the BlueChip forecast as a basis for my
17 analysis, because that is a consensus of those that are
18 in the markets every day, trading, buying and selling
19 bonds that form these markets, so I defer to those
20 experts more than my own expertise in that matter, which
21 is not sufficient, I will tell you that.

22 Q **Thanks very much. I have no more questions**
23 **for you this morning.**

24 MR. SCHEF WRIGHT: Thank you, Mr. Chairman.

25 CHAIRMAN LA ROSA: Thank you.

1 Let's move to FIPUG.

2 MS. PUTNAL: No questions.

3 CHAIRMAN LA ROSA: Walmart?

4 MS. EATON: No questions.

5 CHAIRMAN LA ROSA: FEIA?

6 MR. MAY: No questions.

7 CHAIRMAN LA ROSA: Staff?

8 MR. SPARKS: Just a few questions, Mr.

9 Chairman. Thank you.

10 CHAIRMAN LA ROSA: Sure.

11 EXAMINATION

12 BY MR. SPARKS:

13 Q Good morning, Mr. Coyne.

14 A Good morning.

15 Q Is it generally accepted that variability of
16 earnings is a measure of business risk?

17 A It is one measure of business risk, yes.

18 Q Do the RSAM and TAM stabilize FPL's earned
19 return on equity?

20 A In a noncash basis, yes. They don't stabilize
21 cash earnings, but in a noncash basis, they do.

22 Q Well, if the TAM stabilizes noncash earnings,
23 it would also stabilize FPL's earnings as calculated
24 under Generally Accepted Accounting Principles, is that
25 correct?

1 A Yes.

2 **Q In your opinion, does the TAM reduce the**
3 **variability of FPL's earned return on equity?**

4 A Yes, it does.

5 **Q In your opinion, would a reduction in the**
6 **variability of earned return on equity reduce FPL's**
7 **business risk?**

8 A I see it as a financial -- I see it as being
9 mitigating on additional financial side of the fence
10 more than I see it as mitigating business risk.
11 Depending upon how you define business risk, I guess, I
12 see it as a financial mechanism more than a business
13 risk mechanism.

14 **Q In your direct on page 60, which I believe is**
15 **master number C6-1546, you discuss risks that FPL faces**
16 **as a result of its multiyear rate plan, is that correct?**

17 A Let me get to where you are. You are on page
18 60?

19 **Q Page 60. Yes.**

20 A Yes, I see that.

21 **Q Does the RSAM and TAM offset some of these**
22 **risks?**

23 A In my opinion, yes, the RSAM or TAM is a
24 mitigating factor to the risk that FPL takes on with a
25 four-year rate plan.

1 **Q In your opinion, should a reduction in**
2 **business risk have a commensurate reduction in allowed**
3 **return on equity, all else being equal?**

4 A Well, you note in my -- it's a straightforward
5 question, and let me just give you, I guess, a some what
6 nuanced answer.

7 If you look at my testimony, I look at a proxy
8 group of roughly 15 companies, and I look at the
9 business risks of the entire sample to frame my
10 analysis, and it is my view that a question such as
11 yours can't be answered in the context of look at a
12 proxy group and say, okay, if you do this or that, is it
13 going to change your analysis by five or 10 basis points
14 in one direction or the other? The analytical framework
15 just doesn't allow you to make that judgment.

16 So come back to your question again, if you
17 would, and let me see if I can put a finer point on it
18 than that.

19 **Q Sure.**

20 **All else being equal, in your opinion, should**
21 **a reduction in business risk have a commensurate**
22 **reduction in allowed return on equity?**

23 A I would say if the reduction in business risk
24 is at such a -- of such a magnitude that it would
25 distinguish the company from the proxy group that forms

1 the basis of my analysis. And again, you will see in my
2 testimony that I looked at major risks, such as storms
3 and nuclear generation, capital investment, and did not
4 make an adjustment for those. So if you look at -- if
5 you look at a risk that's something smaller than those,
6 then I would say no. It's captured from, you know, the
7 overall profile of the companies that are in the proxy
8 group.

