

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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

VOLUME 21
PAGES 4728 - 4958

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO SMITH

DATE: Wednesday, October 15, 2025

TIME: Commenced: 9:00 a.m.
Concluded: 6:50 p.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

APPEARANCES: (As heretofore noted.)

PREMIER REPORTING
TALLAHASSEE, FLORIDA
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20
21
22
23
24
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I N D E X

WITNESS:	PAGE
JAMES F. WILSON	
Examination by Mr. Ponce	4733
Prefiled Direct Testimony inserted	4735
Examination by Mr. Moyle	4773
Further Examination by Mr. Ponce	4781
PANEL: SCOTT BORES, JAMES M. COYNE, TIFFANY C. COHEN & TIM OLIVER:	
Examination by Ms. McManamon	4862
Examination by Mr. Marshall	4873
Examination by Mr. Luebke	4897
Examination by Mr. Wright	4906
Examination by Mr. Stiller	4927

1	EXHIBITS		
2	NUMBER:	ID	ADMITTED
3	1303	As identified in the CEL	4782
4	1274-1282	As identified in the CEL	4784
5	1339-1363	As identified in the CEL	4784
6	1396	As identified in the CEL	4861
7	1402	As identified in the CEL	4861
8	1378	As identified in the CEL	4862
9	1388	As identified in the CEL	4862
10	1390-1391	As identified in the CEL	4906
11	1417-1418	As identified in the CEL	4906
12	1423-1426	As identified in the CEL	4906
13	1429-1430	As identified in the CEL	4906
14	1435-1438	As identified in the CEL	4906
15	1440-1441	As identified in the CEL	4906
16	1443	As identified in the CEL	4906
17	1446-1450	As identified in the CEL	4906
18	1454-1555	As identified in the CEL	4906
19	1463-1464	As identified in the CEL	4906
20	1466	As identified in the CEL	4906
21	1469-1472	As identified in the CEL	4906
22	1475	As identified in the CEL	4906
23	1477-1480	As identified in the CEL	4906
24	1482	As identified in the CEL	4906
25			4906

1	EXHIBITS CONTINUED		
2	NUMBER:	ID	ADMITTED
3	1486	As identified in the CEL	4906
4	1488-1490	As identified in the CEL	4906
5	1492-1495	As identified in the CEL	4906
6	1498	As identified in the CEL	4906
7	1505	As identified in the CEL	4906
8	1508-1509	As identified in the CEL	4906
9	1511-1514	As identified in the CEL	4906
10	1283-1287	As identified in the CEL	4956
11			
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1 P R O C E E D I N G S

2 (Transcript follows in sequence from Volume
3 20.)

4 CHAIRMAN LA ROSA: All right. Think I think
5 we can go ahead and get started. It looks like
6 everyone is sitting in their seats ready to go.

7 Let's pick up where we were a little bit going
8 to move out of the order, so I will allow OPC to
9 introduce -- or call your witness.

10 MR. PONCE: Thank you, Mr. Chair. OPC would
11 call to the stand James Wilson.

12 CHAIRMAN LA ROSA: Mr. Wilson, as you make
13 your way to the stand, we have got a multitude
14 of options for you, wherever you would like to sit.

15 Sir, do you mind staying standing and raise
16 your right hand?

17 Whereupon,

18 JAMES F. WILSON

19 was called as a witness, having been first duly sworn to
20 speak the truth, the whole truth, and nothing but the
21 truth, was examined and testified as follows:

22 THE WITNESS: I do.

23 CHAIRMAN LA ROSA: Excellent. Great. Thank
24 you.

25 Feel free to have a seat and get settled in.

1 I will turn it to OPC when you guys are ready.

2 EXAMINATION

3 BY MR. PONCE:

4 Q Good afternoon, Mr. Wilson.

5 A Good afternoon.

6 Q If you could please state your full name, and
7 spell your last name for the record?

8 A James F. Wilson, W-I-L-S-O-N.

9 Q And if you could give us your business
10 address?

11 A 15550 Old Georgetown Road, Apartment 1036,
12 North Bethesda, Maryland, 20852.

13 Q Did you cause to be filed prefiled direct
14 testimony in this docket on September 19th, 2025?

15 A Yes, I did.

16 Q Do you have any corrections to your prefiled
17 testimony?

18 A I do not.

19 Q If I were to ask you the same questions today
20 as are contained in your prefiled testimony, would your
21 answers be the same?

22 A Yes.

23 MR. PONCE: Mr. Chair, I would ask that Mr.
24 Wilson's testimony be entered into the record as
25 though read.

1 CHAIRMAN LA ROSA: So moved.

2 (Whereupon, prefiled direct testimony of James
3 F. Wilson was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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Florida Power & Light Company.

DOCKET NO.: 20250011-EI
FILED: September 19, 2025

**DIRECT TESTIMONY
OF
JAMES F. WILSON
ON BEHALF
OF
THE CITIZENS OF THE STATE OF FLORIDA**

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TABLE OF CONTENTS

I.	INTRODUCTION AND QUALIFICATIONS	1
II.	SUMMARY AND RECOMMENDATIONS.....	3
III.	THE CURRENT BOOM IN DATA CENTER DEVELOPMENT PROPOSALS CREATES RISKS FOR OTHER ELECTRICITY CONSUMERS	10
IV.	THE COMPANY’S ORIGINAL PROPOSAL WOULD PROTECT ITS CUSTOMERS FROM COST SHIFTING AND OTHER RISKS	25
V.	THE AUGUST 20 PROPOSAL WOULD WEAKEN CONSUMER PROTECTION.....	26
VI.	ADDITIONAL APPROACHES ARE AVAILABLE TO ACCOMMODATE VERY LARGE LOADS WHILE PROTECTING OTHER CUSTOMERS.....	29

EXHIBITS

JFW-1 James F. Wilson Curriculum Vitae

1 **I. INTRODUCTION AND QUALIFICATIONS**

2

3 **Q 1: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

4 A: My name is James F. Wilson. I am an economist and independent consultant doing
5 business as Wilson Energy Economics. My business address is 11550 Old
6 Georgetown Road Apt. 1036, North Bethesda, Maryland 20852.

7

8 **Q 2: ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A: I am testifying on behalf of the Florida Office of Public Counsel (“OPC”).

10

11 **Q 3: PLEASE DESCRIBE YOUR EXPERIENCE AND QUALIFICATIONS.**

12 A: I have forty years of consulting experience, primarily in the electric power and natural
13 gas industries. Many of my assignments have pertained to the economic and policy
14 issues arising from the interplay of competition and regulation in these industries,
15 including restructuring policies, market design, market analysis and market power.
16 Other recent engagements have involved resource adequacy and capacity markets,
17 contract litigation and damages, forecasting and market evaluation, pipeline rate cases
18 and evaluating allegations of market manipulation. I also spent five years in Russia in
19 the early 1990s advising on the reform, restructuring, and development of the Russian
20 electricity and natural gas industries for the World Bank and other clients.

21

22 With respect to the data center issues I will address in my testimony, I have testified on
23 data center questions multiple times in Virginia since 2016, when data centers became

1 a significant new electric load there. I have also submitted testimony on data center
2 issues in Ohio, California, and other regions.

3 I have submitted affidavits and presented testimony in proceedings of the Federal
4 Energy Regulatory Commission, state regulatory agencies, and U.S. district court. I
5 hold a B.A. in Mathematics from Oberlin College and an M.S. in Engineering-
6 Economic Systems from Stanford University. My curriculum vitae, summarizing my
7 experience and listing past testimony, is attached as Exhibit JFW-1.

8

9 **Q 4: HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN FLORIDA**
10 **PUBLIC SERVICE COMMISSION (“COMMISSION”) PROCEEDINGS?**

11 A: No. Exhibit JFW-1 identifies one presentation I gave in 2022 in a Commission
12 workshop.

13

14 **Q 5: WHAT IS THE SCOPE AND PURPOSE OF YOUR TESTIMONY IN THIS**
15 **CASE?**

16 A: In this proceeding Florida Power & Light Company (“FPL” or the “Company”),
17 anticipating that very large new loads may seek to connect to its system in the future,
18 has proposed two new tariffs that would be applicable to very large new loads. A
19 settlement proposed by a subset of the parties to this proceeding filed on August 20,
20 2025 (“August 20 Proposal”)¹ reflected a modified version of FPL’s original proposal.
21 My assignment was to review and comment on FPL’s original proposal and the

¹ Joint Motion for Approval of Settlement Agreement, Attachment 1, 2025 Stipulation and Settlement Agreement, filed August 20, 2025.

1 modified proposal in that proposed settlement, opine on whether the proposed changes
2 reflected in the August 20 Proposal are in the public interest, and suggest the types of
3 provisions needed to protect the public interest. I was also asked to respond to some
4 other issues regarding data centers that have arisen in this proceeding as they impact
5 the Commission's consideration of the August 20 Proposal.

6

7 **II. SUMMARY AND RECOMMENDATIONS**

8

9 **Q 6: PLEASE SUMMARIZE FPL'S ORIGINALLY FILED PROPOSAL WITH**
10 **REGARD TO VERY LARGE NEW LOADS.**

11 A: FPL proposed two new rate schedules, Large Load Contract Service-1 (LLCS-1) and
12 Large Load Contract Service-2 (LLCS-2), for future customers with projected new or
13 incremental load of 25 MW or more and a load factor of 85 percent or more.² The
14 proposed new tariffs include provisions such as minimum take-or-pay requirements,
15 minimum terms, and exit fees.³

16

17 **Q 7: WHY DID FPL PROPOSE THESE NEW TARIFFS AT THIS TIME?**

18 A: The Company states that while it does not have any agreements to serve any customers
19 of this size in 2026 or 2027, it proposed these tariffs "to proactively address the
20 potential scenario that future customers of this size request service within the FPL
21 service area and, if so, to ensure that the general body of customers is protected from

² Petition by Florida Power & Light Company for Base Rate Increase, February 28, 2025, and Direct Testimony of Tiffany C. Cohen on behalf of FPL, February 28, 2025 ("Cohen Direct"), p. 23.

³ Cohen Direct pp. 26-27.

1 higher costs to serve such large load customers.”⁴ The Company states that the tariffs
2 were developed to meet the following objectives:

3 “(i) ensure that FPL has a tariff and service agreement available to
4 serve customers of this magnitude should they request service in the
5 future;

6 (ii) ensure that the cost-causer bears primary responsibility and risk
7 for the significant generation investments required to serve a
8 customer of this size; and

9 (iii) protect the general body of customers and mitigate risk of
10 subsidization and stranded assets.”⁵

11
12 **Q 8: DO YOU AGREE THAT SUCH TARIFFS AND PROVISIONS ARE NEEDED**
13 **TO PROTECT FPL’S OTHER CUSTOMERS?**

14 A: Yes I do. We are presently in the midst of a boom in the planning and siting of new
15 data centers, regionally and worldwide. As I will explain, I consider future data center
16 construction and the resulting electricity load growth to be highly uncertain; it could
17 occur much slower, or faster, than current projections, and it is also highly uncertain in
18 which regions new data center facilities and loads will develop.

19
20 As the Company recognizes, rapid growth in data center loads could require large
21 investments in transmission and generation to serve. There is risk that under current
22 tariffs and rules in Florida and other regions, the cost of these investments could largely
23 be borne by other customers whose loads have generally been comparatively flat and

⁴ Cohen Direct p. 23.

⁵ Cohen Direct pp. 23-24.

1 who do not cause these investments. As I will note later in my testimony, other regions
2 have learned the hard way that accommodating very large new loads under current
3 wholesale and retail tariffs can jeopardize resource adequacy and sharply raise
4 electricity prices for other customers.

5

6 Additionally, the uncertainty about these potential future loads creates a risk of stranded
7 cost should the anticipated loads not materialize in the locations and in the time frames
8 projected, which utilities might attempt to recover from other customers.

9

10 In its original proposal the Company had wisely moved to get out in front of such
11 problems by proposing the new tariffs applicable to very large new loads.

12

13 **Q 9: WHAT ARE THE BENEFITS OF TARIFFS THAT CALL FOR VERY LARGE**
14 **NEW LOADS TO BEAR THE COST AND RISK OF INVESTMENTS TO**
15 **SERVE THEM?**

16 A: Tariffs that call for very large new loads to bear the cost and risk of investments to
17 serve them protect existing customers from costs being shifted to them or from attempts
18 to recover stranded costs from them. They lead to cost allocation more consistent with
19 cost causality. Such policies can also lead to duplicative and more speculative data
20 center projects dropping out, leading to a firmer load forecast.

21

22 **Q 10: WOULD THE NEW TARIFFS UNDER FPL'S ORIGINAL PROPOSAL**
23 **ADEQUATELY PROTECT ITS OTHER CUSTOMERS?**

1 A: Yes, I believe the original proposal would adequately protect other customers. I discuss
2 the key provisions in a later section of my testimony.

3

4 **Q 11: NOW PLEASE SUMMARIZE THE CHANGES TO FPL'S ORIGINAL**
5 **PROPOSAL REFLECTED IN THE AUGUST 20 PROPOSAL.**

6 A: The August 20 Proposal proposes to modify FPL's original proposal with regard to
7 very large new loads in the following ways:⁶

- 8 1. The size threshold would increase from 25 to 50 MW.
- 9 2. The minimum take-or-pay requirement would decline from 90% to 70%.
- 10 3. The Incremental Generation Charge ("IGC") applicable to the new tariffs would
11 be modified to be based on a lower load amount.
- 12 4. The applicable performance security amount calculation would also be modified.

13

14 **Q 12: WHAT PARTIES TO THIS PROCEEDING SUPPORTED THE AUGUST 20**
15 **PROPOSAL?**

16 A: The August 20 Proposal was contained in a proposal signed by FPL, Florida Industrial
17 Power Users Group, Florida Retail Federation, Florida Energy for Innovation
18 Association, Inc., Walmart Inc., EVgo Services, LLC, Americans for Affordable Clean
19 Energy, Inc., Circle K Stores, Inc., RaceTrac Inc., Wawa, Inc., Electrify America, LLC,
20 Federal Executive Agencies, Armstrong World Industries, Inc., and Southern Alliance
21 for Clean Energy. Few of these parties submitted testimony supporting the August 20

⁶ August 20 Proposal pp. 7-8, Settlement Testimony of Tiffany C. Cohen, September 3, 2025, pp. 10-12.

1 Proposal so I do not have knowledge about which party actually supported the changes
2 regarding the large load tariffs.

3

4 **Q 13: DO YOU HAVE ANY OBSERVATIONS WITH RESPECT TO THIS LIST OF**
5 **SIGNATORIES?**

6 A: Yes. Two things are notable.

7 1. The August 20 Proposal is not supported by representatives of residential or small
8 commercial customers, in particular it was not supported by the Office of Public
9 Counsel.

10 2. The August 20 Proposal is not supported by the major national data center
11 organizations, who are absent from this proceeding. In proceedings involving data
12 center issues in Virginia, Ohio, and elsewhere, representatives of Amazon, Google,
13 Meta, and Microsoft (hereafter, the “Big Tech” companies) are actively involved,
14 because these four organizations account for the majority of data center
15 development proposals. It is also notable that the national Data Center Coalition,
16 which in my experience is always involved in proceedings and stakeholder
17 processes dealing with data centers, is also absent from this proceeding.

18 In other venues the Big Tech companies, and the Data Center Coalition, have
19 expressed that data centers should bear the cost of their incremental service. It is
20 unclear to me whether, if they had to take a position, these entities would be
21 supportive of the August 20 Proposal that has weakened FPL’s original proposal in
22 that regard.

1 **Q 14: PLEASE SUMMARIZE YOUR CONCLUSIONS WITH REGARD TO THE**
2 **CHANGES IN THE AUGUST 20 PROPOSAL TO THE ORIGINAL FPL**
3 **PROPOSAL WITH REGARD TO VERY LARGE LOADS.**

4 A: The most significant proposed change is the reduction in the minimum take-or-pay
5 requirement from 90% to 70%. As I will explain, this would substantially weaken the
6 customer protection provided by the new tariffs. Accordingly, these changes would
7 not be in the public interest.

8

9 **Q 15: WOULDN'T DATA CENTERS BE VALUABLE TO THE STATE OF**
10 **FLORIDA, AND SHOULDN'T FPL'S TARIFFS BE DEFINED TO BE MORE**
11 **ATTRACTIVE TO THEM?**

12 A: It is often claimed that data centers represent economic development and provide other
13 benefits. But data centers once in operation actually employ very few people,
14 especially considered on a per-MW basis; they are very large buildings full of servers
15 and chips, not offices. And to the extent data centers use up available generating
16 capacity, they may delay attracting other types of new customers, such as electrified
17 manufacturing, that would represent much more in the way of economic development.
18 So making the tariffs more attractive to data centers could actually slow true economic
19 development.

20 **Q 16: DO YOU HAVE ANY RECOMMENDATION WITH REGARD TO THE**
21 **AUGUST 20 PROPOSAL?**

22 A: Yes. Based solely on the topics that I address in this testimony, I recommend that the
23 Commission find that the data center-related elements -- in particular the reduction in

1 the minimum take-or-pay requirement -- are not in the public interest, and, accordingly,
2 the Commission should reject the proposal.

3

4 **Q 17: SHOULD THE PARTIES SEEK TO FORGE A NEW PROPOSAL WITH**
5 **BROADER CUSTOMER SUPPORT, DO YOU HAVE RECOMMENDATIONS**
6 **FOR THE PROVISIONS REGARDING VERY LARGE NEW LOADS?**

7 A: Yes. I recommend that a new resolution of the large load issues in this proceeding
8 could have the following elements (described in more detail later in my testimony),
9 providing additional alternatives for prospective very large new loads:

- 10 1. The tariff provisions included in FPL's original proposal, perhaps with the
11 compromise of reducing the minimum take-or-pay level from the original 90% to
12 80%, as OPC with other parties has proposed;
- 13 2. An additional tariff with relaxed take-or-pay provisions, applicable to very large
14 new loads that are willing to be fully interruptible by FPL (crypto facilities, and
15 some data centers, might find such an alternative attractive); and
- 16 3. Additional provisions applicable to very large new loads that would connect to the
17 FPL system in association with commensurate new generation acceptable to FPL;
18 the provisions would call for the cost and risk of the new generation to be assigned
19 to the new load in a manner that would protect other FPL customers from any cost
20 or reliability impacts.

1 **Q 18: HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?**

2 A: Section III describes the current boom in data center development proposals, the risks
3 these potential new loads have posed for electricity customers in some regions, and
4 how some other regions are dealing with these risks. Section IV describes FPL's
5 original proposal and explains why it is an effective approach to protecting customers.
6 Section V explains that the August 20 Proposal unacceptably weakens these
7 protections. Section VI proposes possible provisions applicable to very large new loads
8 that could be included in a new resolution of these issues to accommodate such loads
9 while protecting other customers from cost and reliability risk.

10 **III. THE CURRENT BOOM IN DATA CENTER DEVELOPMENT**
11 **PROPOSALS CREATES RISKS FOR OTHER ELECTRICITY**
12 **CONSUMERS**
13

14 **Q 19: YOU SUGGESTED THAT WE ARE IN THE MIDST OF A BOOM IN THE**
15 **PLANNING, SITING, AND CONSTRUCTION OF DATA CENTERS. FIRST,**
16 **PLEASE SUMMARIZE THIS ACTIVITY.**

17 A: Data center construction in Virginia and a few other regions has been growing rather
18 steadily for several years. JLL, a leading real estate and investment management
19 company, estimated the data center construction pipeline in the United States had risen
20 to an estimated 1,913 MW by mid-2022.⁷ The unveiling of ChatGPT in late 2022
21 brought on a new era of expectations for artificial intelligence ("AI") and data centers.
22 JLL estimated that across the hyperscale and colocation data center segments, 10 GW

⁷ JLL, *H1 2022 Global Data Center Outlook* (2022) at 4.

1 will break ground globally in 2025, of which about half is in the United States.⁸
2 However, many more projects are under discussion amounting to many times this
3 capacity number. And while the “first generation” of data centers (roughly, those built
4 through 2024) were very clustered, with by far the largest cluster in Northern Virginia,
5 the current boom in data center plans and development proposals involves projects in
6 most states and many countries.⁹
7

8 Additionally, current data center development proposals are much larger than the first-
9 generation facilities. While few existing data centers are over 100 MW, most current
10 data center development proposals are over 100 MW, and there are proposed data
11 centers in some regions over 1,000 MW.¹⁰
12

13 We are clearly in the midst of a boom in expectations regarding data center
14 construction, capacity, and electricity demand, largely fueled by the recent boom in
15 expectations of high demand for future AI applications.

⁸ JLL, *2025 Global Data Center Outlook* (2025) at 19.

⁹ For summaries of data centers in other states, see Aurora Energy Research, *Data Centers and Their Impact on the US Power Market* (Feb. 10, 2025) at 3, available at <https://auroraer.com/insight/data-centers-and-their-impact-on-the-us-power-market/> (showing over 30 states with data centers) and Amber Jackson, *Top 10: Biggest Data Centre Projects*, Data Centre Magazine (Aug. 14, 2024), available at <https://datacentremagazine.com/top10/top-10-biggest-data-centre-projects> (describing large projects in Maryland, Nevada, Iowa, Utah, and Arizona). For summaries of data centers in other countries, see JLL, *2025 Global Data Center Outlook* at 19 (projecting a substantial portion of global data center capacity to occur in APAC and EMEA regions).

¹⁰ See, e.g., Jackson, *supra* note 10 (identifying Quantum Loophole Project in Maryland as 1,800 MW); see also Rich Miller, *The Gigawatt Data Center Campus is Coming*, Data Center Frontier (Apr. 29, 2024), available at <https://www.datacenterfrontier.com/hyperscale/article/55021675/the-gigawatt-data-center-campus-is-coming> (“Hyperscale tech companies are already seeking sites for campuses that can support a gigawatt of electric power capacity.”).

1 **Q 20: PLEASE EXPLAIN YOUR VIEW THAT THE ELECTRICITY NEEDED TO**
2 **POWER FUTURE DATA CENTERS IS HIGHLY UNCERTAIN.**

3 A: It is clear there will be a continuing increase in demand for the services provided by
4 data centers (storage and processing of information, including both training AI models
5 and creating inferences on the basis of those models). However, it is now and will
6 remain highly uncertain how rapidly AI applications (and other new uses of
7 information processing) are developed and become widely used. There have been
8 mini-booms in expectations around AI in the past.¹¹ While this time it seems AI is
9 coming to fruition, it will remain highly uncertain how rapidly the demand for it rises.

10
11 However quickly the demand for the services data centers provide increases, that
12 increase in demand for services does not translate into increased energy demand in any
13 simple way. There has been and will continue to be rapid innovation in the software to
14 train AI models, and also the software to make inferences based on those models. As
15 an indication of this, the announcement last winter of the DeepSeek model,¹² which
16 apparently accomplishes much more with much less hardware and energy use, upset
17 the markets and valuations of many firms linked to AI and the data center boom.¹³

¹¹ See, e.g., Stuart J. Russell & Peter Norvig, *Artificial Intelligence: A Modern Approach* 24 (2nd ed. 2003) (noting that “the AI industry boomed from a few million dollars in 1980 to billions of dollars in 1988. Soon after that came a period called the ‘AI Winter’”).

¹² See, e.g., Victor Chung, Julia Frayer & Donald Osborne-Moss, *Deeper Thinking Around DeepSeek*, London Economics International LLC (Jan. 31, 2025), available at <https://www.linkedin.com/pulse/deeper-thinking-around-deepseek-london-economics-v9zlc/> (describing DeepSeek and the connection between advances in AI and the electricity sector).

¹³ See, e.g., Eduardo Baptista, *What Is DeepSeek and Why Is It Disrupting the AI Sector?*, Reuters (Jan. 28, 2025), available at <https://www.reuters.com/technology/artificial-intelligence/what-is-deepseek-why-is-it-disrupting-ai-sector-2025-01-27/> (summarizing DeepSeek’s quality and cost efficiencies and its disruption of the AI sector).

1 These computing innovations will continue, and will continue to rapidly increase the
2 services that can be provided with any set of data center hardware.

3
4 In addition to software innovations, there has been and will continue to be rapid
5 innovation in the chips and other hardware used in data centers. The latest chips
6 perform many more calculations for the same energy.¹⁴ Quantum computing also holds
7 the potential for a “revolutionary leap in computing power.”¹⁵ These innovations will
8 also continue, and will further leverage what can be accomplished in a given data center
9 with a given power supply.

10
11 To summarize, there is enormous uncertainty about how rapidly AI-related and other
12 demands for the services data centers provide will grow; about how much processing
13 will be needed to provide those services; and about the power needs of the chips that
14 will be providing the processing. Thus, the growth in the amount of power needed for
15 data centers is highly uncertain. Indeed, the services provided by data centers can
16 expand enormously over the coming years even if there is little or no increase in power
17 supply.

¹⁴ See, e.g., JLL, *2025 Global Data Center Outlook* at 4 (“At the core of the AI revolution is the rapid advancement in semiconductor technology. The industry is witnessing a race towards miniaturization that outpaces even Moore's Law. Over the past two years, graphics processing units (GPUs) have become substantially more powerful, with a transition from 7 nanometer (nm) to 5 nm, and eventually 2 nm technology.”).

¹⁵ See, e.g., Matt Vincent, *8 Trends That Will Shape the Data Center Industry In 2025*, Data Center Frontier (Jan. 6, 2025), available at <https://www.datacenterfrontier.com/cloud/article/55253151/8-trends-that-will-shape-the-data-center-industry-in-2025> (“In 2025, quantum computing is no longer a distant dream but an emerging reality in the data center industry... By 2025, quantum computing is poised to complement classical systems, offering revolutionary capabilities that could redefine how data centers operate.... As a revolutionary leap in computational power, quantum computing uses the principles of quantum mechanics to process information.”).

1 **Q 21: IF THE GROWTH IN DEMAND FOR THE SERVICES DATA CENTERS**
2 **PROVIDE IS SO UNCERTAIN, WHY ARE WE IN THE MIDST OF A BOOM**
3 **IN THE SITING AND CONSTRUCTION OF DATA CENTERS?**

4 A: Much of this boom is fueled by the Big Tech companies, Amazon, Google, Meta, and
5 Microsoft. Dominion Energy reports that most of its anticipated future data center load
6 is attributable to just two companies.¹⁶ It's a "Go Big or Go Home" moment for these
7 competitors. While the Big Tech companies are undoubtedly very uncertain about how
8 fast the demand for AI and other applications will grow, they are determined to not be
9 hindered by hardware limitations in serving that growth if and when it comes; thus the
10 current boom in data center planning and construction.

11
12 Put another way, the "over/under" risk with regard to data center construction and
13 capacity is very asymmetric at present. If too many data centers are built too soon, that
14 is costly of course, but the data center capacity will likely be needed at some future
15 time, or the capacity could be sold. But if one of the Big Tech companies or other
16 competitors is caught with insufficient data center capacity in the near term, they could
17 lose the AI race to other teams who invested more and sooner, and it could be
18 impossible to catch up. That could have very long-term consequences that dwarf the
19 investments they are now making.

¹⁶ Direct Testimony of James F. Wilson on Behalf of Appalachian Voices, filed February 28, 2025 in Virginia State Corporation Commission Case No. PUR-2024-00184 (Virginia Electric and Power Company's 2024 Integrated Resource Plan filing) ("Wilson 2025 Virginia Testimony"), p. 13 and footnote 19, citing to discovery.

1 **Q 22: ARE YOU SUGGESTING THAT THE CURRENT BOOM IN DATA CENTER**
2 **SITING MAY HAVE A SPECULATIVE ELEMENT TO IT?**

3 A: Yes, there is a speculative aspect to the current boom in data centers. And there are at
4 least two additional aspects of this:

5 1. First, the Big Tech companies and other entities developing data centers are running
6 into constraints and possible delays in seeking the enormous amounts of data center
7 capacity they anticipate they might eventually need. This has led them to pursue in
8 parallel multiple sites in multiple locations, to see where they can find attractive
9 circumstances of land, power, water, etc., with speed to market also a major
10 aspect.¹⁷ So there is duplication in individual companies' early stage plans and
11 development proposals. This could mean that for every three data center sites that
12 electric utilities are anticipating connecting, perhaps only one or two of them will
13 actually be built anytime soon. This duplication is widely recognized, including by
14 the Big Tech companies themselves.¹⁸

15 2. Second, the four Big Tech companies, and others, are likely planning future data
16 centers with the intention of serving the same final demand for the services data
17 centers provide. To the extent multiple entities are competing to serve the same
18 final demand for service, at such time as it becomes clearer which entities are

¹⁷ See Jonathan Koomey et al., *Electricity Demand Growth and Data Centers: A Guide for the Perplexed*, Bipartisan Policy Center & Koomey Analytics (Feb. 2025) at 10, available at <https://bipartisanpolicy.org/report/electricity-demand-growth-and-data-centers/> (stating that data center developers “consider multiple states as possible locations for data centers, and they query multiple utilities simultaneously for electricity rates and incentives prior to making a final selection.”).

¹⁸ See, e.g., Pre-Conference Comments of Brian D. George on behalf of Google, LLC, *Ex Parte: Electric Utilities and Load Growth*, Case No. PUR-2024-00144 (Dec. 9, 2024) at 6–7 (“Finally, we are concerned about the pace and volume of load requests impacting the PJM load forecast... The PJM load forecasting process does not sufficiently vet large load adjustments provided to PJM...”).

1 winning the race, others may refocus their investments and drop or delay some
2 planned data centers.¹⁹ This is yet another source of uncertainty about the demand
3 for future data center capacity.

4
5 In light of these two aspects of the current boom in data center planning, this boom may
6 very well prove to have had a substantial speculative element to it.

7
8 **Q 23: IF MANY NEW DATA CENTERS ARE CONSTRUCTED IN MULTIPLE**
9 **REGIONS IN THE COMING YEARS, BUT THE DEMAND FOR THEIR**
10 **SERVICES IS HIGHLY UNCERTAIN, WHAT MIGHT THIS MEAN FOR THE**
11 **PACE AT WHICH THESE DATA CENTERS REACH THEIR CONTRACTED**
12 **POWER DEMANDS?**

13 A: It is very possible that many new data centers will be constructed, but there won't be
14 demand for the services – and/or sufficient chips to provide the services²⁰ – for many
15 years after construction.

16
17 While the Big Tech and other companies urgently seek to *site* data centers in order to
18 be ready for an uncertain future, it can be expected that they will actually *equip* new

¹⁹ This possibility was recognized in the JLARC Report at 50 (“For example, if one of the major hyperscaler companies decided not to pursue development of new artificial intelligence (AI) products or has a line of AI products that fail to be commercially viable, then energy demand from that company could decrease substantially.”).

²⁰ See, e.g., Bain & Company, *Prepare for the Coming AI Chip Shortage* (Sept. 25, 2025), available at <https://www.bain.com/insights/prepare-for-the-coming-ai-chip-shortage-tech-report-2024/> (warning of the possibility of a forthcoming semiconductor shortage).

1 data centers with the very expensive chips needed to provide services at a rate that
2 reflects the growth in demand for services and the availability of the latest hardware.
3 Accordingly, it is quite possible that the current cohort of new data centers planned for
4 the coming years will not reach contract power demand levels for many years.

5

6 **Q 24: YOU NOTE THAT THE CHIPS AND OTHER HARDWARE USED IN DATA**
7 **CENTERS ARE EXPENSIVE. PLEASE OUTLINE THE MAIN COST**
8 **CATEGORIES FOR LARGE NEW DATA CENTERS.**

9 A: According to one estimate, a 1 GW data center costs \$30 to \$35 billion, with the chips
10 replaced every five years; and assuming its power costs \$100/MWh (higher than recent
11 power purchase agreements or forward energy and capacity prices in most areas),
12 power amounts to less than 10% of the lifetime cost of the data center.²¹
13 Thus, constructing a data center is one decision, but bringing a data center to full
14 electricity load is another, much more costly, decision.

²¹ S&P Global, *Data Centers: Surging Demand Will Benefit and Test the U.S. Power Sector* (Oct. 22, 2025) at 32, available at <https://www.spglobal.com/ratings/en/research/articles/241022-data-centers-surging-demand-will-benefit-and-test-the-u-s-power-sector-13280625>.

1 **Q 25: YOU HAVE DESCRIBED THAT DATA CENTER LOADS HAVE BEEN**
2 **INCREASING RAPIDLY BUT ARE HIGHLY UNCERTAIN. DO THE LARGE**
3 **INCREASES IN LOAD POTENTIALLY AFFECT OTHER ELECTRICITY**
4 **CUSTOMERS?**

5 A: Yes. The first generation of data centers was generally built in regions, like Virginia
6 and PJM, that had excess generating capacity. These new customers used capacity that
7 was not needed by other customers, and they shared in system costs. Under those
8 circumstances, the new data center customers generally were welcome and had little
9 impact on other customers' costs.

10

11 However, the current and anticipated further rapid growth in data center loads has used
12 up excess capacity, and will require large investments in generation and transmission
13 to serve in most regions, such as in Virginia and Florida. Under current rules in many
14 regions, and especially where utilities are vertically integrated and own generation (as
15 is the Company's circumstance), existing tariffs would lead to much of the cost of these
16 investments being borne by other customers whose loads are expected to remain
17 generally flat and who do not cause these investments.

18

19 In addition, the uncertainty about these loads creates a risk of stranded cost, should the
20 anticipated loads not materialize in the locations and in the time frames projected.

21 Utilities might attempt to recover such stranded costs from other customers.

1 **Q 26: PLEASE NOTE AN EXAMPLE OF A REGION WHERE THE LARGE NEW**
2 **LOADS HAVE ALREADY AFFECTED OTHER CUSTOMERS.**

3 A: In Virginia and in the PJM wholesale market in the mid-Atlantic region, the costs of
4 serving incremental data center loads are spread to other consumers through utility
5 integrated resource plans and through PJM wholesale transmission planning rules.
6 PJM's 2024 forecast of further growth in data center demand spiked capacity prices,²²
7 and more recent load forecasts are much larger; the forecast load growth has also led
8 to billions in transmission investments.

9
10 Over the past 20 years PJM capacity prices had averaged around \$100/MW-day; they
11 have recently more than tripled and are expected to remain at high levels for the
12 foreseeable future. PJM has long had excess generating capacity, but now anticipates
13 falling short of its target reserve requirement over the coming years.²³

²² See, for instance, Monitoring Analytics, the market monitor for PJM, *Analysis of the 2025/2026 RPM Base Residual Auction Part G*, June 3, 2025, p. 1 (finding that data center load by itself resulted in an increase in revenues in the PJM capacity auction for the 2025/2026 delivery year of \$9.3 billion, or 174.3 percent), report available at https://www.monitoringanalytics.com/reports/Reports/2025/IMM_Analysis_of_the_20252026_RPM_Base_Residual_Auction_Part_G_20250603_Revised.pdf.

²³ See, for instance, Susan McGill, PJM, *Scenario Analysis Supporting Large Load CIFP Problem Statement* CIFP – Stage 1 Meeting, September 15, 2025, pp. 2, 5 (showing an anticipated capacity deficit in 2026 and 2030) available at <https://www.pjm.com/-/media/DotCom/committees-groups/cifp-lla/2025/20250915/20250915-item-05---cifp-scenario-analysis---presentation.pdf>.

1 **Q 27: HOW ARE UTILITIES AND REGULATORS RESPONDING TO THE COST**
2 **IMPACT AND STRANDED COST CONCERNS RAISED BY THE CURRENT**
3 **BOOM IN VERY LARGE DATA CENTER DEVELOPMENT PROPOSALS?**

4 A: The power industry and regulatory authorities are responding by developing new
5 approaches that call for the very large customers to bear more of the cost and risk
6 associated with their service.

7
8 **Q 28: PLEASE DESCRIBE SOME OF THE APPROACHES BEING USED TO HAVE**
9 **LARGE NEW LOADS BEAR THE COST AND RISK OF THEIR SERVICE.**

10 A: Very large new customers are increasingly being called on to make a financial
11 commitment to bear their share of the cost and risk of those investments. This is often
12 described as ensuring the very large new customers have “skin in the game” and face
13 the cost and risk of the investments needed to serve them. For example, AEP Ohio has
14 proposed tariffs for very large data centers with firm “take or pay” type minimum
15 demand levels over an extended period;²⁴ Georgia is pursuing a similar approach for
16 very large data centers.²⁵ Dominion Energy²⁶ and other utilities are also taking this
17 approach. The FPL original proposal is also of this type.

²⁴ See Application for Approval of New Tariffs by Ohio Power Company, *In the Matter of the Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers*, Ohio Pub. Utils. Comm’n Case No. 24-0508-EL-ATA (May 13, 2024).

²⁵ See Ga. Pub. Serv. Comm’n, *PSC Approves Rule to Allow New Power Usage Terms for Data Centers* (Jan. 23, 2025), available at https://psc.ga.gov/site/assets/files/8617/media_advisory_data_centers_rule_1-23-2025.pdf (describing a new rule that allows Georgia Power to charge new data centers in a manner that will protect ratepayers from cost shifting).

²⁶ See Virginia Electric and Power Company application in Virginia State Corporation Commission Docket No. PUR-2025-00058.

1 **Q 29: WHY ARE THESE NEW APPROACHES TO CONNECTING LARGE LOADS**
2 **NEEDED AT THIS TIME?**

3 A: Throughout history, electric utilities have generally recovered the cost of
4 interconnecting each customer from the customer, while the broader generation and
5 transmission costs to serve expanding load were recovered from all customers through
6 a standard set of tariffs. Under this paradigm, a new customer—or an existing customer
7 expanding its power needs—simply informed the local utility of the power required
8 (how much, where, and when), and the utility got to work planning for it, building
9 generation and transmission as needed to meet aggregate load increases on a firm basis.

10
11 This approach worked throughout history because load growth was “organic”; *i.e.*, it
12 resulted from the sum total of many, relatively small, new and expanding customers
13 with the growth generally in line with economic and demographic projections.

14
15 Only recently have the proposals for new loads grown to the huge sizes and numbers
16 that are now seen in many regions. These loads would require substantial new
17 generation and transmission investments to serve. Utilities and regulators are
18 increasingly unwilling to undertake the necessary huge investments without
19 commitments that protect shareholders and other customers, should the potential
20 customers ultimately not take service or only after a substantial delay or in a lower
21 quantity. This is often described as ensuring the very large new customers have “skin
22 in the game” and face the cost and risk of the investments needed to serve them.

1 Alternatively, very large new loads can interconnect under other arrangements that
2 minimize their impact on other customers. For example, they can agree to be fully
3 interruptible, so drawing power from the grid as long as the power is not needed by
4 other customers. Or, large new loads can interconnect in conjunction with new
5 generation (either behind or before the meter) commensurate with the load. This could
6 be dispatchable backup generation or new gas-fired, nuclear, or other generation
7 expected to operate at high load factor.

8

9 **Q 30: WHAT ARE THE BENEFITS OF THESE NEW APPROACHES TO**
10 **INTERCONNECTING VERY LARGE LOADS?**

11 A: Ensuring that very large new point loads bear the cost and risk of the generation and
12 transmission needed to serve them has a number of benefits:

- 13 1. First, it leads to cost allocation that is more consistent with cost causality, which is
14 a bedrock regulatory principle. It is the anticipated huge growth in data center loads
15 that creates the need for the costly new generation and transmission infrastructure.
- 16 2. Second, it protects existing customers who are not causing (and do not otherwise
17 need) the large generation and transmission investments from potential cost shifting
18 or stranded cost allocation.
- 19 3. Third, requiring very large new point loads to have “skin in the game” should cause
20 the more speculative and duplicative proposals to drop out, resulting in a more
21 sound, less speculative load forecast that can enable surer planning.
- 22 4. Finally, skin in the game in the form of minimum take requirements would help to
23 ensure that data centers are equipped and their loads ramp up according to schedule,
24 even if the demand for data center services is weak relative to supply, or chips are
25 scarce. If in the future there is excess data center capacity relative to the demand
26 for services, it can be expected that the loads will be ramped up at facilities that

1 impose minimum take requirements before other facilities operating under more
2 flexible circumstances.

3
4 **Q 31: WOULDN'T THESE PROVISIONS DISCOURAGE DATA CENTER**
5 **DEVELOPMENT, WHICH COULD REPRESENT ECONOMIC**
6 **DEVELOPMENT FOR A REGION?**

7 A: Even very large data centers do not represent much in the way of economic
8 development on a per-MW basis. While data centers provide substantial tax revenues,
9 they do not create many jobs. A data center is a large building full of servers and chips
10 with very few employees. By contrast, other very large new loads, such as electrified
11 industrial plants, would represent much more in the way of direct and indirect
12 employment.

13
14 **Q 32: AREN'T DATA CENTERS NEEDED IN FLORIDA AND OTHER AREAS TO**
15 **PROVIDE INFORMATION TECHNOLOGY TO SERVE THE LOCAL**
16 **ECONOMY?**

17 A: No. Data centers, wherever located, serve customers over very broad areas. Data
18 centers do not need to be in certain places, there is a lot of flexibility in where they are
19 built. This is evidenced by the very high concentration of data centers in Northern
20 Virginia. As of 2024, Northern Virginia had more data center capacity than the next

1 five largest U.S. regions (Chicago, Dallas-Fort Worth, Phoenix, Northern California,
2 and Oregon) combined.²⁷

3

4 **Q 33: SOME UTILITIES, SUCH AS FPL, DO NOT YET HAVE CONTRACTS FOR**
5 **LARGE AMOUNTS OF NEW LOAD. IS IT IMPORTANT TO PUT NEW**
6 **PROVISIONS FOR INTERCONNECTING NEW LOADS IN PLACE EVEN IF**
7 **TO DATE THEY HAVE NOT CAUSED PROBLEMS?**

8 A: Yes, it is critically important for utilities to get in front of this problem, as FPL has
9 proposed to do. Once there are many contracts and vested interests, it becomes much
10 harder to change the rules for interconnecting new loads, and any new rules might not
11 apply to many projects in the pipeline.

12

13 Virginia and PJM have learned this lesson the hard way. PJM's Board has initiated an
14 urgent, accelerated, "Critical Issue Fast Path" stakeholder process to attempt to craft
15 approaches to addressing this problem.²⁸ However, PJM's proposal in this regard is
16 rather modest would actually do little to address the problem, and has faced substantial
17 opposition.

²⁷ Dominion Energy, Q4 2024 earnings call (Feb. 12, 2025) at slide 43, available at https://s2.q4cdn.com/510812146/files/doc_financials/2024/q4/2025-02-12-DE-IR-4Q-2024-earnings-call-slides-vTCII.pdf.