9 **Q Thank you very much for your time.**

10 MR. SPARKS: Thank you, Mr. Chair. That's all
11 the questions we have.

12 THE WITNESS: You are welcome.

13 CHAIRMAN LA ROSA: Thank you.

14 Commissioners, any questions?

15 Seeing none, back to FPL for redirect.

16 MS. MONCADA: Thank you, Mr. Chair. No
17 redirect. And FPL would ask to move in Exhibits
18 114 through 124.

19 CHAIRMAN LA ROSA: Okay. Seeing no objection
20 to those so moved.

21 (Whereupon, Exhibit Nos. 114-124 were received
22 into evidence.)

23 MS. CHRISTENSEN: OPC would move in Exhibits
24 796, 797 and 816.

25 CHAIRMAN LA ROSA: No objections? Seeing

1 none, so moved.

2 (Whereupon, Exhibit Nos. 796-797 & 816 were
3 received into evidence.)

4 CHAIRMAN LA ROSA: FEL?

5 MS. McMANAMON: FEL would move in Exhibits
6 1119 and 1212.

7 CHAIRMAN LA ROSA: Objections? Seeing none,
8 so moved.

9 (Whereupon, Exhibit Nos. 1119 & 1212 were
10 received into evidence.)

11 MR. SCHEF WRIGHT: Thank you, Mr. Chairman.

12 And as I said at the outset, I am going to move all
13 of FAIR's cross exhibits, which are 1234 through
14 1250 and 1516 through 1519. I will aver to you
15 that all of these are either exhibits about which I
16 asked him, for example, Hope, Bluefield, the
17 Georgia Power orders, his testimonies in the
18 petitions in the Carolinas, in the South Carolina
19 cases, or FPL documents, interrogatory responses
20 and earnings surveillance reports.

21 I will note Mr. Bores did sponsor the
22 responses to Interrogatories 7 through 9, but since
23 that is an FPL furnished document, and actually the
24 document includes Mr. Bores attestation, I don't
25 think there should be any problem with going ahead

1 and admitting it now and save us that activity
2 later.

3 CHAIRMAN LA ROSA: Okay. Is there objections
4 to doing that, admitting this now?

5 MS. MONCADA: No, I accept his representation,
6 and fine moving in the interrogatory responses even
7 if they were cosponsored.

8 CHAIRMAN LA ROSA: All right. So moved.

9 MR. SCHEF WRIGHT: Thank you.

10 (Whereupon, Exhibit Nos. 1234-1250 & 1516-1519
11 were received into evidence.)

12 CHAIRMAN LA ROSA: Any other parties? Staff?

13 Okay. Excellent. Well, let me go ahead and
14 excuse the witness.

15 Mr. Coyne, thank you very much.

16 (Witness excused.)

17 CHAIRMAN LA ROSA: So it's exactly 12 o'clock
18 on the dot. Let's go ahead and take a break for
19 lunch, and let's be back at one o'clock.

20 And, FPL, I assume you have your next witness
21 ready to go at 1:00?

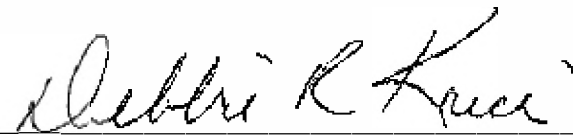
22 MS. MONCADA: We do. Thank you.

23 CHAIRMAN LA ROSA: Awesome. Great. Thank
24 you.

25 (Lunch recess.)

1 (Transcript continues in sequence in Volume
2 11.)
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA)
3 COUNTY OF LEON)
45 I, DEBRA KRICK, Court Reporter, do hereby
6 certify that the foregoing proceeding was heard at the
7 time and place herein stated.8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.18 DATED this 26th day of October, 2025.
19
2021
22
23
24
25
DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028