²⁸ See the PJM current Critical Issue Fast Path – Large Load Additions stakeholder process, files available at <https://www.pjm.com/committees-and-groups/cifp-lla>.

1 **IV. THE COMPANY’S ORIGINAL PROPOSAL WOULD PROTECT ITS**
2 **CUSTOMERS FROM COST SHIFTING AND OTHER RISKS**
3

4 **Q 34: NOW PLEASE DESCRIBE THE COMPANY’S ORIGINAL PROPOSAL FOR**
5 **NEW TARIFFS FOR VERY LARGE NEW CUSTOMERS.**

6 A: FPL proposed the new rate schedule Large Load Contract Service-1 (LLCS-1) for
7 future customers with projected new or incremental load of 25 MW or more and a load
8 factor of 85 percent or more.²⁹ The proposed new tariff included a 90% minimum take-
9 or-pay requirement, a 20-year term, an exit fee, and credit requirements, among other
10 provisions.³⁰ Customers under this rate schedule would pay an Incremental Generation
11 Charge (“IGC”) to recover the incremental costs of generation built to serve the new
12 large loads.

13
14 **Q 35: PLEASE EXPLAIN HOW THE COMPANY’S ORIGINAL PROPOSAL**
15 **PROTECTS ITS OTHER CUSTOMERS FROM COST SHIFTING AND**
16 **STRANDED COST RISK.**

17 A: These provisions work together to help ensure that the data center proposals that
18 advance in FPL’s pipeline are being developed by serious operators who plan to run at
19 a high load factor. These provisions might discourage some proposals and lead them
20 to drop out.

²⁹ Petition by Florida Power & Light Company for Base Rate Increase, February 28, 2025, and Direct Testimony of Tiffany C. Cohen on behalf of FPL, February 28, 2025 (“Cohen Direct”), p. 23.

³⁰ Cohen Direct pp. 26-27.

1 The provisions also help ensure that if the total data center capacity becomes overbuilt
2 in the coming years regionally or world-wide, operators will face strong incentives to
3 maintain loads at the FPL data centers and reduce loads elsewhere where such
4 provisions are not in place or are weaker.

5
6 **V. THE AUGUST 20 PROPOSAL WOULD WEAKEN CONSUMER**
7 **PROTECTION**
8

9 **Q 36: NOW PLEASE DESCRIBE IN MORE DETAIL HOW THE AUGUST 20**
10 **PROPOSAL WOULD CHANGE THE COMPANY'S ORIGINAL PROPOSAL**
11 **FOR NEW TARIFFS FOR VERY LARGE NEW CUSTOMERS.**

12 A: The main changes that relate to the LLCS tariffs were as follows.³¹

- 13 1. The threshold for the LLCS tariffs was raised from 25 to 50 MW.
- 14 2. The minimum take-or-pay demand charge was lowered from 90% to 70%.
- 15 3. There were also changes to the performance security amount provisions and to the
16 schedules around the engineering and system impact studies.
- 17 4. There were also changes to FPL's Contribution in Aid of Construction ("CIAC")
18 tariff.³²

³¹ August 20 Proposal pp. 7-9.

³² August 20 Proposal pp. 9-10.

1 **Q 37: PLEASE EXPLAIN HOW THESE CHANGES WOULD WEAKEN THE**
2 **CONSUMER PROTECTIONS IN THE COMPANY'S ORIGINAL PROPOSAL.**

3 A: Raising the threshold from 25 to 50 MW would weaken the protection by allowing very
4 large new loads just under 50 MW to qualify for the existing General Service Large
5 Demand (GSLD) tariffs that provide much less customer protection. However, data
6 center development proposals have been increasing rapidly in size in all regions, so
7 perhaps this change is reasonable.

8 The most concerning change is the reduction in the minimum take-or-pay demand
9 charge threshold to 70%.

10

11 **Q 38: AREN'T DATA CENTERS EXPECTED TO OPERATE AT VERY HIGH**
12 **LOAD FACTORS; WHY WOULD THEY WANT, AND WHY WOULD FPL**
13 **ACCOMMODATE, THE 70% LEVEL?**

14 A: This is unclear. I have not seen an explanation. Asked through discovery about the
15 reduction from 90% to 70%, FPL's response mentioned the IGC and the CIAC, and
16 concluded as follows:³³

17 Based on the collective foregoing factors, and considering the
18 concerns raised by the FEIA witnesses regarding the level of
19 minimum demand charge that would be reasonably acceptable to a
20 customer that meets the LLCs threshold, FPL witness Cohen
21 concludes that approving a 70% minimum take-or-pay base demand
22 charge for the LLCs tariffs versus a 90% would not be
23 unreasonable.

³³ Response to FEL's Thirteenth Set of Interrogatories, No. 138.

1 Briefly put, FPL apparently reduced the minimum take-or-pay base demand charge
2 level from 90% to 70% because some parties allege that higher levels would not be
3 acceptable to the industry.

4

5 **Q 39: ARE UTILITIES IN OTHER STATES THAT ARE PUTTING SUCH TARIFFS**
6 **IN PLACE INCLUDING SUCH LOW MINIMUM TAKE-OR-PAY LEVELS?**

7 A: According to a recent review of similar tariffs, most utilities are including higher
8 thresholds. A recent review of twelve similar tariffs intended for data centers found
9 that the majority had 80% or 90% minimum bill thresholds for the relevant load sizes.³⁴

10

11 **Q 40: COULD THE LOWER MINIMUM TAKE REQUIREMENTS HAVE OTHER**
12 **ADVERSE CONSEQUENCES?**

13 A: Yes. Should data center capacity become overbuilt in the coming years as a result of
14 the current construction boom, the owners will have to decide which facilities to fully
15 equip and which to leave below capacity. They will consider energy costs and other
16 factors, but provisions such as minimum take requirements could be the most
17 convincing. Lowering the minimum take requirements would free the future owners
18 of Florida data centers to focus their investments on other markets that are lower costs
19 or have higher minimum take requirements.

³⁴ Rebuttal Testimony of Steven W. Wishart on Behalf of Virginia Electric and Power Company, State Corporation Commission of Virginia Case Nos. PUR-2025-00058 and 00059, page 5 Table 1.

1 VI. ADDITIONAL APPROACHES ARE AVAILABLE TO
2 ACCOMMODATE VERY LARGE LOADS WHILE PROTECTING
3 OTHER CUSTOMERS
4

5 **Q 41: SHOULD THE PARTIES IN THIS PROCEEDING SEEK TO FORGE A**
6 **PROPOSAL WITH BROADER CUSTOMER SUPPORT, WHAT PROVISIONS**
7 **WOULD YOU RECOMMEND REGARDING VERY LARGE NEW LOADS?**

8 A: First, I would recommend including the LLCS tariff provisions included in FPL's
9 original proposal, with the various changes reflected in the August 20 Settlement except
10 for the minimum take-or-pay level. The minimum take-or-pay level should be kept at
11 90%, or perhaps set at to 80%.

12 An additional tariff could be defined for very large loads that are willing to be fully
13 interruptible. And provisions could be added to accommodate very large loads that
14 bring their own generation to the FPL system. These are approaches under discussion
15 in other regions with substantial data center development.
16

17 **Q 42: DON'T DATA CENTERS TYPICALLY HAVE BACKUP GENERATION, AND**
18 **DOES THIS ALLOW THEM TO BE FULLY INTERRUPTIBLE?**

19 A: No. Data centers do generally have on-site backup generation. However, this
20 generating capacity is generally held only to provide reliability to the data center's
21 customers, it is not made available to the utility to help meet system peak loads when
22 needed. Typically that generation is diesel fired, which leads to environmental
23 restrictions on its use. So this type of backup generation does not allow a data center
24 to be interruptible.

1 To be interruptible, a data center operator would either have to be ready to shift loads
2 to other data centers when necessary, or, more likely, to install dispatchable backup
3 generation that runs on cleaner fuels.

4 Crypto mining facilities, which can be very large but are very different from data
5 centers, would generally be willing to be interruptible, because their operations are no
6 longer profitable when a system is tight.

7

8 **Q 43: PLEASE ELABORATE ON THE “BRING YOUR OWN GENERATION”**
9 **APPROACH.**

10 A: FPL has proposed to build new generation to serve very large loads and to recover the
11 cost through the IGC and LLCS. Alternatively, FPL could set the rules and criteria for
12 review and acceptance of new generation planned to serve new very large loads. This
13 is another approach under discussion in other regions, and it would give very large
14 loads an additional alternative to the LLCS tariff.

15

16 **Q 44: DOES THIS COMPLETE YOUR TESTIMONY?**

17 A: Yes, it does.

1 BY MR. PONCE:

2 Q Mr. Wilson, did your prefiled testimony in
3 this docket also contain one exhibit, labeled JFW-1?

4 A Yes.

5 MR. PONCE: And just for the record, I believe
6 that is CEL Exhibit 1303.

7 BY MR. PONCE:

8 Q Mr. Wilson, do you have any corrections to
9 your exhibit?

10 A No.

11 Q And have you prepared a summary of your
12 testimony?

13 A Yes, I have.

14 Q If you could please provide that summary?

15 A Okay. Thank you.

16 Thank you. Good afternoon. Thanks for this
17 opportunity to share my expertise and contribute to this
18 proceeding.

19 So I am an economist and independent
20 consultant doing business as Wilson Energy Economics 40
21 years of experience mostly in the electric power
22 industry, also natural gas, a lot of work on electric
23 load forecasting, and that's what led me almost a decade
24 ago to data centers in Dominion Energy integrated
25 resource planning proceedings.

1 Data centers in 2016 started to become a
2 considerable source of load growth, and this is an area
3 where the load had been flat for many years. So I have
4 been following data centers for almost a decade, and
5 also worked on data center issues in Ohio, North
6 Carolina, California, Alabama, and I'm probably missing
7 a few, PJM Interconnection, Middle Atlantic is also
8 really addressing these now.

9 So this proceeding, Florida Power & Light's
10 proposal for these new tariffs, it's really a good thing
11 to get out ahead of this when you don't quite have the
12 customers yet, but they are coming, to get tariffs in
13 place. Just as an example, Ohio made that move when
14 they were already buried with proposals for data
15 centers, and had many in the pipeline.

16 Initially, data centers used excess capacity.
17 That's welcome. And that was the situation in Virginia
18 and Ohio, and many places. But now we are in a
19 situation where just about everywhere, that excess
20 capacity has been used up. So as in Florida, connecting
21 additional data center, very large data centers is going
22 to involve additional investments. So it's really good
23 to get out ahead of that with tariffs to ensure that so
24 those very large new customers will bear the cost and
25 the risk of the incremental investments to meet their

1 service.

2 Such tariffs, lots of benefits, cost
3 causality, getting that right, protecting other
4 customers, firming up the load forecast. When you have
5 tariffs like that in place, you are going probably
6 squeeze out some of the more speculative proposals out
7 there. I think you will end up with tariffs like those.
8 I think you will end up with higher quality data centers
9 joining the system, those that really do plan to operate
10 at the 90 and 100 percent level that data centers are
11 expected to operate at, so...

12 And then the other benefit of the tariffs is
13 that if we get to a place in a few years, as I think we
14 very well might, where a lot of data centers have been
15 built around the country, a lot of new data center
16 capacity is in place, but the demand for the services
17 they provide isn't quite there yet, or perhaps the chips
18 to fully equip those data centers aren't quite there
19 yet. The operators and owners of the data centers are
20 going to have to decide where to fill out, and where not
21 to, and where they are facing minimum bill type
22 requirements, I think, is where the chips will be sent.
23 So that's yet another advantage of a high minimum bill
24 in particular.

25 So my testimony, to a great extent, focuses on

1 the reduction in the settlement of the original request
2 90 percent minimum bill for the demand charge to 70
3 percent. 70 percent being lower, really, than what most
4 utilities now are looking at 80 and 90 percent around
5 the country.

6 And I think the question you have to ask is
7 why? Why should we lower it to 70 percent? Why would
8 data -- prospective data center customers be pushing for
9 70 percent? You know, data centers are expected to
10 operate much higher than that.

11 So with an assignment like that, normally I
12 would go to the filings and I would look for probably
13 Google, number one. Brian George has been the
14 representative of Google in a number of places. He is
15 pretty reasonable guy, so I would be wondering, what
16 would Brian say? Would he be pushing for 70 percent?
17 But I don't find any filings by Google in this
18 proceeding.

19 I looked for Amazon. I looked for Microsoft,
20 Meta. These -- the big tech -- those big tech
21 companies, those four refer I refer to as big tech, they
22 obviously have a face to the public, they need to
23 maintain a good attitude on the part of the public in
24 order to be successful in what they are doing. They are
25 unlikely to push for shifting a lot of the cost and risk

1 of what they are doing to residential customers. And
2 they, indeed, in their filings, they say that data
3 centers ought to bear the cost and risk.

4 Data Center Coalition, I looked for what they
5 say in this proceeding, I don't find them either. So a
6 little surprising to not find any of those parties
7 pushing for the 70 percent, or even participating in
8 this proceeding. So I am left wondering, you know, why
9 70, you know, who is pushing for that, and why are they
10 pushing for that? Then I really would recommend that
11 you recommend that particular modification.

12 In my testimony, I also put out some other
13 options that I think would merit additional
14 consideration in development. One is options for data
15 centers to connect to the system without causing the
16 utility to have to build the capacity and energy to meet
17 their service. So, for instance, clean fuel
18 dispatchable backup generation.

19 Data centers almost always have backup
20 generation in order to provide reliability to their
21 customers, but it's usually diesel, which they can't run
22 very often, and would only run in an emergency. If,
23 instead, they were to construct clean fuel backup
24 generation, then the utility wouldn't necessarily have
25 to build planning to meet their loads along with other

1 loads.

2 And, of course, the other one is bring your
3 own generation, which is being discussed almost
4 everywhere. That can be behind-the-meter or in front of
5 the meter. And that's another way that a lot of other
6 areas, including PJM, are considering making a path for
7 data centers to be able to connect in a way that does
8 not impose cost and risk on other customers.

9 So to summarize, the tariffs that FPL have
10 proposed, it's really a good thing. Cost causality,
11 protecting customers, firming the load forecast,
12 ensuring you get high quality data centers joining your
13 system. But I think there is a lot of benefits to the
14 90 as opposed to the 70 percent.

15 Thank you.

16 **Q Thank you.**

17 MR. PONCE: I tender the witness for
18 cross-examination.

19 CHAIRMAN LA ROSA: FEL?

20 MR. MARSHALL: No questions, Mr. Chairman.

21 CHAIRMAN LA ROSA: I know FAIR is not at the
22 table, but I just want to verify that FAIR does or
23 does not have any questions?

24 MR. SCHEF WRIGHT: No questions, Mr. Chairman.

25 Thank you.

1 CHAIRMAN LA ROSA: FEIA?

2 MR. MAY: No questions.

3 CHAIRMAN LA ROSA: Walmart?

4 MS. EATON: No questions.

5 CHAIRMAN LA ROSA: FEA?

6 CAPTAIN RIVERA: No questions.

7 CHAIRMAN LA ROSA: FRF?

8 MR. BREW: No questions.

9 CHAIRMAN LA ROSA: FIPUG?

10 MR. MOYLE: I have a couple.

11 CHAIRMAN LA ROSA: Please.

12 EXAMINATION

13 BY MR. MOYLE:

14 Q Hi. I am Jon Moyle. I represent the Florida
15 Industrial Power Users Group. We are large users, and I
16 appreciate your summary. Just a couple of follow-ups.

17 If I understood your summary correctly, I
18 think you are giving kudos to Florida Power & Light and
19 others who are saying, you know, we should do something
20 on data centers as compared to nothing on data centers,
21 is that fair?

22 A That's fair.

23 Q Yeah. And you are familiar with the tariff
24 that FPL filed, the large load tariff?

25 A Yes, I am.

1 Q And you would agree that in their tariff, the
2 steps that they are taking are similar to steps that are
3 being taken in other jurisdictions, you mentioned Ohio,
4 that, again, with the idea of doing something is better
5 than doing nothing, you know, the tariff is premised
6 upon steps that you have probably seen elsewhere, is
7 that true?

8 A Correct. Yes.

9 Q Okay. And the issue that I heard you say,
10 well, the 90 versus the 70, you know, I think you said
11 other places do 80, is that right, 80 percent?

12 A 80s and 90s, yes.

13 Q Yeah. And you are aware that these provisions
14 are also requiring a lot of, you know, collateral, in
15 effect, letters credit or other devices that can ensure
16 that the costs are not passed on to other ratepayers,
17 correct?

18 A Yes.

19 Q So at the end of the day, you would, I
20 believe, tell this commission it's better to move
21 forward and put in place a tariff so you have the
22 essential framework as compared to starting from
23 scratch, because if you need to make an adjustment to a
24 tariff, you already have a base document to do it with,
25 and if the percentage needs to be adjusted, you could do

1 **it that way, is that fair?**

2 A I wouldn't recommend just going forward with
3 settlement that's before them with the 70 percent, no, I
4 wouldn't recommend that. I would recommend getting it
5 right from the beginning --

6 **Q Yeah.**

7 A -- because when you get in a situation like
8 Ohio, where you have a pipeline, they have a number of
9 data centers already in operation, they have another,
10 they are far along in the pipeline. When you put
11 something like this in place, it's in place
12 prospectively, you know, at some date in the future for
13 projects that haven't met some milestone at that point.
14 So it's really good to get out in front of it, but to
15 get it right.

16 **Q Right, but with respect to getting it right,**
17 **or making a change, you would agree that having a tariff**
18 **in place is an easier process to go in and make a change**
19 **if you need to in the future as compared to starting**
20 **from scratch, correct?**

21 A Well, you are not going to -- I don't think
22 you are going to change that --

23 **Q Could you answer yes or no and then explain,**
24 **please?**

25 A -- the parties --

1 CHAIRMAN LA ROSA: If the witness could just
2 answer yes or no, and then elaborate.

3 If you wouldn't mind, Jon, do you mind
4 restating your --

5 MR. MOYLE: I will restate my question.

6 BY MR. MOYLE:

7 Q Again, you have talked about some of your
8 background in energy and different things. I am just
9 asking you fundamentally if you would agree having a
10 tariff in place that addresses a particular issue,
11 whether it's data centers or something else, is a better
12 place to be in from an organizational structural
13 standpoint than starting from scratch, and if you need
14 to make an adjustment to an existing tariff, that's
15 easier than coming in afresh and filing a new tariff,
16 kind of waiting, you know, waiting to see what others
17 do, would you agree with what?

18 MR. PONCE: Just objection to compound. Maybe
19 Mr. Moyle could break that down a little bit?

20 CHAIRMAN LA ROSA: Yeah, there was a lot
21 there. Can you ask the question --

22 MR. MOYLE: I tell you what, I will move on.

23 CHAIRMAN LA ROSA: Yeah.

24 BY MR. MOYLE:

25 Q Is there anything in this tariff -- you had

1 mentioned bring your own generation. There is nothing
2 in this tariff that precludes bring your own generation
3 to the table, is there?

4 A The trick there is --

5 Q If you could yes or no, please?

6 A In the tariff? I guess I would have to say,
7 no, there are problems. I mean, other areas are doing
8 -- making a lot of changes to try to accommodate bring
9 your own generation.

10 Q And so you are saying there may be some work
11 to do on that. But the question I just wanted focus on,
12 there is nothing in the tariff that makes bring your own
13 generation impossible, correct?

14 A Well, not impossible.

15 Q Well, there is no impediments to bring your
16 own generation as we sit here today, correct?

17 A Yes, there are many impediments.

18 Q Okay. All right. Those are all my questions.

19 CHAIRMAN LA ROSA: FPL?

20 MS. MONCADA: No questions from FPL.

21 CHAIRMAN LA ROSA: Staff?

22 MR. STILLER: No questions.

23 CHAIRMAN LA ROSA: Commissioners, any
24 questions?

25 Commissioner Fay.

1 COMMISSIONER FAY: Thank you, Mr. Chairman.

2 Mr. Wilson, so in your testimony, you talk
3 about this possibility of this fully interruptible
4 structure. Can you just help explain to me -- you
5 are an expert in the area in the industry, I know
6 maybe on the crypto side, there might be some
7 possibilities that would work, but in general for a
8 state to attract entities that might do this in a
9 tariff structure like that, do you see this being
10 feasible based on your testimony?

11 THE WITNESS: Yes, I do. And there is an
12 organization in Shannon Rock, I don't know if they
13 filed in here or not, that's been promoting that.

14 Data centers want to provide five nines
15 reliability to their customers, okay. They don't
16 want to interrupt their customers. So they all,
17 almost always have backup generation often
18 100 percent of their capacity. In a Dominion
19 proceeding in response to a data request, Dominion
20 said, we aren't aware of any data centers that
21 don't have 100 percent diesel backup. So they
22 definitely want to provide that reliability, but
23 does that mean they have to have that from the
24 grid? Not necessarily.

25 If they were to have 100 percent backup

1 generation that was a higher quality type of
2 generation, maybe on a clean fuel so it wouldn't be
3 an environmental restricted, then they could
4 provide that high reliability to their customer
5 while helping the utility when the utility needs
6 help by running their backup generation. So they
7 would look interruptible to the utility while
8 looking five nines super reliable to their
9 customers. And so that's definitely one of the
10 options that a lot of places are considering.

11 And with that arrangement, the utility doesn't
12 have to build incremental capacity to serve that
13 load, because what they will do if they can't serve
14 that load and other customers is they will say,
15 hey, you know, your 500-megawatt data center, we
16 are going to need you to reduce 200 today in order
17 to be sure to reliably meet the peak loads of our
18 other customers, and they will plan to run their
19 backup generation to make that possible.

20 So that's how that works.

21 COMMISSIONER FAY: Okay. And just as clarity,
22 you are aware of facilities that, alternative to
23 diesel backup generators, have some form of backup?

24 THE WITNESS: Sometimes it's natural gas. I
25 have seen renewable natural gas. Batteries. Solar

1 plus batteries. These are some of the ways. Some
2 day it might be small nuclear, but that's a ways
3 off.

4 COMMISSIONER FAY: But you have seen that in
5 projects that have been developed?

6 THE WITNESS: These things are happening,
7 yeah. Not real large yet, but they are definitely
8 happening.

9 COMMISSIONER FAY: Okay. Great. Thank you,
10 Mr. Wilson.

11 THE WITNESS: Thank you.

12 CHAIRMAN LA ROSA: Commissioners, any further
13 questions?

14 I have got a quick question. I heard in the
15 back and forth with FIPUG there was a comparison to
16 Ohio, and then in your opening, you talked a little
17 bit about some of the, I'm going to say the name
18 brands, right, of tech companies.

19 In your opinion, how does this, you know,
20 provision, how does this tariff compare to maybe
21 what other states are doing, or what other states
22 have considered?

23 THE WITNESS: It's comparable. I think the
24 company did a good job in research, and they
25 probably researched what other states are doing in

1 order to put their initial proposal together. So I
2 think it's pretty solid. And then through the
3 settlement effort, there were some tweaks, probably
4 some improvements and some compromises in there.
5 So overall, I think it's a good job. I just don't
6 like the 70 percent.

7 CHAIRMAN LA ROSA: Commissioners, further
8 questions?

9 All right. Seeing none, back to OPC.

10 MR. PONCE: Very brief redirect. Thank you.

11 FURTHER EXAMINATION

12 BY MR. PONCE:

13 **Q Mr. Wilson, you mentioned that -- you were**
14 **just asked if FPL's tariff was comparable to other**
15 **states. Just to clarify, the 70 percent, in your**
16 **opinion, is not comparable, right?**

17 A That's correct. And I was going to do the
18 work, but the work had been done for me. I cited it in
19 my testimony some very recent research, which was in the
20 Dominion case, summarizing provisions. And most of them
21 are 80 and 90, Ohio is 85, mostly it's 80 and 90
22 percents, there was maybe another 70 in there somewhere.

23 **Q And when you said you were glad that FPL was**
24 **getting ahead of the issue, that was comparing -- that**
25 **was for the as-filed tariff compared to the --**

1 A Yeah, the original 90 was a strong provision.

2 **Q That's it. Thank you very much, Mr. Wilson.**

3 MR. PONCE: I would move into evidence
4 Mr. Wilson's one exhibit.

5 CHAIRMAN LA ROSA: Is that exhibit -- I don't
6 know have it in front of me. If you can just point
7 out which --

8 MR. STILLER: 1303 on the CEL.

9 CHAIRMAN LA ROSA: Thank you.

10 MR. PONCE: That is 1303, that's correct.
11 Thank you.

12 CHAIRMAN LA ROSA: Seeing no objections, so
13 moved.

14 (Whereupon, Exhibit No. 1303 was received into
15 evidence.)

16 CHAIRMAN LA ROSA: All right. Awesome. Sir,
17 thank you very much for your testimony. You are
18 excused.

19 (Witness excused.)

20 CHAIRMAN LA ROSA: Okay. So let's shift back
21 to where we were before we had started lunch --
22 before we went to lunch, we had the witness panel
23 that was here in the witness box. I will give
24 everybody a few seconds to get organized and get
25 ready.

1 MR. STILLER: Mr. Chair.

2 CHAIRMAN LA ROSA: Yes, sir.

3 MR. STILLER: -- we have some housekeeping
4 that we could maybe take care of in the two
5 minutes.

6 CHAIRMAN LA ROSA: It seems like it's a good
7 time to do it.

8 MR. STILLER: There are three groups of
9 exhibits identified on the CEL that we would like
10 to move into the record at this time.

11 CHAIRMAN LA ROSA: Okay.

12 MR. STILLER: The first group is Exhibits
13 1274, 1275 and 1276. Those are three exhibits from
14 your customer service hearings that were submitted.
15 I believe one is a bill and two are letters.

16 The next grouping is 1277 to 1282, and that is
17 the 2025 Stipulation and Settlement Agreement we
18 are talking about here, along with the exhibits
19 each as separate CEL exhibits.

20 And then finally, the third grouping is CEL
21 Nos. 1339 through 1363. And those are staff's
22 settlement exhibits. And we would like to move all
23 of those into the record at this time.

24 CHAIRMAN LA ROSA: Are there any objections to
25 those?

1 MS. MONCADA: Can I hear the second set again?

2 Sorry.

3 MR. STILLER: 1277 through 1282.

4 MS. MONCADA: Okay. Thank you. No objection.

5 CHAIRMAN LA ROSA: Seeing no objections to
6 those, so moved.

7 (Whereupon, Exhibit Nos. 1274-1282 & 1339-136
8 were received into evidence.)

9 CHAIRMAN LA ROSA: All right. So welcome
10 back, witnesses. And OPC was in questioning, and
11 Ms. Christensen was ready to start a new line of
12 questioning, and you are recognized.

13 MS. CHRISTENSEN: Yes. Thank you.

14 Whereupon,

15 SCOTT BORES
16 JAMES M. COYNE
TIFFANY C. COHEN
TIM OLIVER

17 were recalled as a witness, having been previously duly
18 sworn to speak the truth, the whole truth, and nothing
19 but the truth, was examined and testified as follows:

20 BY MS. CHRISTENSEN:

21 Q And good afternoon, Mr. Bores, these questions
22 are for you.

23 A Good afternoon, Ms. Christensen.

24 Q And, Mr. Bores, you filed settlement testimony
25 on September 3rd, 2025 -- or I am sorry, September 3rd,

1 **2025?**

2 A Yes, correct.

3 Q And you are the cosponsor of the proposed FPL
4 **settlement, correct?**

5 A I am.

6 Q And your settlement testimony covers the
7 **multiyear plan that was filed as part of the August**
8 **20th, 2025, filing?**

9 A I think generally that's fair.

10 Q Is and you are familiar with the terms and
11 **conditions of this proposed settlement, correct?**

12 A Majority of them, yes.

13 Q Okay. And as part of that familiarity, you
14 **are familiar with the parties to the settlement,**
15 **correct?**

16 A I am.

17 Q And you would agree the settlement was
18 **nonunanimous?**

19 A Yes, in the fact that it had 10 of 13 parties.

20 Q Okay. Well, let's talk about the 10 of 13
21 **parties, or the parties that actually signed the**
22 **agreement. I am just going to name them out, and if you**
23 **can confirm that they were signatories, I can just do it**
24 **as a block.**

25 And you would agree that Florida Power

1 **Industrial Users Group, Florida Retail Federation, the**
2 **Florida Energy for Innovation Association --**

3 MS. MONCADA: Mr. Chairman, FPL stipulates to
4 the parties to the agreement. It's listed right in
5 the agreement. We don't have any dispute about who
6 they are.

7 CHAIRMAN LA ROSA: Does that help?

8 MS. CHRISTENSEN: I mean, I was going to list
9 them all. I -- you know, I am just about halfway
10 through them. I just want to make sure that we
11 know who the names of those settling parties are on
12 the record in the transcript, so I am just going to
13 proceed.

14 CHAIRMAN LA ROSA: Yeah, please do.

15 MR. MOYLE: But can I say one thing? I mean,
16 it's in the record -- the settlement agreement is
17 in the record. I think it just got in there, so I
18 am okay to name six more, but for the purposes of
19 moving forward, simply having a witness go in and
20 say, this is a fact that's already in the record is
21 not very efficient.

22 MS. CHRISTENSEN: Well, given that it's my
23 cross-examination, and we are doing fairly well,
24 it's Wednesday, I think if I can just conduct the
25 cross-examination in the way that I intended, it

1 would probably be less time consuming than the
2 objection/non-objections that I am getting.

3 CHAIRMAN LA ROSA: Understand. Continue with
4 the names.

5 MS. CHRISTENSEN: Thank you.

6 BY MS. CHRISTENSEN:

7 Q **EVgo, Americans for Affordable Clean Energy,**
8 **Circle K, RaceTrac, Wawa and Electrify America and the**
9 **Federal Executive Agencies, Armstrong World Industries**
10 **and Southern Alliance for Clean Energy, did I miss**
11 **anybody that was a signatory?**

12 A I think you got them all.

13 Q **Thank you.**

14 **And you would agree that these group of**
15 **customers that are the non-FPL signatories to this**
16 **nonunanimous settlement represent less than three**
17 **percent of FPL's customers, correct?**

18 MR. MOYLE: Object to the form.

19 CHAIRMAN LA ROSA: I will allow the parties --

20 MR. MOYLE: I mean, it's ambiguous with
21 respect to represent. Represent how? In terms of
22 megawatts used? Numbers? It just needs more
23 clarity.

24 CHAIRMAN LA ROSA: Can you --

25 MS. CHRISTENSEN: Sure, pure number of

1 customers.

2 CHAIRMAN LA ROSA: Ask the question in that
3 regard.

4 BY MS. CHRISTENSEN:

5 Q Right. I mean, you would agree that the
6 non-FPL signatories to this nonunanimous settlement
7 represent less than three percent of FPL's actual
8 customer accounts?

9 A I am not sure that's entirely correct, because
10 I believe a lot of the signatories represent the GS
11 class on a pure nominal customer count basis.

12 I also look at in this terms of megawatt
13 hours, and I think it's just under 50 percent of the
14 total megawatt hours of FPL's system.

15 Q Right. But that's not the question that I
16 asked. The question I asked was the number of customer
17 accounts, and I think you said you are not sure if it's
18 less than three percent, is that your testimony today?

19 A On a customer account basis, yes. I believe
20 your number includes GS, if I can ask a clarifying
21 question, GS rate class?

22 Q It includes it, but my understanding is not
23 all of the non-FPL signatories represent everybody in
24 the GS customer service class category, correct?

25 A But my understanding is a vast majority of the

1 signatories represent GS customer classes. So I have a
2 hard time accepting your premonition of the question.

3 **Q You said they represent a nominal number of**
4 **the GS customers?**

5 **A** Not a nominal. Maybe a better way to say it,
6 a majority of the signatories represent at least a GS
7 customer account.

8 **Q Okay. I will accept that they represent at**
9 **least a GS account, okay.**

10 **And on page two of your settlement testimony,**
11 **lines 19 through 21, you say that the majority of the**
12 **customer groups that intervened in this proceeding**
13 **support the agreement. And I think when you said that,**
14 **you were talking about the 10 out of 13 parties that**
15 **actually intervened in the docket?**

16 **A** That is correct.

17 **Q And you claim that since the majority of the**
18 **intervenors signed this agreement, this is one of the**
19 **reasons that this settlement is in the public interest?**

20 **A** Yes, one of the reasons. I think ultimately,
21 it is a compromise of our filed positions, and I can go
22 through all of those compromises if need be.

23 **Q I am sure we will get there, I am sure.**

24 **Let me ask you this: On page four of your**
25 **testimony, line two, I think this is where you talk**

1 about approximately 45 percent of all the electricity
2 that FPL sells is to the non-FPL signatories, correct?

3 A Yes.

4 Q Let's parse this claim that the non-FPL
5 signatories represent the customers who make up this
6 45 percent of usage.

7 Do you mean they represent each customer who
8 makes up the 45 percent as members of their
9 organization, or as they represent a portion of the
10 customer classes that make up 45 percent of the
11 electricity usage?

12 MS. MONCADA: I wasn't able to follow that
13 question.

14 CHAIRMAN LA ROSA: Do you mind just restating
15 the question?

16 MS. CHRISTENSEN: All right. Well, let me I
17 will try this again and keep it separate.

18 BY MS. CHRISTENSEN:

19 Q I just want to understand the basis for the
20 45 percent usage claim. Are you -- are these -- each of
21 the non-signatory -- or non-FPL signatories to the
22 agreement, do their customer accounts represent this
23 45 percent usage?

24 A No to the way I think you are asking the
25 question. Maybe the simplest way to answer it is

1 residential customers are roughly 55 percent of our
2 sales in terms of megawatt hours. So 100 minus 55
3 percent for the residential is the 45 percent, given
4 that all other classes are represented by a signatory
5 party.

6 **Q Okay. And so the non-FPL signatory, the**
7 **members' accounts would represent a smaller subsection**
8 **of, let's say, the GD, the GS or GS-1 accounts, correct?**

9 A Yes, if I understand the question correctly.
10 I don't know how much of the GS class is made up of the
11 signatory parties, what percentage of overall GS class
12 is attributable to signatory parties. What I do know is
13 that a bunch of the signatories have accounts in the GS
14 class.

15 **Q Okay. And would it be fair to say that you**
16 **did not calculate the percentage of usage of each of the**
17 **customers who are members of the groups that are**
18 **signatories and that are represented by the signatories,**
19 **correct?**

20 A I do not. I don't even think I know who all
21 the signatory members are.

22 **Q And you would agree that 45 percent of**
23 **electric sales is not a majority or 50 percent of FPL's**
24 **electric sales, correct?**

25 A No, it is 45 percent.

1 Q And you would agree that the non-FPL
2 signatories do not represent the majority of the
3 customer accounts, correct?

4 A I am sorry, can you rephrase that question?

5 Q Well, I mean, I can say it again.

6 You would agree that the non-FPL signatories
7 do not represent the majority of FPL's customer
8 accounts, correct?

9 A No, in no nominal customer account numbers,
10 no.

11 Q Okay. In fact, OPC, along with the coalition
12 of groups that represent the residential and small
13 business customers, have filed their own proposal,
14 right?

15 A That is my understanding.

16 Q And you said you didn't view it as a
17 negotiation when something is one-sided at the end of
18 the day, correct?

19 A Correct.

20 Q All right. Let's talk about the various
21 aspects of the proposal that FPL and the other special
22 interest parties have put forth today.

23 MS. MONCADA: Object to the use of the phrase
24 special interest parties. And I believe that at
25 the prehearing conference, Your Honor also stated

1 that that was not a proper usage of the term.

2 MS. CHRISTENSEN: I am not sure of that.

3 CHAIRMAN LA ROSA: I am going to go to my
4 Advisor. I am not sure that was exactly the way I
5 was signifying between the signatory parties and
6 the majority parties.

7 MS. CHRISTENSEN: I think that's --

8 MS. HELTON: Mr. Chairman, I would say it's
9 your personal preference. I mean, I think
10 everybody knows what -- who they are talking about.

11 CHAIRMAN LA ROSA: Understood. Please
12 continue.

13 MS. CHRISTENSEN: Thank you.

14 BY MS. CHRISTENSEN:

15 **Q Okay. Let's look at FPL's response to**
16 **Interrogatory No. 399, which is master page 01-2871.**
17 **And I believe this was a response where you were asked**
18 **to address the whereas clauses that were part of the**
19 **settlement agreement. Are you familiar with these?**

20 A Not really, I have seen them in the agreement.
21 I view that more as legal speak.

22 **Q Okay. Let me ask you to go to interrogatory**
23 **-- response to Interrogatory No. 400, which is master**
24 **012872. And I believe also there are corresponding PODs**
25 **171 and 172 regarding the, whereas, the parties to this**

1 agreement have undertaken to resolve the issues raised
2 in this docket 20250011 so as to maintain a degree of
3 stability and predictability with respect to FPL's base
4 rates and charges -- you sponsored these answers,
5 correct?

6 A I did.

7 Q Okay. And you claim that the settlement
8 resolves all 130 issues that were raised in the
9 underlying case?

10 A That is correct.

11 Q And when asked about the interest represented
12 by each of the signatories that entitled them to resolve
13 each of the 130 issues in the underlying case, you refer
14 to the motions to intervene filed by each of the
15 parties, correct?

16 A I am sorry, just show me where that is so --
17 is that E?

18 Q I believe that's one of your responses. I
19 think it may be E. Uh-huh.

20 A Yes. That is correct.

21 Q Okay. You would agree that the standard for
22 intervention is whether an individual or a group's
23 members will be substantially affected by the decision,
24 were you aware of that?

25 MS. MONCADA: Objection. The standard for

1 intervention is a legal standard, and he is not a
2 legal witness.

3 MS. CHRISTENSEN: Right, but he is opining on
4 a legal standard when he is directing me to look at
5 the motions for intervention. So I am trying it
6 understand his understanding of that.

7 MS. MONCADA: At this object to the extent
8 that it's asking him to interpret what the legal
9 standard is for intervention.

10 MS. CHRISTENSEN: I am not really asking him
11 to interpret. I am just wondering --

12 CHAIRMAN LA ROSA: Can you state the question
13 so we make sure we are clear on this?

14 MS. CHRISTENSEN: Sure. I will make sure I do
15 it this way.

16 CHAIRMAN LA ROSA: Can you state the question
17 to me?

18 MS. CHRISTENSEN: Let me do it this way: To
19 the best of his understanding, does he understand
20 that the standard for intervention is whether an
21 individual or group's members will be substantially
22 affected by the decision?

23 CHAIRMAN LA ROSA: There is a reason I am
24 asking you that question, so I am going to go to my
25 Advisor on interpreting the legality that question

1 if there is a level of interpretation.

2 MS. CHRISTENSEN: And let me just say for her
3 consideration, that he also holds himself out as
4 the policy witness.

5 MR. BREW: Mr. Chairman, if I may, that's
6 still an interp -- a legal interpretation. He
7 referred to a document in his response. He didn't
8 offer a legal view on what it means.

9 CHAIRMAN LA ROSA: Okay.

10 MS. CHRISTENSEN: Well, if he is referring me
11 to a document, I am assuming he knows what it
12 contains.

13 CHAIRMAN LA ROSA: Okay. Let me hear from
14 Mary Anne.

15 MS. HELTON: Mr. Chairman, whether someone --
16 whether a party has standing or not is a legal
17 conclusion that your legal staff makes a
18 recommendation to the Prehearing Officer, and then
19 the Prehearing Officer decides whether there, you
20 know, the potential intervenor does have standing.

21 The standard is whether someone is
22 substantially affected or not under the law, and
23 there is some case law that lays out the prongs
24 with respect to how someone becomes substantially
25 affected, or whether someone is substantially

1 affected, and that is a legal conclusion.

2 Normally I would say, you know, you could ask
3 the witness if they have an opinion or not. But a
4 lay person's understanding of whether someone is
5 substantially affected, I think, may be different
6 than a lawyer's understanding of whether someone is
7 substantially affected, just because the lawyer is
8 called upon to look at each of the prongs and
9 decide whether each of the prongs of the tests laid
10 out in Agrico and the other cases that stem from
11 Agrico, so I am going to say this one might be
12 going a little bit far astray with respect to what
13 the witness can speak to.

14 I mean, I think you can ask do you think they
15 are substantially affected, but that's a lay
16 person's understanding, not a lawyer's
17 understanding.

18 MS. CHRISTENSEN: Truthfully, my only question
19 was whether or not he was aware of what the
20 standard was. So I wasn't asking for a legal
21 opinion. It's just was he aware of that being a
22 standard.

23 MS. MONCADA: I didn't understand that to be
24 the question, but sorry, Mary Anne, please proceed.

25 MS. HELTON: I don't think that's a fair

1 question for him, because that is a legal standard,
2 Mr. Chairman.

3 MR. MOYLE: It's not relevant either.

4 MS. CHRISTENSEN: I think he opened up the
5 door through his discovery responses, but I -- as
6 long as the record reflects what the legal standard
7 is, and there is no disagreement to that being the
8 standard for intervention, I can move on.

9 MS. HELTON: Mr. Chairman, there has been some
10 discussions, and I am sorry to do this, but --

11 CHAIRMAN LA ROSA: Please.

12 MS. HELTON: -- I can't help myself right now.
13 There has been some discussion throughout the
14 course of the hearing, well, they said this in
15 discovery, so they opened up the door. Well, a
16 discovery request and a discovery response is not
17 evidence. And just because there was a -- a
18 discovery response may have -- lead to you another
19 question, that's not necessarily -- does not
20 necessarily make it appropriate for the course of
21 this proceeding that we are in now.

22 MS. CHRISTENSEN: I will move on to my next
23 question if that would --

24 CHAIRMAN LA ROSA: Okay. So I am going to
25 sustain the objection, and then ask if you will

1 move on?

2 BY MS. CHRISTENSEN:

3 Q Okay. Would you agree that the standard for
4 intervention is lower than whether or not you have
5 authority to represent and bind all members of a
6 customer class to a settlement?

7 MS. MONCADA: I'm going to object to this too,
8 because it presupposes his understanding about the
9 legal standard on intervention.

10 CHAIRMAN LA ROSA: I am sorry, Mary Anne, you
11 are going to be busy this afternoon.

12 MS. HELTON: And I am so sorry, Mr. Chairman.
13 I took a drink of water and was not listening to
14 the question.

15 CHAIRMAN LA ROSA: Can you -- Ms. Christensen,
16 can you restate the question?

17 MS. CHRISTENSEN: I will rephrase it.

18 Would you agree that it's different -- one
19 moment, please. I am sorry.

20 CHAIRMAN LA ROSA: Go ahead.

21 MS. CHRISTENSEN: And just remind me if I am
22 trying to step on your toes. I will try not to.

23 CHAIRMAN LA ROSA: No. No problem, but just
24 where we are at, you are rephrasing the question
25 that there was an objection to.

1 BY MS. CHRISTENSEN:

2 Q Yes. And I am going to rephrase it this way:
3 You would agree that having the authority to represent
4 and bind all members of a customer class to a settlement
5 is different than whether or not you can participate in
6 a proceeding to the extent that you have knowledge?

7 MR. BREW: I will object to that one.

8 MS. MONCADA: Object also to the extent it's
9 calling for an understanding -- I am sorry, Jay.

10 MR. BREW: Go ahead.

11 MS. MONCADA: It's calling for his
12 understanding of legal authority and what other
13 parties have legal authority for, that also is a
14 legal conclusion.

15 MR. BREW: Beyond that, the terms represent
16 and bind are also legally laced.

17 CHAIRMAN LA ROSA: Sustained.

18 BY MS. CHRISTENSEN:

19 Q Let me ask to have FPL's response to OPC
20 Interrogatory 401, and that would be master 012873 up?
21 And I believe there is also corresponding production of
22 documents 173.

23 And this is regarding the whereas clause:
24 Whereas, the parties to this agreement in compromise of
25 their respective positions taken in accord with their

1 rights and interests under Chapter 350, 366, 120,
2 Florida Statutes, as applicable, you did sponsor these
3 responses?

4 A I did.

5 Q Okay. You did not identify the party or
6 parties who had a right or interest to compromise in
7 each and every one of the 130 issues identified in the
8 prehearing order, did you?

9 A I am sorry, which question are we referencing
10 here?

11 Q Where -- the question that I asked, but I can
12 repeat that if you would prefer.

13 CHAIRMAN LA ROSA: If you could please repeat
14 the question?

15 THE WITNESS: I am sorry, is it one of these
16 discovery questions, or is it just a generic
17 question on this? I just want to make sure I am in
18 the right spot.

19 BY MS. CHRISTENSEN:

20 Q It's a generic question, but if you need to
21 refer to the response, please feel free to do so. And
22 the question was: You did not identify in this response
23 the party or parties who had a right or interest to
24 compromise on each and every one of the 130 issues
25 identified in the prehearing order, did you?

1 MS. MONCADA: The -- she's asking what -- I am
2 going to object. She's asking what the answer was
3 to the question. Maybe she should show him what
4 the answer was.

5 MS. CHRISTENSEN: The answers are up there.
6 He provided the answers. I did not see where he
7 provided an answer where he identified -- if you
8 look at number C, and then there was a response to
9 number C, so I don't think he provided that answer,
10 but --

11 MS. MONCADA: I will stipulate he did not
12 identify any parties in subpart C.

13 MS. CHRISTENSEN: All right. Then I will move
14 on to my next question.

15 BY MS. CHRISTENSEN:

16 Q If we could look at FPL's response to
17 Interrogatory No. 401. That's master number 012873?
18 And that is also -- has a corresponding POD of 171. And
19 this is: Whereas, as a party of the negotiation
20 exchange of consideration among the parties to this
21 agreement, each party has agreed to the concessions to
22 the others with expectation that all provisions of the
23 agreement will be enforced by the Commission. Did you
24 provide these answers as well?

25 A I did.

1 Q And you did not identify or list any of the
2 parties to the agreement that had a right to represent
3 residential or small business customers, correct?

4 MS. MONCADA: FPL stipulates to whatever the
5 answer says here.

6 BY MS. CHRISTENSEN:

7 Q And if we could scroll down, I believe the
8 answer is: The language speaks for itself. So there
9 was no other language provided?

10 MS. MONCADA: We stipulate that there were no
11 other parties identified as part of answer.

12 BY MS. CHRISTENSEN:

13 Q All right. Then I believe this may have
14 already been referred to today. Let me ask you to go to
15 012901? And this is FPL's response to staff
16 Interrogatory No. 547.

17 And this is the comparison of the major
18 elements between the rate case, the rebuttal testimony
19 and the settlement terms, correct?

20 A That is correct.

21 Q And I just want to look at each one of the
22 terms. And if we look at your settlement terms -- and
23 we may need to go to master K3, which I believe has
24 paragraph one of the settlement.

25 This term is for four years, correct, the

1 **minimum term?**

2 A Yes. It has a minimum term of four years.

3 Q **And the stay-out of four years was the same**
4 **minimum term you were proposing in your direct**
5 **testimony, correct?**

6 A Yes, if our four-year plan was honored, yes.

7 Q **Okay. And then on page three of your**
8 **testimonies, lines nine through 11, you say: The**
9 **multiyear plan will provide base rate predictability for**
10 **customers over the minimum four-year term, correct?**

11 MS. MONCADA: Objection. That -- I am reading
12 right from the testimony. That's not what it says.

13 BY MS. CHRISTENSEN:

14 Q **All right. Well, does it imply in those lines**
15 **that you will be providing base rate predictability for**
16 **customers over the minimum four years?**

17 A Yes.

18 Q **And when you say rate predictability, you mean**
19 **that the customers can anticipate annual rate increases**
20 **in each of the four years?**

21 A Yes. We have laid out what those annual rate
22 increases will be, and these are encapsulated in the
23 bill impacts that Witness Cohen supports that results in
24 the residential bill growing at roughly two percent
25 annually over the minimum term.

1 **Q So there is no actual base rate freeze for**
2 **over the four-year period, correct?**

3 A There are SoBRAs in two years, which I think
4 we talked have about, are base rate increases for the
5 generation that we are going to bring on. There are no
6 general incremental base rate increases in 2028 and
7 2029.

8 **Q Right. But you would agree, there is going be**
9 **to an increase to the base rate portion of the bill each**
10 **of the four years, correct?**

11 A Yes, just like there was over the prior four
12 years.

13 **Q Okay. And is FPL planning on coming in after**
14 **a four-year period if FPL was earning above the bottom**
15 **of the range even if for the -- even if you still are at**
16 **the end of the timeframe?**

17 A Again, I think it's going to depend on the
18 facts and circumstances at the end of the four years,
19 and what our forecast shows for the subsequent year,
20 because we use forecast test years here in Florida.

21 **Q Okay. Would you agree that FPL has come in**
22 **for a rate case increase at the expiration of the last**
23 **two settlement agreements?**

24 MS. MONCADA: Object to the form, to the
25 extent he has to understand the legal definition of

1 what the term was of the prior settlement
2 agreements.

3 MS. CHRISTENSEN: Would you like me to
4 rephrase?

5 CHAIRMAN LA ROSA: I would like -- do you have
6 a response or do you prefer to rephrase the
7 question?

8 MS. CHRISTENSEN: I don't know that he doesn't
9 have an understanding of term, but I can rephrase
10 it if at all, and put it in layman's terms if
11 that --

12 CHAIRMAN LA ROSA: Yes, please do.

13 BY MS. CHRISTENSEN:

14 **Q Would you agree that FPL has come in for a**
15 **rate increase at the expiration of the last two**
16 **settlement time periods?**

17 MS. MONCADA: I am going to object again.
18 Even as rephrased, I fail to see the relevance to
19 that in this case.

20 MS. CHRISTENSEN: I think it has to do with
21 the fact that there -- you know, that there will be
22 a consecutive rate case in four years. I think it
23 is a factor that the Commission can consider when
24 determining whether or not it should approve the
25 rate case.

1 MS. MONCADA: The proposal here, we are
2 proposing a four-year minimum term under the
3 settlement agreement. What happens after that is
4 not really at issue in this case.

5 CHAIRMAN LA ROSA: I am going to go to my
6 Advisors on this.

7 MS. HELTON: Mr. Chairman, I still don't think
8 I understand what the question -- what the question
9 is, whether she's asking about the last two prior
10 settlements, or if she's asking about this
11 settlement, or what happens after -- if you were to
12 approve the settlement and the term of the
13 settlement has ended what happens. I am just a
14 little bit confused.

15 CHAIRMAN LA ROSA: Let's go back to the
16 objection. What -- can you redate the objection?

17 MS. MONCADA: The objection is relevance. She
18 is asking about whether FPL has come back in after
19 certain periods of time under prior settlement
20 agreements, and that is not relevant to whether the
21 Commission should approve this settlement
22 agreement.

23 MS. CHRISTENSEN: And as pointed out, I think
24 the relevance goes to the rate stability and rate
25 predictability that will come along with the

1 approval of this four-year settlement, and whether
2 or not, you know, their past history indicates that
3 they have come in every four years as these
4 agreements expire, and I think that's relevant to
5 whether or not it will continue to be the pattern
6 going into the future.

7 CHAIRMAN LA ROSA: Mary Anne?

8 MS. HELTON: I mean, Mr. Chairman, from my
9 perspective, the term of the settlement is the term
10 of the proposed settlement. And if you approve the
11 settlement and agree to the term, then that is what
12 the term is. And the result of that term with
13 respect to anything beyond that, I am really having
14 a hard time understanding how that's relevant.

15 MS. CHRISTENSEN: I may be able to help,
16 Chair.

17 CHAIRMAN LA ROSA: Sure. Go ahead.

18 MS. CHRISTENSEN: The question was whether or
19 not FPL has come in before for a rate increase
20 after the expiration of the last two settlements.
21 So I really wasn't addressing what will happen in
22 the future. My question was: When you have a
23 minimum term, have you come in at the end of that
24 minimum term? And I think the best evidence that
25 they will come in in the future is the fact that

1 they have in the past. The question before the
2 witness was whether or not that is, in fact, what
3 has happened in the last -- after the last two
4 settlements.

5 CHAIRMAN LA ROSA: With clarification, is the
6 objection --

7 MS. MONCADA: We still object on the grounds
8 of relevance, yes.

9 MS. CHRISTENSEN: And we do -- we still would
10 assert that it goes to rate predictability and
11 stability under the settlement, and that's a factor
12 that the Commission could consider.

13 MS. MONCADA: Yeah, it's up on the screen what
14 Mr. Bores says in his testimony, which is that the
15 rate predictability that we are speaking to with
16 respect to the settlement is for the four-year
17 terms of the settlement, the minimum four-year
18 term, which would be from 2026 through 2029. He is
19 not speaking to what happens thereafter.

20 MS. CHRISTENSEN: And, again, the question
21 wasn't specifically to the future. It's what has
22 FPL done in the past. And I do think that we have
23 the ability on cross-examination to probe the
24 testimony as it's presented by FPL, and we are not
25 necessarily limited to just the words on the paper.

1 CHAIRMAN LA ROSA: Okay. I am going to take a
2 two-minute break. I am going to consult with my
3 Advisor.

4 Thank you.

5 (Brief recess.)

6 CHAIRMAN LA ROSA: All right. If we can go
7 ahead and find our seats, and let's just -- let's
8 pick up. I am going to go to my Advisor, Mary
9 Anne, if you can maybe highlight some of the things
10 we just discussed.

11 MS. HELTON: Mr. Chairman, you know, one of
12 the things we discussed I think that might help
13 move things along, Ms. Christensen, if we could ask
14 that you not -- if you try to avoid the compound
15 questions. I think that's part of my confusion in
16 understanding the question. So if you could take
17 them piece bit by piece bit, I think that might
18 make it east easier for people. If there is anyone
19 else like me that is tired now, we are in the
20 second week, and it's -- this is not my prime day
21 of the day right after lunch.

22 Secondly, Mr. Chairman, I was here for all of
23 the settlements that Ms. Christensen was talking
24 about, and for the life of me, if I had to tell
25 what year they were filed, when we were in hearing,

1 when the final order came out, I could not tell you
2 that. So maybe, Ms. Christensen, if you could
3 pinpoint and say for the -- I think someone said it
4 was 2016, the 2016 settlement, when did that term
5 end, and when did Power & Light come in for the
6 next rate case, if we could pinpoint it to the
7 exact time period and the cases at issue, that
8 might help all of us understand what the question
9 is.

10 CHAIRMAN LA ROSA: Agreed. Does that help us
11 move forward?

12 MS. CHRISTENSEN: I will do my best to
13 endeavor to do that.

14 CHAIRMAN LA ROSA: All right. Let's do that.

15 BY MS. CHRISTENSEN:

16 **Q Mr. Bores, you would agree that there was a**
17 **settlement agreement filed in 2016, correct?**

18 MR. BURNETT: Mr. Chairman, I am going to go
19 ahead and object again. We heard an objection this
20 morning from the other parties about you can't talk
21 about the 2021 settlement, its precedent and all of
22 this. Now they are going back to 2016 talking
23 about settlement. It's absolutely irrelevant.

24 And I would also note, we are paying Mr. Coyne
25 for his time here today. Every one of these

1 historical questions with zero relevancy is just
2 one more minute on the clock. I assume OPC is
3 paying their witnesses with taxpayer money. Same
4 thing. It is a blatant waste of time, and we still
5 object.

6 Thank you.

7 MS. CHRISTENSEN: May I respond to that --

8 CHAIRMAN LA ROSA: Please.

9 MS. CHRISTENSEN: -- and then there may be
10 other parties that would also like to address the
11 relevancy of past information.

12 One, regarding our objection and precedent,
13 that had to go to the actual terms within the
14 settlement agreement, not the fact that there was a
15 settlement agreement.

16 You know, and the only fact that I wanted to
17 establish today is that there have been two past
18 settlements, they had a specific term and they came
19 in after the expiration of the term. It was a
20 fairly straightforward simplistic question. It did
21 not go into the terms, did not seek to have the
22 Commission establish those terms as precedent.

23 And I think that my colleague to my right will
24 also address this, is this case is replete with us
25 going and referencing, specifically FPL referencing

1 past information, future information, and I don't
2 -- and it's all relevant because it all factually
3 establishes where we are in this case at this
4 moment, and whether or not the facts and conditions
5 and terms of this particular settlement should be
6 approved. And I am going to let my colleague
7 address it further.

8 CHAIRMAN LA ROSA: Sure.

9 MR. MARSHALL: Just a couple of things because
10 there are implications on this throughout the case,
11 is that regarding references to the prior
12 settlement, that was our objection, and we lost
13 that objection, and so all those references to the
14 prior settlement that are in the testimony of the
15 witnesses on the panel are, you know, they are
16 staying there. We will be able to -- we are going
17 to have to be able to ask questions about their
18 testimony on cross, which includes references to
19 the prior settlement.

20 And so FPL fought that battle to be able to
21 refer to the prior settlement, and they won that
22 battle. And so it can't just be them that are
23 allowed to refer to the prior settlements. We have
24 to be able to refer to them too.

25 And second, regarding the idea that -- just to

1 comment on, you know, every minute that Mr. Coyne
2 is up there is another dollar wasted. We offered
3 FPL to let Mr. Coyne combine his direct and
4 rebuttal testimony on settlement together before,
5 you know, our witnesses took the stand, and, you
6 know, we objected to the idea that he was on the
7 panel. So the fact that Mr. Coyne is now having to
8 sit up there all day, that's on FPL. That's not on
9 us.

10 CHAIRMAN LA ROSA: I am going to say this.
11 You can -- if you reference a knowledge of the
12 prior settlement, that's okay. When we start going
13 into the facts of the prior settlement, that's
14 where I think we start to go down a slippery slope.

15 MS. CHRISTENSEN: Let me see if I can do it
16 this way.

17 CHAIRMAN LA ROSA: Please.

18 BY MS. CHRISTENSEN:

19 **Q And really, Mr. Bores, the only factual**
20 **information I wanted to get out of you is that FPL came**
21 **in after the 2016 settlement expired after the end of**
22 **the four-year term, are you aware of that?**

23 A Yes, but I think it's important to put that in
24 context.

25 In the 2016 agreement, the minimum term was

1 through 2020. As a result of things with the Tax Cuts
2 and Jobs Act, we were able to stay out an additional
3 year, through the end of 2021.

4 So I think my important takeaway is we honored
5 our four-year commitment, the same thing is true under
6 the '21 agreement. Under both of those settlement
7 agreements, we had no general cash base rate increases
8 in the last two years, even though we continued to make
9 investments.

10 At some point, regulatory lag catches up to
11 you, and that is why we come in for base rate increases,
12 to ultimately get the cash to pay for those, recover the
13 revenue requirements of those investments we have
14 continued to make for customers.

15 **Q And let me just make sure that I have the**
16 **record clear, that after the '21 settlement agreement,**
17 **that was for a four-year term, and then you are in today**
18 **because that settlement four-year period has expired,**
19 **correct?**

20 **A** Yes, we have honored the minimum four-year
21 term.

22 **Q Okay. Now, on page three, lines 17 through 19**
23 **of your testimony. You claim that FPL acts for the**
24 **benefit of all its six million customers in every aspect**
25 **of what you do. But you would agree that FPL has a duty**

1 **to maximize its profit for the benefits of its**
2 **shareholders, correct?**

3 A Yes, we have a fiduciary duty to our
4 shareholders.

5 Q **And you would concede that FPL has a duty to**
6 **make a profit for the benefit of those shareholders,**
7 **right?**

8 A The shareholders who provide us equity
9 financing to support the investments we make for
10 customers expect a return on that investment.

11 Q **And if FPL is looking out for all of its**
12 **customers in the settlement, you would agree that FPL**
13 **could still provide safe and reliable service while**
14 **earning a 10.6 percent ROE, correct?**

15 A I don't necessarily agree with that. As I
16 have said previously, we are always going to provide
17 safe and reliable service. When you do not have an ROE
18 that is supported by the models that Mr. Coyne has run,
19 it makes it hard to attract capital with the risk
20 profile that FPL has.

21 So we will continue to provide safe and
22 reliable service, but I think as I said yesterday, it
23 may be hard to attract the necessary capital to make
24 discretionary investments that allow us to make the
25 business better.

1 **Q** Okay. And you would agree that FPL's ROE that
2 it's requesting in this case is approximately 88 basis
3 points above the March 2025 average ROE for electric
4 utilities of 9.72 percent, correct?

5 MR. BURNETT: Mr. Chairman, I am sorry, I am
6 not going to get us down a can of worms again with
7 this objection, but I just want to note a standing
8 objection to all these redundant questions. That's
9 probably the seventh time I think I have heard that
10 question during the proceeding. I just note an
11 objection as to compounding, and the materiality of
12 repetitive evidence.

13 Thank you, sir.

14 MS. CHRISTENSEN: I would just say that we are
15 in a different phase of the proceeding, and,
16 therefore, it's kind of to be expected that we are
17 going to have some areas that are repeated a little
18 bit. I will try and keep it to a minimum.

19 CHAIRMAN LA ROSA: Yeah, if the questions have
20 been asked during the settlement portion, please
21 try to refrain from doing so.

22 BY MS. CHRISTENSEN:

23 **Q** Has FPL have a A- credit rating currently?

24 A With which rating agency?

25 **Q** S&P.

1 A It's in my other book. I don't know. I don't
2 have that support with me that was with me in the direct
3 case.

4 Q Okay. But does that sound about right, to
5 your recollection?

6 A I can't remember if Moody's is the A or S&P is
7 the A and the other one is the A-, but, yes, generally.

8 Q Okay. And you would agree, whether it's an A
9 or an A-, that's still several notches above investment
10 grade, correct?

11 A Yes, it is.

12 Q And you would agree that a 10.6 ROE is going
13 to make your rates lower than a 10.95 percent ROE
14 mathematically, correct?

15 A Mathematically in a vacuum, yes. But I think
16 as we have talked about previously, over the long-term,
17 if you don't have a competitive ROE, you are not able to
18 attract capital to continue to improve the value
19 proposition for customers --

20 Q Okay.

21 A -- which could lead to higher bills in the
22 long-term.

23 Q And on page four, lines six through nine, you
24 claim that residential and small business customers will
25 receive a two-percent per year increase until the end of

1 the decade, correct?

2 A Yes, that is what Ms. Cohen's exhibit shows.

3 Q So that compounded cumulatively would be an
4 eight-percent increase over the years 2026 through 2029?

5 A Simplistic math, yes.

6 Q And then on page 11 -- or I am sorry, page
7 four, line 11, when you say that the typical residential
8 bill will remain below the national average, this does
9 not include any potential surcharges for storms or other
10 unexpected costs, correct?

11 A It does not.

12 Q And then on lines 15 and 16, you claim that
13 FPL's bill will be 20 percent lower next year than 20
14 years ago adjusted for inflation, but would you agree
15 that in actual dollars, today's bills are higher than
16 they were 20 years ago, correct?

17 A Yes, I agree with that, in nominal dollars,
18 yes.

19 Q And then on line 23, you say: Small
20 businesses will see a 2.4 percent increase per year,
21 correct?

22 A Yes.

23 Q And that would be -- compounded annually,
24 would be 9.6 percent increase over the next four years,
25 is that right?

1 A Correct.

2 Q Okay. Under the settlement, FPL is not
3 allowed to come in for new rates by operation of the
4 settlement unless FPL is earning below the bottom of the
5 range, is that correct?

6 A That is correct, during the four-year minimum
7 term.

8 Q And in your original filing, you committed to
9 staying out for four years if you were awarded all of
10 the components of your proposed plan, correct?

11 A That is correct.

12 Q And many of those elements in your original
13 filing are the same as the agreement excepting some
14 changing in amounts, correct?

15 A I am sorry, can you rephrase that, or repeat
16 that please?

17 Q Certainly.

18 Many of the elements of the rate case are the
19 same as what you originally filed for, except you
20 changed some of the amounts that were associated with
21 those elements, would you agree with that?

22 A Yes. I think a vast majority of the elements
23 are the same but changed. There is also a handful of
24 new elements that were introduced as part of the
25 settlement agreement.

1 Q Okay. Let's talk about some of those new
2 features.

3 On page five of your testimony. That's where
4 you start discussing these new features, correct?

5 A Yes.

6 Q If the settlement is approved by the
7 Commission, any costs associated with the terms will be
8 included in the revenue requirement, correct?

9 A I am sorry, of which feature are you talking
10 about specifically?

11 Q Let's see. You have a residential customer
12 financial assistance program, the prohibition against
13 natural gas hedging, the Vandolah plant, and then the
14 energy efficiency opt-out program, those are the new or
15 different programs, correct?

16 A So can you repeat the question now, please?

17 Q Certainly.

18 Any of the revenue -- if there is any revenue
19 requirement associated with any of those programs, that
20 will be included in the revenue requirement, and that's
21 borne by the general body of ratepayers, correct?

22 A So I think for earning surveillance purposes,
23 yes, it will be included, but it is not changing the
24 actual cash revenue requirements that have been agreed
25 to as part of the settlement.

1 **Q Okay.**

2 **A I still think it's important to note,**
3 **Vandolah, we don't have FERC approval yet, as we talked**
4 **about in Phase I, and we are not asking to include that**
5 **in base rates. Natural gas financial hedging, that just**
6 **impacts the fuel clause.**

7 **Q Okay. And the revenue requirement included in**
8 **the settlement will be used to set rates and charges for**
9 **both signatories and non-signatory customers, correct?**

10 **A It will be used for all customers.**

11 **Q And so in other words, only one revenue**
12 **requirement is approved by the Commission to be paid by**
13 **all customers whether or not their representatives were**
14 **signed on to the settlement if approved, you would agree**
15 **with that?**

16 **A Yes. The final revenue requirements approved**
17 **by this commission will be allocated amongst all**
18 **customers.**

19 **Q Okay. And then on page five, lines 12 through**
20 **14, you mention a customer financial assistance program**
21 **of income qualifying customers and limitation on**
22 **disconnects, correct?**

23 **A Yes.**

24 **Q And then on page seven, lines one through**
25 **seven, you say that, in paragraph 27 of the proposed --**

1 the proposal by FPL, they will provide \$15 million worth
2 of funding for customers who qualify for payment
3 assistance based on ALICE criteria, correct?

4 A That is correct.

5 Q Isn't it fair to say that the \$15 million of
6 low-income assistance will be included in the revenue
7 requirement that will be paid by the general body of
8 ratepayers?

9 A Yes, that is the intent. But again, that does
10 not change the ultimate cash revenues that customers
11 will be paying us over the term of the settlement.

12 Q And would you agree that FPL did not implement
13 a residential customer financial assistance program for
14 income qualifying customers in its initial filing in the
15 docket like the one that's being proposed now?

16 A No, that was not in the original docket. This
17 was in addition to the settlement agreement as part of
18 the ultimate negotiation process.

19 Q Okay. And then on page seven, lines 15, and
20 then going over to the top of page eight, line four, you
21 talk about the change in FPL's disconnect policy for
22 extreme hot and cold weather, correct?

23 A Correct.

24 Q You would agree that FPL has had this as an
25 internal policy for at least one year prior to the

1 **settlement agreement?**

2 A That is correct. This is more establishing
3 our policy within the settlement framework to ensure the
4 Commission can hold us accountable for that policy.

5 Q And you would agree that FPL could have
6 implemented this change in disconnect policy through a
7 tariff change without a settlement, right.

8 A That I do not know.

9 Q On page eight of your testimony, you talk
10 about the prohibition of natural gas financial hedging,
11 is that correct?

12 A Yes.

13 Q And would you agree that over the
14 approximately 10 years that hedging was in effect, FPL
15 customers paid about two billion more than if hedging
16 had not been done?

17 A Yes. Over though period of time, and just
18 looking specifically at that period of time.

19 Q And you would also agree that FPL has not had
20 hedging for the last nine years?

21 A That is correct, as part of, I believe, the
22 2016 Settlement Agreement, we agreed to no longer hedge.
23 And that has stayed in place in the 2021 agreement as
24 well.

25 Q And would you also agree, there was only one

1 period after COVID where the volatility for fuel was an
2 issue?

3 A It depends how you define issue. I would say
4 there was one significant spike during the early '22 as
5 a result of the Russian invasion of Ukraine that really
6 spiked fuel for a while.

7 Q And would it be fair to say that volatility
8 was reduced by spreading the fuel cost recovery over a
9 couple of years?

10 A Yes, our strong balance sheet enabled us to
11 spread that fuel cost for customers over an extended
12 period of time.

13 Q And since hedging relates to fuel clause,
14 would you degree that the parties to the fuel clause
15 could continue to agree the prohibition on hedging in
16 that docket?

17 A That I do not know.

18 Q When you say, on page eight, line 16, there is
19 a prohibition that Vandolah Power Plant will be a
20 system -- Vandolah will b a system asset for all
21 customers if approved, correct?

22 A I am sorry where do I use the words
23 prohibition?

24 Q Let me -- I think I misspoke, so let me try
25 that again.

1 **When you -- you say on page eight, line 16,**
2 **that Vandolah, when it's acquired, it will become --**
3 **there is a provision in the settlement that it will be**
4 **used as a system asset for all customers, correct?**

5 A Yes. That is correct.

6 **Q Is FPL planning on placing the costing of**
7 **Vandolah into base rates in 2027 if approved by FERC?**

8 A Under the terms of the settlement agreement,
9 we cannot change base rates for Vandolah.

10 **Q Okay.**

11 A If we get approval from FERC, we will put
12 Vandolah into rate base, but FPL will have to use the
13 rate stability mechanism to offset those revenue
14 requirements as we cannot change base rates.

15 **Q Okay. So in order to make up the revenue**
16 **deficit, you would be -- you would use the rate**
17 **stabilizations mechanism money to make up that revenue**
18 **differential when Vandolah is placed into service?**

19 A I am going to say the rate stabilization
20 mechanism funds, or O&M efficiencies, or something else
21 to offset those revenue requirements. I think the
22 important fact is there is no change in base rates to
23 customers.

24 **Q Would you agree that, if acquired, the**
25 **Vandolah facility will be integrated into FPL's overall**

1 generation portfolio to serve all customer classes, and
2 to help meet FPL's forecasted load growth and resource
3 adequacy criteria?

4 A Generally, yes, I agree with that.

5 Q And would you also agree that if a generation
6 asset is included in base rates and the revenue
7 requirement, that it is only right and reasonable that
8 the asset become economically dispatched for the benefit
9 of all customers?

10 A Yes, that is 100 percent our intent.

11 Q And to the extent there is mitigation by FERC
12 in the approval of the acquisition of the Vandolah
13 facility, you would agree that it could be -- it could
14 diminish the amount of megawatts available to help meet
15 FPL's forecasted load growth and resource adequacy
16 criteria, correct?

17 A I am sorry, could help diminish? What could
18 help diminish? Can you repeat that?

19 Q That the FERC order could diminish the amount
20 of megawatts available from Vandolah that would be used
21 to help meet FPL's forecasted load growth and resource
22 adequacy criteria, correct?

23 A Can you just clarify for me what is the
24 required mitigation in your hypothesis in your question?

25 Q Is the mitigation would be if there is

1 anything that's imposed by FERC that may impact the
2 megawatts available by Vandolah -- from Vandolah?

3 A I am sorry, I am not following.

4 Q We'll just move on to a different question
5 then.

6 On page nine of your testimony, you discuss
7 the large load deficiency programs on line three. You
8 say: There is an agreement to support an energy
9 efficiency opt-out program for certain large load
10 customers, is that correct?

11 A Yes.

12 Q And these are going to be commercial and
13 industrial customers who make investment in energy
14 efficiency without subsidization from the general body
15 of ratepayers, and reduces the need for generation,
16 correct?

17 A Yes, that is my understanding.

18 Q And this energy opt-out program is to allow
19 certain large customers to opt out of DSM cost?

20 A Yes. Ultimately, I think the large load
21 customers, or those large customers will have to come
22 before the Commission and show that they are doing their
23 own energy efficiency, and there is no subsidy of the
24 general body as a result of what they are asking.

25 Q However, you would agree, the DSM costs

1 avoided by these large customers, they will be recovered
2 from the general body of ratepayers in a future revenue
3 requirement, correct?

4 A I think it depends on the nature and over what
5 time period.

6 Q On page nine, line 13, this is where you start
7 talking about the modified elements from the original
8 as-filed case, correct?

9 A Yes.

10 Q Then you list the items included in this
11 portion including the revenue requirements for '26-'27
12 ROE, land purchase prohibition, depreciation lives, et
13 cetera, correct? You have those listed as bullet
14 points?

15 A Yes, there is two pages of them.

16 Q Okay. And we can discuss those individually.

17 So the revenue requirement page, you start
18 that discussion on page 11, lines 11 through 13, and you
19 say: The settlement has a 39-percent reduction for '26
20 from the 1.45 billion to just under a billion at 940 --
21 945 million, correct?

22 A That is correct.

23 Q And the 945 million does not include any of
24 the rate stabilization monies if used in '26, correct?

25 A The 945 is a cash number. The rate

1 stabilization mechanism is a noncash mechanism, so, no,
2 those are two distinct items.

3 Q On. And then on page the 11, line 13 and 14,
4 you claim that the settlement has a 24-percent reduction
5 for '27 from 927 million to 705 million, correct?

6 A Yes.

7 Q And you would also agree that the 705 million
8 does not include any of the RSM money if used in 2027,
9 correct?

10 A Again, we are mixing cash and noncash. Those
11 are two distinct items, so, no.

12 Q And on page 11, those lines 14 and 16, you
13 assert that the settlement has an overall 30 percent
14 reduction for '26 and '27 in your base rate revenue
15 request without any RSM amounts, correct?

16 A Correct.

17 Q And on page three of the settlement, K3, this
18 is where you have the term for the agreed upon ROE of
19 10.95 percent, with a range of 9.95 percent to 11.95
20 percent, correct?

21 A Correct.

22 Q And you say: The revenue requirement will go
23 down approximately 600 million from the as-filed
24 original case, correct?

25 A Yes, the 1545 to the 945, correct.

1 Q And you would agree with me that 100 basis
2 points for FPL under the original filing was worth
3 approximately \$500 million, correct?

4 A Correct.

5 Q And you would also agree with me that the
6 revenue impact of a single basis point conversely in
7 ROE, is approximately \$5 million, correct?

8 A Yes.

9 Q So the -- so isn't it true that the majority
10 of the reduction for '26 can be attributed to the
11 reduction in ROE from the requested 11.9 percent in the
12 as-filed case to the 10.95 midpoint used in the
13 settlement?

14 A Yes, that was the major concession.

15 Q On page 12 of your testimony, at lines five
16 through seven, you now claim that in the context of this
17 settlement, an ROE almost 100 basis points lower
18 provides a fair and reasonable allowed return on equity,
19 correct?

20 A Yes.

21 Q And subject to check, this 10.95 ROE is still
22 more than 100 basis points above the national average
23 awarded ROE of 9.72 percent in March of 2025, and the
24 9.78 percent average national awarded ROE in 2024,
25 correct?

1 A Yes, because I --

2 MR. BURNETT: Objection, asked and answered 18
3 minutes and about 30 seconds ago.

4 MS. CHRISTENSEN: I am impressed he actually
5 has a stopwatch, but I -- as I said, there may be
6 some retreading of some ground. Thank you.

7 CHAIRMAN LA ROSA: I am going to -- yeah, I
8 will allow the questioning to continue. But
9 obviously, as noted earlier, if we can try to
10 refrain from asking the same question over?

11 BY MS. CHRISTENSEN:

12 **Q Isn't the proposed 10.95 percent ROE midpoint**
13 **15 basis points greater than FPL's current 10.8 percent**
14 **ROE midpoint?**

15 A Yes, but as I think you talked about with Mr.
16 Coyne this morning, that the average, even though we are
17 not an average, has moved up 33 basis points from 2021
18 to where we are today. So ours is only moving up 15
19 basis points, which is less than where the average has
20 moved.

21 **Q Isn't it true that since you agreed to 9.95**
22 **basis points below what your expert claimed you needed**
23 **to earn based on market conditions, it means your**
24 **expert's analysis is extremely overstated?**

25 A No, I do not agree with that.

1 **Q Would you agree that an approval -- that an**
2 **approval of an ROE midpoint of 10.6 result in this**
3 **docket would likely not necessitate a credit downgrade?**

4 A I don't know. I can't say that with certainty
5 today. That is just -- ROE is one element of the 130
6 issues we have in case, and so I think it's the
7 agreement taken as a whole, and how all of those issues
8 settle out that will ultimately determine how the rating
9 agency reacts.

10 **Q And didn't you claim that FPL needed an 11.9**
11 **percent ROE, otherwise, the credit agencies might**
12 **downgrade FPL in your as-filed testimony?**

13 A Yes. Based on Mr. Coyne's modeling, I help
14 sport 11.9 ROE. I think this agreement and the
15 compromises we have reached, when taken as a whole,
16 shows that there is a path forward in a constructive way
17 that FPL can continue to make investments, be supported
18 in those final two years in the agreement through the
19 rate stabilization mechanism and execute on the value
20 proposition that we have done over the prior multiyear
21 settlement agreements.

22 The rating agencies have seen that history,
23 and how we have been able to manage and handle that.
24 And so I think they will take great comfort if this
25 agreement is approved.

1 Q And -- so wouldn't it be true that the fact
2 that FPL agreed to 100-basis-point lower ROE means that
3 your assertion on the potential downgrade in your
4 as-filed case was merely your speculation without a
5 factual basis?

6 A No, I don't agree with that. And where did
7 the hundred basis points come from?

8 Q The hundred basis points is the difference
9 between the 11.9 and the 10.95 that you agreed to, a
10 little bit less than that, 95 percent lower -- basis
11 points lower.

12 On page 12, lines nine through 12, you claim
13 that the 10.95 percent ROE and the RSM provides FPL the
14 financial strength it needs to continue to attract
15 capital, make investments for the benefit of customers
16 and maintain its strong balance sheet to withstand
17 inherent uncertainties, correct?

18 A Yes.

19 Q And from January 2022 through August of '22,
20 did FPL provide high reliable and excellent customer
21 service at its 10.6 percent ROE midpoint?

22 A Yes, but those were vastly different economic
23 times than we find ourselves in today.

24 Q And from September of 2022 to December of
25 2025, has FPL, and will FPL, continue to provide high

1 **reliability and excellent customer service at a 10.8**
2 **percent ROE midpoint?**

3 A Yes, but investors understand that we are in a
4 rate case now for new rates in 2026 that are now going
5 to take into the factors that Mr. Coyne brought into his
6 ROE models, most notably, going the higher treasury
7 yields. That is going to have an impact on ROE, and
8 there is an expectation with investors that they will be
9 compensated for those market conditions now in the ROE
10 awarded in this case.

11 **Q From January 2022 to present, you would agree**
12 **that FPL has not received any credit downgrade by a**
13 **credit rating agency such as S&P, Moody's or Fitch's,**
14 **correct?**

15 A No. Because we have a very constructive
16 settlement agreement and a management team that is
17 excellent at managing the business and managing the risk
18 to ensure we can stay within our credit thresholds.

19 **Q And on page 12, line 14, you talk about the**
20 **settlement prohibition on purchasing additional new land**
21 **for solar projects, correct?**

22 A Yes.

23 **Q And you also talk about the sale of up to**
24 **200 million in land, right?**

25 A Yes. I think Mr. Oliver covered a lot of that

1 this morning.

2 Q Okay. You would at that degree that OPC has
3 taken a position that FPL has excessive land held for
4 future use that includes land that has not been used for
5 up to 30 years, and should be excluded from rate base?

6 A Yes, I understand that is OPC's position.

7 Q Okay. And then on page 13, you talk about
8 Scherer Unit 3. And in the settlement, you are
9 proposing to keep the retirement of Scherer Unit 3 at
10 2047 from your proposed retirement date in the original
11 filing of 2035, correct?

12 A Yes. That reduces the depreciation accrual
13 for customers, and is a reasonable assumption.

14 Q It and keeping the additional 12 years reduces
15 the revenue requirement for depreciation expense by 6.7
16 million in '26 and 6.8 million in '27, correct?

17 A Correct.

18 Q And you also talk about new EV charging
19 programs, right?

20 A Yes, I think Mr. Oliver covered those earlier.

21 Q Okay. Would you agree that the proposed
22 settlement agreement calls for limitations on FPL's
23 ability to deploy new EV charging programs,
24 modifications to FPL's existing EV tariffs during the
25 compliance with Section 366.94, Florida Statutes, and

1 the make-ready program to incentive -- incentivize
2 private investment in EV chargers?

3 A I am sorry, there was some reference to a 366
4 statute that I don't have if my testimony, so I don't
5 know on that one.

6 Q Okay. But would you agree with the rest of
7 the statement, except for the reference to the Section
8 366.49 of the Florida Statutes?

9 A Can you just rephrase it without that so I can
10 make sure I follow along?

11 Q Sure.

12 Would you agree that the proposed settlement
13 agreement calls for limitations on FPL's ability to
14 deploy new EV charging programs, ensuring compliance
15 with Florida Statutes, and a make-ready program to
16 incentivize private investments in EV chargers?

17 A Generally, yes.

18 Q Okay. And then on line -- page 14, lines
19 three through six, you talk about the make-ready
20 program, correct?

21 A I mention it, yes.

22 Q And on page 11 of the settlement, you say that
23 FPL commits to spend 20 million to enable a make-ready
24 program. And just to confirm, you would agree that the
25 money is ultimately going to be part of the settlement

1 **revenue requirement that Florida's general body of**
2 **ratepayers will have to pay?**

3 A Yes, but I think Mr. Oliver -- and I will
4 gladly defer to him on this -- has an exhibit that
5 shows, over the life, we expect that credit to be CPVRR
6 beneficial. It's going to spur investment and
7 infrastructure that is going to bring revenues that more
8 than offset the revenue requirement or the investment
9 amount.

10 Q **And you would agree that EV charging stations**
11 **are not generation needed to provide electric service to**
12 **the general body of Florida ratepayers right?**

13 A I am sorry, can you rephrase that, or repeat
14 it?

15 Q **I can repeat it.**

16 **Would you agree that EV charging stations are**
17 **not generation needed to provide electrical service to**
18 **the general body of Florida ratepayers?**

19 A It's not generation needed, but I think it
20 helps with the reliability, and I think at some point,
21 it was the will of the Legislature to ensure we have
22 adequate EV charging should we have hurricane or other
23 emergency that requires evacuation.

24 Q **And that 20 million in the make-ready money is**
25 **subsidized by the general body of ratepayers, you would**

1 **agree, for the benefit of FPL and people who have**
2 **electric cars?**

3 A Again, I think as Mr. Oliver has an exhibit
4 that shows there is no subsidization, ultimately the
5 revenues that will come off those stations will more
6 than cover the revenue requirement of the investment.

7 Q **And is that going to be during the four years**
8 **of the term of the agreement?**

9 A I am going to have to defer to him if we want
10 to get into that.

11 Q **Okay. On page 14, line 22, you say: The**
12 **original filing CIAC and new LLCS tariffs were designed**
13 **to protect the general body of ratepayers associated**
14 **with new facilities, correct?**

15 A Correct.

16 Q **And those new facilities are generally**
17 **relating to data centers and hyperscaler data centers?**

18 A Potential large load customers.

19 Q **And you assert in your testimony that these**
20 **changes resolve disputes between impact to customers and**
21 **ensure adequate protection for new major project**
22 **expenses for the general body of ratepayers, correct?**

23 A I am sorry, what lines are you on?

24 Q **Lines 11 and 12.**

25 A On page 15?

1 **Q No -- well, yes, I think that's correct.**

2 A I don't see it on lines 11 and 12.

3 MR. BURNETT: Mr. Chairman, if it helps, we
4 will, again, stipulate his testimony says exactly
5 what it says. The settlement says what it says.
6 No controversy about that, if that's helpful.

7 CHAIRMAN LA ROSA: Does that help for
8 questioning?

9 MS. CHRISTENSEN: Not really, since if it just
10 said what it said and we didn't have to ask
11 questions, we wouldn't be here today, but I will
12 just move on from that question.

13 CHAIRMAN LA ROSA: Okay.

14 BY MS. CHRISTENSEN:

15 **Q You also, in your testimony, discuss the RSM,**
16 **is that correct? And that's starting on page 15.**

17 A Yes.

18 **Q The RSM is now subsuming the tax adjustment**
19 **mechanism that was proposed in your original filing?**

20 A I wouldn't say subsuming. It is, I will call
21 it, a skinny down version of the tax adjustment
22 mechanism, along with some other elements.

23 **Q Okay. And one of the funding sources or**
24 **components of the funding for the RSM is the monies that**
25 **would otherwise have been used in a tax adjustment**

1 **mechanism?**

2 A It is the deferred -- excess deferred tax
3 liabilities, yes.

4 Q And you would agree that the RSM, as proposed,
5 is developed to give FPL flexibility to make debits and
6 credits to the noncash mechanism, correct?

7 A Yes, we are asking for the flexibility, like
8 we have had in prior year settlement agreements with the
9 RSAM.

10 Q And the R -- I am sorry.

11 A But ultimately, it is sized to allow us to get
12 to the midpoint for the investments not even to get to
13 the midpoint for the investments we are going to
14 continue to make in 2028 and 2029.

15 Q And the RSM is designed in the settlement to
16 work the same way the TAM was designed to work in the
17 as-filed case, correct?

18 A Generally, yes.

19 Q And the rate stabilization mechanism does not
20 impact the already anticipated four base rates
21 increases, is that correct?

22 A No, it is in lieu of having additional general
23 base rate increases in '28 and '29.

24 Q And then on page 16, line seven, you say: The
25 additional revenues from customers you are referring to

1 here is from unexpected expenses, is that right?

2 A No.

3 Q One moment, please.

4 I believe on -- starting at line six through
5 line 10, you say: The flexibility of the RSM allows FPL
6 to commit to the term in the proposed settlement even
7 with additional revenue needed in '28 and '29, as well
8 as factors affecting FPL's earnings that are beyond the
9 company's control, such as interest rate volatility,
10 inflation, trade policy impacts, geopolitical
11 uncertainties and associated market disruptions,
12 correct?

13 A Yes.

14 Q Okay. And those last factors, those would be
15 characterized as unexpected expenses?

16 A Yes. That is describing the need for the
17 flexibility, is to be able to absorb those unexpected
18 expenses that may change our forecast from what is put
19 forth before the Commission here in the MFRs.

20 Q And if you have unexpected expenses and it
21 would not cause you to fall below the bottom of the
22 range, you would agree that it is still FPL's plan to
23 use the RSM money --

24 A To do what?

25 Q -- if it can keep within the -- let me

1 rephrase that.

2 If you have an unexpected expense and it would
3 not cause you to fall below the bottom of the range but
4 might cause you to earn below the midpoint, you would
5 still use the RSM money, correct?

6 A It depends, at the end of the day. I can't
7 say that sitting here with certainty. Ultimately, the
8 RSM was sized in the original Phase I to get us to the
9 midpoint in '28 and '29. All else equal, if I use some
10 earlier in the agreement to offset some unexpected
11 expenses, it's less I have available in '28 and '29 to
12 get to the midpoint, so I would earn less than the
13 midpoint in those years. So it's going to be incumbent
14 on us to manage it depending on what's happening over
15 the four-year period to ensure we keep our ROE within
16 the authorized range.

17 Q And using the RSM credit and debits on a
18 12-month basis will allow FPL to keep the revenues under
19 the top of the range that might otherwise cause FPL to
20 be in an overearnings position and subject to refund to
21 customers, correct?

22 A Potentially, yes, assume if we had a one-way
23 mechanism, but that's not what we are asking for and
24 what we have had in the past. We have stayed within the
25 authorized range under all of the prior multiyear

1 agreements that have had an RSAM.

2 **Q In other words, you get to keep money that**
3 **might otherwise be subject to overearnings refund under**
4 **the settlement if approved, correct?**

5 A Again, I think we are getting into this
6 discovery question that we went through in Phase I,
7 where if you have RSAM in 11 months, you can't just look
8 at the 12th month where we actually overearn. You have
9 got to strip all the RSAM out as if it never existed and
10 then look at the ROE. It's the nature of the debits and
11 credits on a rolling 12-month basis.

12 **Q And you would agree, however, that with the**
13 **RSAM -- or the RSM, excuse me, FPL, because of the**
14 **ability to debit and credit, will not show overearnings**
15 **during the four-year term of this agreement, correct?**

16 A Generally, yes, I agree with that.

17 **Q Okay. And you would also agree that FPL**
18 **intends to use the RSAM the same as the previous noncash**
19 **mechanism to bring FPL's earnings up to the target ROE**
20 **level usually set at the high end of the approved range**
21 **throughout the year, correct?**

22 A Yes. But again, I want to be very clear, it
23 is not the RSM or the mechanism that allows us to get
24 our earnings at the top of the range. The RSAM, or the
25 RSM, is designed to get us to the midpoint. To get to

1 the top of the range, we need to find O&M efficiencies,
2 maybe have some good luck with weather. It's incumbent
3 on us to manage the business and have the incentive to
4 try and push for a higher ROE. The mechanism itself, as
5 we sit here today, does not enable that.

6 **Q And you would -- just to confirm, the majority**
7 **of the months where FPL has had a similar noncash**
8 **mechanism, FPL has used the mechanism to earn at or near**
9 **the top of its approved range, correct?**

10 A Yes, because we have done a fantastic job
11 driving costs out of the business, and that has
12 benefited customers in this docket, and in all the prior
13 dockets, in the form of lower operating costs and lower
14 bills.

15 **Q And in the original filing, the noncash**
16 **mechanism was to be funded with 1.7 billion of**
17 **unprotected deferred tax liabilities, correct?**

18 A That is correct.

19 **Q And to be clear, because these are**
20 **unprotected, these deferred taxes can be amortized for a**
21 **period shorter than the life of the associated assets,**
22 **correct?**

23 MR. BURNETT: Mr. Chairman, I am sorry. We
24 did these identical questions in Phase I. This is
25 all cumulative evidence, and because it's

1 cumulative, it's immaterial as well in this phase.

2 CHAIRMAN LA ROSA: I will let Ms. Christensen
3 go. I am going to go to my Advisor, only because
4 we are breaking this into Phase I and Phase II, but
5 please go ahead. No. No. I am asking you to --
6 if you have got a response.

7 MS. CHRISTENSEN: Oh, I am sorry. Yes.

8 Again, we are in a separate phase, and I don't
9 recall ever asking Mr. Bores this exact question.

10 CHAIRMAN LA ROSA: Okay. I am going to go to
11 my Advisor.

12 Because we did break this down into a Phase I
13 and Phase II, you know, how does this, you know,
14 mechanically work from questions that were asked in
15 a previous cross-examination?

16 MS. HELTON: Yes, we did break it down into
17 Phase I and Phase II, with this phase being about
18 the settlement. But as I understand the procedural
19 orders that have been issued for this says case,
20 the information in Phase I can be used for Phase
21 II, and vice-versa. So I think that a problem of
22 cumulative evidence of the same exact question has
23 been asked, it does not need to be asked in both
24 phases, but I don't remember whether the witness
25 was asked this specific question or not.

1 CHAIRMAN LA ROSA: Okay. So with that
2 advisement, I am going to take it as stated.

3 If we could try to refrain from asking
4 multiple questions, even if they were in Phase I.

5 MS. CHRISTENSEN: And understood, Chair. I
6 don't believe I have asked this exact question in
7 Phase I.

8 CHAIRMAN LA ROSA: Okay. So moving forward,
9 so if there is an objection and it is a question
10 that was asked in Phase I, I will more than likely,
11 you know, sustain the objection. But what I am
12 asking in this case to continue, because, frankly,
13 now I just don't even remember what the question
14 was. But if I presume that I did, I would say
15 continue with this question, but let's kind of work
16 on that precedent moving forward.

17 BY MS. CHRISTENSEN:

18 **Q Okay. And I just want to make sure that I am**
19 **clear, that the reason these funds -- that you are using**
20 **these funds, is because they are unprotected, these**
21 **deferred -- the deferred taxes are unprotected and can**
22 **be amortized for a time period shorter than the life of**
23 **the associated asset, correct?**

24 A Yes. We talked about this previously. There
25 is no IRS rule around these that says they need to be

1 normalized over the life of the asset --

2 Q Okay.

3 A -- so it gives the Commission discretion to
4 choose a period of time if they so choose.

5 Q And then on page 17, you talk about using a
6 reduced amount of 1.155 billion from these unprotected
7 tax amounts, correct?

8 A Correct.

9 Q And that's 562 million less than the original
10 TAM amount?

11 A Subject to check.

12 Q And a portion of the RSM are created from the
13 currently collected taxes from customers -- I will skip
14 that question. I think we have talked about that
15 multiple times.

16 And I just want to confirm that, again, given
17 this portion of the funds that are being used for the
18 RSM, if these -- the 1.155 billion, if those funds are
19 depleted over the four years, since they are associated
20 with taxes, will FPL look -- be looking to collect that
21 tax money from future customers?

22 MR. BURNETT: Mr. Chairman, I don't think
23 there is anyone in Florida that doesn't remember
24 that question not being asked two or three times.

25 MS. CHRISTENSEN: Well, I tried to frame it

1 slightly differently because I just -- I think we
2 need to confirm that the money that's being used
3 for the RSM that's -- that are a part of taxes,
4 that also is subject to being collected again for
5 taxes in the future. And I think it's slightly
6 different, because the funding for this mechanism
7 is slightly different.

8 CHAIRMAN LA ROSA: Okay. If you can rephrase
9 the question to the funding portion of what you
10 just mentioned and see if the witness has a
11 different answer.

12 MS. CHRISTENSEN: I will attempt to do so.

13 BY MS. CHRISTENSEN:

14 **Q For the RSM, there is a portion of that as**
15 **being funded by unprotected tax monies. If those monies**
16 **are used during the four years, and when that money,**
17 **that tax money becomes due from the IRS in the future,**
18 **does FPL intend to recollect it?**

19 A So, yes. As we talked about yesterday, and I
20 want to make sure this is clear again because it's
21 coming up. We have collected a dollar. It is not yet
22 due to the IRS. We are going to give customers a
23 credit, that dollar backpay for the investments that we
24 are going to make in 2028 and 2029, so we are back to
25 zero. Ultimately, at some point in the future, yes, we

1 are going to need to collect a new dollar to pay the
2 taxes.

3 This is no different than how RSAM has worked.
4 We have collected depreciation dollars. We gave
5 customers a credit back to put them to zero, and we are
6 going to depreciate that asset again now that it has a
7 longer life, and collect that depreciation dollar. This
8 works the same exact way.

9 **Q Okay. And that depreciation asset that will**
10 **be used to collect over a 30-year period, that will be**
11 **put into rate base?**

12 A The depreciation asset --

13 **Q Well, I mean --**

14 A -- are you talking now on the RSAM or the TAM?

15 **Q The RSM, you will create a regulatory asset,**
16 **and that will be put into rate base over 30 years it**
17 **will be collected?**

18 A Yes, the deferred tax asset offsets the
19 deferred tax liability. As we amortize these back, or
20 give customers a credit, it reduces the amount of
21 deferred liability in our capital structure.

22 **Q Okay. And that will have an associated annual**
23 **revenue requirement with it?**

24 A Just like RSAM, yes.

25 **Q Okay. And do you know for the amount proposed**

1 in the settlement what that annual revenue requirement
2 will be?

3 A That is a question for Ms. Laney. That is in
4 her testimony.

5 Q I would ask Ms. Laney, but she hasn't been put
6 up as the witness for the RSM on this. Would 36 million
7 in annual revenue requirement sound about right, grossed
8 up for taxes?

9 A Subject to check, I will say yes. I haven't
10 done the math.

11 Q Okay. On page 19 of your testimony, lines 6
12 through 11, the debit of the RSM would keep FPL from
13 showing it would otherwise would be in overearnings
14 posture, correct?

15 A What debit? Sorry.

16 Q Well, let me ask you this next question,
17 because you may have already answered that one. But
18 what I would follow up with is the RSM -- and I am on
19 page 19, looking at lines 6 through 11.

20 Would you degree that the RSM would
21 effectively prohibit the non-signatories for bringing
22 FPL before the Commission for an overearnings petition
23 during the four years of the settlement because the RSM
24 mechanism would prevent FPL from showing an overearnings
25 posture during the four years?

1 MR. BURNETT: Calls for a legal opinion, Mr.
2 Chairman.

3 MS. CHRISTENSEN: I don't believe whether or
4 not they are earning above the range is actually a
5 legal position. I mean, it is a factual position.

6 MR. BURNETT: I am sorry, Mr. Chairman, if I
7 may? The question was: Would this prohibit the
8 signatories from bringing -- or non-signatories
9 bringing us in? That's a legal conclusion. But
10 for the interest of time, I will withdraw the
11 objection. He can answer if he can.

12 CHAIRMAN LA ROSA: Continue.

13 BY MS. CHRISTENSEN:

14 **Q Mr. Bores, did you need me to repeat the**
15 **question?**

16 A I do not.

17 **Q Okay.**

18 A So on the legal portion of the question, I do
19 not know. But to try and be helpful, ultimately, this
20 was designed to, yes, if we are at the top end of the
21 range, or exceed the top end of the range, we will debit
22 those funds into the storm reserve, it will be noncash
23 into the storm reserve to help increase the storm
24 reserve, which is a benefit for customers over the
25 period of this agreement.

1 Q Okay. And you would agree, if FPL was not
2 under a settlement, and FPL was earning above the top of
3 the range, any party, including the Commission, could
4 require that FPL comes before the Commission to have
5 rates reset?

6 A Potentially reset, yes.

7 Q Okay. So you would agree that if the
8 settlement is approved, non-signatories will no longer
9 be able to have FPL come in if they are earning at the
10 -- above the top of their range, correct?

11 A So again, legally, I don't know what is
12 required, or what can happen.

13 Q Okay. On page 18, line six, you talk about
14 the continuation of the Asset Optimization Program from
15 the '21 settlement, right?

16 A Correct.

17 Q And the threshold sharing levels from the '21
18 settlement agreement are saying the same, and a new
19 threshold is being added, correct?

20 A Correct.

21 Q And the Asset Optimization Program was not
22 part of your original timing, was it?

23 A It was not.

24 Q And you would agree that this program is
25 wholly reliant on the program as established in the '21

1 **settlement, right?**

2 A The program is wholly reliant on the program
3 established in the '21 settlement? I am sorry, what
4 does that mean?

5 Q **In other words, the Asset Optimization**
6 **Program, as it was set up in the '21 settlement, you are**
7 **importing that program from the '21 settlement into this**
8 **agreement; is that correct?**

9 A I am going to say yes, but that's probably a
10 much better question for the lawyers than for me.

11 Q **Okay. The settlement also has a storm cost**
12 **recovery mechanism, correct?**

13 A Yes.

14 Q **And on pages 13 and 14 of the settlement, in**
15 **paragraph 12 -- and that's K13 if you want to go there.**
16 **These are the same terms that you proposed in the**
17 **original filing of this case, correct?**

18 A That is correct.

19 Q **And paragraph D would prohibit any future**
20 **storm cost recovery proceedings from becoming a rate**
21 **case proceeding or applying any form of earnings test or**
22 **measure, or consider previous or current base rate**
23 **earnings; is that correct?**

24 A That is correct, just like in the current and
25 previous settlement agreements.

1 Q So would you agree that paragraph 12D would
2 give FPL a preapproved recovery amount for a year
3 without allowing the non-signatories the ability to
4 challenge whether any of the storm costs are recovered
5 under current earnings?

6 A Again, I don't know. I think ultimately that
7 the SCRM is going to work very similar that it does
8 today's. That the costs we are going to seek for
9 recovery are true incremental costs that are outside of
10 base rates. I think all parties will have a right to
11 review those costs for prudence, just as they do today.

12 Q Okay. And on page 20 of the settlement,
13 paragraph 15, you talk about changing the capital cost
14 recovery schedules for regulatory assets in Schedule D
15 to 20 years, is that correct?

16 A Yes.

17 Q And Schedule D included Plant Daniel, correct?

18 A I believe so, yes.

19 Q And you did not perform a calculation of the
20 total dollar impact by year of the ten-year capital
21 recovery schedules versus the 20 years for all 20 years,
22 did you?

23 A Let me check here. I think we did. I think
24 if you look at page 14 of my testimony, lines 12 and 13,
25 we quantified the impacts of that.

1 Q Okay. I am sorry, what lines did you talk
2 about?

3 A 12 and 13.

4 Q Okay. Then on page 18, lines 19 of your
5 testimony, this is where you talk about your SoBRA
6 mechanism, correct?

7 A The SoBRA on page 18?

8 Q 19, I am sorry.

9 A Sorry.

10 Q Line 18.

11 A Yes.

12 Q And say there are three changes to the SoBRA
13 mechanism from the one proposed in the original filing,
14 correct?

15 A Correct.

16 Q And you are applying the SoBRA mechanism to
17 the 2027 solar projects stricter economic need criteria
18 and a clarification of components to be excluded from
19 the revenue calculation, is that correct?

20 A Yes.

21 Q So even though the '27 revenue requirement
22 will be lower, the solar projects that were in the '27
23 original filing, you will be asking to recover those
24 projects through a SoBRA, correct?

25 A That is correct. And the costs associated

1 with that, or the revenue requirements associated with
2 that are encapsulated in Ms. Cohen's bill impacts.

3 **Q So in your direct testimony, you propose 1,090**
4 **megawatts of solar in 2028 and 1,788 megawatts in 2029?**

5 **A I believe that is correct, per Mr. Whitley's**
6 **testimony.**

7 **Q And the same amount of solar proposed -- and**
8 **these are the same amount of solar proposed in the**
9 **settlement for '28 and '29?**

10 **A That is correct.**

11 **Q And then on page -- and page 20 of your**
12 **testimony, lines 10 through 17 -- oh, I am sorry. It's**
13 **page 20 of the settlement. You are proposing that the**
14 **solar show a CPVRR benefit within 10 years, and show a**
15 **benefit of 1.1 to 1, correct?**

16 **A Page 20 of the settlement agreement?**

17 **Q Correct.**

18 **A I am sorry, I do not see that there.**

19 **Q That's -- I am sorry, L121. Let me see**
20 **where -- that -- I am sorry for my confusion. It's**
21 **actually page 20 of your testimony. And looking at it,**
22 **it's between lines 10 through 17. I apologize for that.**

23 **A I am sorry, can you repeat the question now**
24 **please?**

25 **Q Absolutely.**

1 In the settlement, you are proposing that
2 solar show a CPVRR benefit within 10 years and show a
3 benefit of 1.15 to 1, correct?

4 A Yes, a cost benefit of 1.15 to 1.

5 Q And the settlement has a revenue calculation
6 clarification that the solar PV -- CPVRR calculation
7 exclude the cost of land, correct?

8 A Yes, land that is already in base rates and
9 plant held for future use will be excluded.

10 Q And in the original filing, it was FPL's
11 position that the cost of land should not be included in
12 the economic analysis, is that correct?

13 A It's not the economic analysis. It is the
14 actual base rate increase itself. Since this land is
15 already sitting in base rates in future use, we are not
16 going to seek double recovery. So it is our intent, and
17 just clarifying our intent from the Phase I case, that
18 any land that's already in base rates will not be part
19 of a SoBRA.

20 Q Okay. But will it be included in the economic
21 analysis of the CPVRR calculation?

22 A Yes. Land is a component of the economic
23 analysis.

24 Q Okay. And on page 21, line 12, you say that
25 all classes receive an equal allocation of rate increase

1 **except for the residential, which was 95 percent of the**
2 **increase, correct?**

3 A Yes, as discussed by Witness Cohen this
4 morning.

5 Q **And on page 21, line 10 through 13, you say**
6 **the CILC credit have been increased to 9.75 cents per**
7 **kilowatt, this is an increase from the as-filed case?**

8 A All right. Page 21, lines nine through 13, I
9 don't see that.

10 Q **10 through 13.**

11 MR. MOYLE: Just this -- objection,
12 cumulative. This has been asked a number of times.
13 It's in the record repeatedly, and it's kind of --
14 we need it again now? I don't think so.
15 Objection, cumulative.

16 CHAIRMAN LA ROSA: Do you have a response?

17 MS. CHRISTENSEN: I will move to my next
18 question.

19 CHAIRMAN LA ROSA: Please.

20 BY MS. CHRISTENSEN:

21 Q **You would agree that generally, large load**
22 **customers are the recipient of the CILC credit, correct?**

23 A Yes, because they provide a benefit to the
24 system in an interruptible service.

25 Q **And you would also agree that Florida's**

1 **general body of ratepayers pay for the CILC credit?**

2 A Yes. I think as Witness Cohen said earlier,
3 they get a benefit associated with that.

4 Q **I have no further questions. Thank you.**

5 CHAIRMAN LA ROSA: Great. Thank you.

6 It's 3:10. Let's go ahead and take a
7 10-minute break.

8 Just for my knowledge, OPC do you have any
9 more questions? Do you have any other counsel that
10 has questions?

11 MS. CHRISTENSEN: I think we have questioned
12 all the witnesses.

13 MS. WESSLING: I think we are done with the
14 direct -- settlement direct testimony.

15 CHAIRMAN LA ROSA: Okay. So then it would be
16 fair to move to -- it would be okay to move to FEL
17 afterwards?

18 MS. WESSLING: And I just had a quick question
19 procedurally. Since we are all here, and we used
20 various exhibits for these witnesses, would it be
21 better to enter -- for us to move to enter those
22 exhibits now, or should we wait until all of the
23 cross-examination is done of the members of the
24 panel for the direct, and then have us come back up
25 and say our exhibits?

1 CHAIRMAN LA ROSA: Staff, is there a suggested
2 process for that? Do it now?

3 MS. HELTON: Typically, I would say, you know,
4 our practice is to do it the end, but I think that
5 Ms. Wessling has a point, this is a little bit
6 different process --

7 CHAIRMAN LA ROSA: Yep.

8 MS. HELTON: -- and I don't know whether each
9 one of them is responsible for different exhibits,
10 so it might be easier logistically for them to --

11 CHAIRMAN LA ROSA: Sure. Yeah, let's do that.
12 Okay. Let's do that now.

13 MS. WESSLING: Okay. For Mr. Oliver, for his
14 questions, I would move in two exhibits that I
15 identified. Those are CEL Exhibits 1396 and 1402.

16 CHAIRMAN LA ROSA: Are there objections to
17 those? Seeing none, so moved.

18 (Whereupon, Exhibit Nos. 1396 & 1402 were
19 received into evidence.)

20 MS. CHRISTENSEN: I would ask to move in 1388,
21 1390, 1391, 1396, and if you give me a moment, I
22 will just double check that I don't have any
23 additional ones that we discussed -- 1378 as well,
24 and I believe --

25 CHAIRMAN LA ROSA: Any objections to those?

1 Seeing no objections so moved.

2 (Whereupon, Exhibit Nos. 1378, 1388 &
3 1390-1391 were received into evidence.)

4 MS. CHRISTENSEN: Thank you.

5 MS. WESSLING: Thank you, Mr. Chair.

6 And you said we were taking a break? For how
7 long?

8 CHAIRMAN LA ROSA: Yeah, is there is any --
9 there is no other? Let's take a break, 3:25, so
10 let's -- 3:25, thank you.

11 MS. WESSLING: Thank you.

12 (Brief recess.)

13 CHAIRMAN LA ROSA: All right. If we can go
14 ahead and grab our seats, we can get started. All
15 right. This time for real. Now we are ready.

16 If you can go ahead and please grab your
17 seats, we will get back into questioning.

18 Okay. Just to remind everyone where we are
19 at, OPC just finished up cross-examination on the
20 direct side. It's -- FEL is now up for the panel
21 for questioning.

22 You are recognized.

23 MS. McMANAMON: Thank you.

24 EXAMINATION

25 BY MS. McMANAMON:

1 Q Hi, everyone. And my first batch of questions
2 will be specifically for Mr. Oliver.

3 And you recall earlier when we discussed the
4 \$200 million worth of land that FPL has agreed to use
5 best commercial efforts to seel as part of the
6 settlement agreement, correct?

7 A I do recall.

8 Q FPL has not committed to sell this land by a
9 date certain, correct?

10 A That's right. There is no firm commitment to
11 have it sold. Although, I did mention earlier that we
12 plan to start marking in earnest in the first quarter of
13 2026.

14 Q So right now, you would not be able to say
15 when customers may see the benefit from this concession?

16 A I mean, generally, we are planning on -- no, I
17 can't tell you exactly when the benefit will come
18 through, but generally, we are expecting to close on
19 this land in 2027 timeframe.

20 Q And I know you state that FPL will commit to
21 best commercial efforts to sell the 200 million worth of
22 land. So hypothetically, if after using best commercial
23 efforts FPL determines that they are not able to for one
24 reason or another, that would not violate this
25 agreement, correct?

1 A That is my understanding.

2 **Q Okay. Next turning to the make-ready program.**
3 **The settlement agreement contains a proposal for \$20**
4 **million for a make-ready program, correct?**

5 A That is correct.

6 **Q And the initial 20 million for this program**
7 **will come from the general body of customers, correct?**

8 A The \$20 million will be recorded as a
9 regulatory asset. That's correct.

10 **Q So would you agree that there could be a**
11 **short-term impact on the general body of ratepayers?**

12 A It's possible there could be, but, however, we
13 don't believe this will place any burden on the general
14 body over the life of the program or the assets that it
15 enables.

16 **Q And you would degree that you are opposed to a**
17 **make-ready program in your rebuttal testimony, correct?**

18 A In my rebuttal testimony, that's correct, I
19 oppose the make-ready program. As I mentioned earlier
20 today in OPC's cross, our preferred economic incentive
21 for third-party EV charging has been our demand limiter
22 programs. However, as part of the settlement, you know,
23 we agreed to a make-ready program only under the
24 circumstances that we could design that program to
25 protect the general body as best as we could.

1 Q And next we will need to be using our big
2 binders, which I think are behind you, and you will need
3 the one that has the tabs sticking out from the sides.

4 A The one with the tabs?

5 Q Yes. And if you could turn -- it's pretty
6 much all the way in the back, FEL 448, which is part of
7 CEL Exhibit 1344?

8 A FEL 448?

9 Q 448. And I am looking at page three of that
10 once you get there?

11 A This is FEL POD 17 151?

12 Q Yes.

13 A Okay. Page three of three?

14 Q Yes. And I know it is small, so I apologize.
15 But this assumes increasing utilization with growth per
16 charger, correct?

17 A I truly can't read --

18 Q There is a magnifying glass if you want to
19 pass it down. Sorry.

20 A This is brutal. Okay. All right. What are
21 you -- cells are you referring to here?

22 Q If you can -- the utilization, column L.

23 A Yes. Okay. Yes. We assume you start with
24 five percent utilization in year one, growing by two
25 percent, and for conservative purposes, we capped that

1 at 20 percent utilization.

2 **Q And the model also assumes that the only costs**
3 **associated with this program are the cost of the**
4 **credits, correct?**

5 A This model right here?

6 **Q Yes.**

7 A Calculates the revenues and -- that we expect
8 from the program?

9 **Q Maybe at page two of three might be better.**

10 A Could you ask the question again?

11 **Q Yes.**

12 **This model assumes that the only costs**
13 **associated with this program are the cost of the**
14 **credits, correct?**

15 A So we compared the incremental revenues
16 generated from this program against the credits
17 themselves, correct.

18 **Q But there could be other costs to serve these**
19 **chargers, correct?**

20 A There could be. The economic analysis this
21 considers is the incremental revenues that the
22 make-ready program incentivizes compared to the credits
23 themselves, and the revenue requirements they generate.

24 **Q Okay. Moving on from this, you are also**
25 **proposing a new GSLD-2EV rate, so that customers**

1 exceeding 2,000 kilowatts of demand can still take
2 service under the demand limiter, correct?

3 A That is correct.

4 Q And would you agree that it is more expensive
5 to serve a customer with 3,000 kilowatts of demand than
6 a customer with 1,000 kilowatts of demand, all else
7 being equal?

8 A I am not sure I know the answer to that.

9 Q Next if we could go to FEL 445C in here, so
10 just a few exhibits up. Let me know when you are there.

11 A I am here.

12 Q I am specifically looking at the GSLD-2EV at
13 the bottom, where it shows the monthly base revenue no
14 discount, and the monthly base revenue discounted?

15 A Yes.

16 Q And in comparison to the GSLD-1EV, would you
17 agree that the discount in year one with a load factor
18 of five percent is much more significant than in year
19 one of the GSLD-1EV?

20 A Yes, it is. It corresponds to the revenue.

21 Q So if the site does not progress to a higher
22 load factor by year two and stays at the assumed five
23 percent load factor, would it receive the same discount
24 it received in year one?

25 A So if the utilization was the same in the

1 second year?

2 **Q Yes.**

3 A Yes, that discount would be the same. I would
4 point out the revenues are greater than the discount
5 even in year one.

6 **Q So until these EV sites reach the 15 percent**
7 **load factor, will the general body be responsible for**
8 **paying the difference between the monthly base revenue**
9 **without a discount and the monthly base revenue with the**
10 **discount?**

11 A So these demand limiter tariffs, the
12 incremental revenues that they generate, so these
13 installations wouldn't generate these revenues but for
14 this incentive, and the program revenues that come from
15 these tariffs exceed the discounts that they provide.

16 Just last year, we looked in 2024, the total
17 discounts for this program were around \$200,000, and the
18 program revenues we received in those accounts was
19 around \$500,000.

20 **Q Okay. Next looking at FEL 444C, which is the**
21 **next one up. And this relates to the RS-2EV. The**
22 **revenue requirement is higher than the projected revenue**
23 **from the tariff revenue until 2030, correct?**

24 A That's correct.

25 **Q So will the general body of ratepayers be**

1 **paying the difference between the revenue requirement**
2 **and the tariff requirement until 2030?**

3 A Yes. However, over the life of the program,
4 these -- the revenues exceed the cost of the program,
5 and they provide a benefit to the general body, not a
6 cost.

7 Q And next, if we could turn to FEL 443, so the
8 next one up, which is the model for the UEV. This shows
9 that the revenue requirement exceeds the tariff revenue
10 until 2029, correct?

11 A Yes. In 2029, we expect the revenues to be
12 more than the revenue requirement --

13 Q So --

14 A -- and over the life, to, again, pay for
15 itself.

16 Q And if utilization does not continue to
17 increase, then the program may not become cost-effective
18 until a later point in time, correct?

19 A That's correct. And if it becomes -- if the
20 utilization is higher, will get there quicker.

21 Q That's all my questions for you. Thank you.

22 A You are welcome.

23 Q And next I will be moving over to Mr. Coyne.

24 I am trying not to repeat anything we have
25 already been over, but there might be a little bit of

1 **overlap. But my first question is that you did not**
2 **perform any additional analysis to determine that the**
3 **settlement ROE is reasonable, correct?**

4 A No, I relied on the analysis I did in my
5 direct and then updated in my rebuttal testimonies.

6 **Q And how do you determine from the ranges**
7 **calculated in your direct and rebuttal what a reasonable**
8 **ROE is for FPL in the context of the settlement?**

9 A Well, first I see that -- I look to see if
10 it's within the range of my results, and it's, you know,
11 it's not at the extreme end one end or the other. And
12 then after that, based on my experience, I really
13 deferred to the knowledge of the parties that enter into
14 these discussions to know the value of these relative
15 tradeoffs between return on equity on one hand, and the
16 other concessions and gives and takes in the context of
17 the settlement agreement.

18 So I am not able to precisely say based on my
19 analysis that a settlement number is the right number.
20 All I can really do is say that it's within the range of
21 the market cost of equity that I have estimated for the
22 company. And then thereafter, again, I really defer to
23 the parties in terms of the value of the tradeoffs that
24 they have made.

25 **Q So you would agree that there is some**

1 **subjectivity in that analysis?**

2 A Yes.

3 **Q If the settlement proposal contained an ROE at**
4 **the bottom end of your range calculated in your**
5 **rebuttal, which was a 10.43, could that potentially have**
6 **been a reasonable ROE depending on what else was in the**
7 **settlement agreement?**

8 A It would have depended, of course, yes, on
9 what else was in the settlement agreement. All I could
10 do is point out how it compared to what I deem to be the
11 market cost of equity, which was 11.9 percent. So
12 concessions to either side of that would indicate that
13 you are moving farther away from the market cost of
14 equity, and the parties would have to determination if
15 those tradeoffs were worthwhile in order to reach that
16 conclusion.

17 **Q And you mentioned that you relied on others'**
18 **knowledge of the settlement agreement. So you**
19 **personally are not familiar with what aspects of the**
20 **settlement allowed FPL to lower their requested ROE from**
21 **an 11.9 to a 10.95?**

22 A That's right. I had no knowledge of the
23 settlement discussions or any of the specific tradeoffs
24 therein.

25 **Q And if you recall from I believe your**

1 **rebuttal, we looked at a spreadsheet that was provided**
2 **by you showing the awarded ROEs from 2022 to 2025. Do**
3 **you recall that?**

4 A I do.

5 Q **And the higher -- highest end of that was an**
6 **11.45 awarded to a utility in Alaska, do you recall**
7 **that?**

8 A I do.

9 Q **And I believe we also looked that the next**
10 **highest from that time period was the 10.8 from -- for**
11 **FPL?**

12 A Yeah. Those the awarded ROEs. And again, I
13 emphasize that, you know, those are for those decisions
14 in that period of time, but there are other standing
15 allowed equity ratios that exist for utilities well
16 beyond those that are decided in that period of time.

17 And even for those that are decided in that
18 period of time, like take, for example, Georgia Power,
19 which has a 10.5 percent ROE in a settlement agreement,
20 it also has an earnings band that allows the company to
21 earn up to 11.9 percent around that 10.5. And then
22 beyond that, if it earns above the 11.9 percent, unlike
23 FPL in this settlement proposal, those earnings are
24 allocated 70 percent to regulatory asset, 10 percent to
25 customers and 20 percent to shareholders. So the

1 company can continue to earn beyond that 11.9 percent
2 band in the case of Georgia Power.

3 So there is a lot in those allowed ROEs that
4 need to be understood before they can be properly
5 compared to that which is in the settlement agreement.

6 **Q Right. Thank you for that context. But just**
7 **looking at that time period, 2022 to 2025, this -- an**
8 **ROE of 10.95 would still be the second highest after the**
9 **11.5?**

10 A I believe it would be, yes.

11 **Q Okay. Thank you.**

12 **And in your direct testimony on the**
13 **settlement, did you consider how the proposed ROE of**
14 **10.95, the proposed equity ratio of 59.6 and the**
15 **proposed rate stabilization mechanism impact FPL's**
16 **overall earnings?**

17 A No, I did not do an earnings analysis. That's
18 into the part of the cost of capital analysis.

19 **Q Thank you. That's all my questions.**

20 A You are welcome.

21 EXAMINATION

22 BY MR. MARSHALL:

23 **Q Good afternoon, Ms. Cohen.**

24 A How did I know?

25 MR. MARSHALL: Before I start questioning, I

1 have a list of exhibits that I will not question
2 Ms. Cohen on if we can get agreement to move them
3 in at the end, and I will just read those off to
4 make sure that -- and that way I will avoid asking
5 questions on them.

6 CHAIRMAN LA ROSA: Yes.

7 MR. MARSHALL: It's quite a list, 1435 through
8 1438, 1441, 1443, 1446, 1447, 1454, 1455, 1463,
9 1464, 1466, 1469 through 1472, 1475, 1477 through
10 1480, 1482, 1486, 1488 through 1490, 1492, 1498,
11 1512, 1513.

12 CHAIRMAN LA ROSA: Any objections to those
13 being identified?

14 MR. BURNETT: We happily agree, sir.

15 CHAIRMAN LA ROSA: Okay.

16 MR. MOYLE: I just had a question. Do all
17 those relate to this witness or --

18 MR. MARSHALL: Yes.

19 MR. MOYLE: Okay.

20 CHAIRMAN LA ROSA: Mr. Brew?

21 MR. BREW: Mr. Chairman, I would just like to
22 get back to them after we have had a chance to
23 review which exhibits those are.

24 CHAIRMAN LA ROSA: Okay. Yeah, so we are just
25 identifying them for the time being.

1 MR. MARSHALL: Before we close out, we can
2 make sure that if there is going to be objection,
3 we can ask the witness about any of those exhibits
4 and figure any objection hurdles.

5 MR. BREW: Okay.

6 CHAIRMAN LA ROSA: Awesome, proceed.

7 BY MR. MARSHALL:

8 **Q Hi, Ms. Cohen, would you agree that FPL's**
9 **direct case used a specific cost of service methodology,**
10 **applied gradualism, and then applied rate design to**
11 **determine final rates?**

12 A Yes.

13 **Q Would you also agree that every intervenor in**
14 **the case that took a position on cost of service and**
15 **revenue allocation, at least in principle, supported**
16 **using a cost of service methodology to allocate revenue**
17 **requirements?**

18 A Yes.

19 **Q Would you agree that the settlement does not**
20 **explicitly adopt any specific cost of service**
21 **methodology for base revenues?**

22 A I agree that it's not explicit in the
23 settlement agreement. I do have testimony that states,
24 just by the way we applied the modified percent increase
25 to all of the parties and to all of the rate classes, it

1 has the logical affect of keeping in place the revenue
2 allocations that are in existing rates today that were
3 approved in the 2021 Settlement Agreement.

4 Q And it is your testimony that that revenue
5 allocation results in rates that are fair, just and
6 reasonable?

7 A Yes.

8 Q If we could go to master page K42?

9 This document is a part of -- included within
10 the settlement?

11 A Yes.

12 Q And it shows a comparison of present revenues
13 and proposed increases within the settlement by rate
14 class?

15 A Yes.

16 Q And if you look at row 47, it has -- this
17 would be for the 2026 test year, is that right?

18 A It is.

19 Q And so that 945,000 would be the \$945 million
20 revenue requirement increase, cash increase in 2026 in
21 the settlement?

22 A It is.

23 Q And if you -- if you add up the increase to --
24 that the residential and GS class are receiving, would
25 that be 643,578,000, subject to check?

1 A I will agree with your math, subject to check.

2 Q And if you divide that by the \$945 million
3 increase, would that represent 68.1 percent of total
4 increase?

5 A I don't have that in front of me, but I will
6 accept your math, subject to check.

7 Q And the amount that the settlement actually
8 has residential and GS class paying would actually be
9 paying more than that, right, considering the CDR and
10 CILC credits?

11 A It is higher than that due to the credits,
12 yes.

13 Q And the increase in credits under the
14 settlement can be seen on line 34 of this document, is
15 that right?

16 A Yes.

17 Q And those -- that increase is credited to
18 those classes receiving those credits, correct?

19 A Correct.

20 Q So just for example, if you look at CILC-1T in
21 row 47, it says that the proposed rate increase is --
22 would that be \$4,938,000?

23 A I think it's 4935. It might be an eight.

24 Q I am going to get my pan and zoom function
25 out. I think it might be an eight.

1 A It is an eight.

2 Q But if you actually look up to row 32, that
3 class is receiving a base revenue retail sales increase
4 of 3,355,000?

5 A Yes.

6 Q And so the bulk of that -- the difference
7 between the two would be the additional CILC and CDR
8 credits?

9 A Yes. They get credit for the benefit they
10 provide to the program.

11 Q If we could next go to master page E82539? If
12 we could go to the tab graph of comparisons?

13 A I am sorry, the Excel file hasn't opened here
14 yet.

15 Q Oh, sorry.

16 MR. SCHULTZ: If you click --

17 THE WITNESS: Click on this?

18 MR. SCHULTZ: Click that --

19 THE WITNESS: Okay.

20 MR. SCHULTZ: -- and download to the right,
21 and just open it up there.

22 THE WITNESS: Okay. I am sorry, what tab,
23 Mr. Marshall?

24 BY MR. MARSHALL:

25 Q Graph of comparisons.

1 A Okay.

2 Q And then this -- these graphs include the
3 comparisons of all the different cost of service
4 methodologies that were proposed in the case, is that
5 right?

6 A Yes, this was provided, I believe, as part of
7 Ms. DuBose's testimony.

8 Q And would you agree that the numbers, subject
9 to check, that the 68.1 percent going to RS and GS in
10 the settlement in 2026 is higher than any of the
11 proposals on here?

12 A Where do you see that?

13 Q Well, if you look at the graph, you see that
14 there is a breakdown of the amount proposed to RS/GS,
15 and the rest C&I?

16 A Okay. I am sorry, can you start over?

17 Q Sure.

18 My question is: Is comparing the revenue
19 allocation to the RS and GS class in the settlement,
20 which we agreed was 68 percent, subject to check, is
21 that higher than any of the proposals that were proposed
22 in the case?

23 A One more time. I am sorry, I am with you now.

24 Q Absolutely.

25 A Go ahead.

1 Q Is the 68 percent, subject to check, that is
2 going to the RS and GS class of the settlement revenue
3 increase, is that 68 percent higher than any of the
4 proposals in the as-filed case?

5 A So I am not seeing 68 percent on this graph.

6 Q Right. And so 68 percent higher than any of
7 the bars for RS/GS on that graph?

8 A I am sorry, I can't tell from looking at this.

9 Q If you look at the table to the left that
10 feeds into the graph --

11 A Okay.

12 Q -- under RS and GS, do you see the line RS/GS?

13 A Yes.

14 Q The question is: Is -- are any of the numbers
15 on there -- or are all the numbers on there lower than
16 68 percent?

17 A They are.

18 Q All right. If we could next go to master page
19 J1112?

20 This would be the equivalent of the -- of that
21 table we were looking at that was part of the
22 settlement, but for the as-filed case for 2026, correct?

23 A Yes.

24 Q And line 47 still has the total proposed
25 increase on the as-filed case?

1 A What line?

2 Q Line 47 on master page J1112.

3 A It is.

4 Q And GS had a proposal for an increase of just
5 under \$25 million, is that right?

6 A Yes. And keep in mind, this is after rate
7 increase.

8 Q And that would include the application of
9 gradualism?

10 A Yes, it does.

11 Q If we could next go to K42? This is back to
12 the revenue allocation increase under the settlement?

13 A Yes.

14 Q And GS is proposed to receive over \$77 million
15 increase under the settlement?

16 A It is. And that is the mathematical product
17 of taking the rates at current at present rates, and
18 they received the same percent increase as all other
19 rate classes. So their increase was the same as
20 everyone else, their percent increase.

21 Q And GS customers are a little over nine
22 percent of FPL's customers?

23 A In customers, yes.

24 Q And I think we addressed residential customers
25 earlier in Phase I, but together, would you agree that

1 RS and GS, as customer accounts, are a little over 98
2 percent of FPL's customers?

3 A As customer accounts, and they are about half
4 of our sales.

5 Q And FPL maintains that it represents all
6 customers, including RS and GS customers, at the
7 negotiating table?

8 A Yes.

9 Q If we could go to master page 04-34, which is
10 Exhibit 1428 on the CEL?

11 Do you see the interrogatory answer in front
12 of -- question and answer in front of you?

13 A I do.

14 Q And you sponsored the response to this
15 interrogatory?

16 A Yes.

17 Q And this was asking regarding Mr. Bores'
18 testimony that the parties of the settlement represent
19 approximately 45 percent of the electricity that FPL
20 sells?

21 A Yes.

22 Q If we go down to the -- scroll down one page,
23 there is an attachment, correct?

24 A There is.

25 Q And this provides that breakdown of percent of

1 **sales by class, is that right?**

2 A Yes.

3 Q **Would you agree that it shows RS and GS**
4 **together are a bit over 61 percent of FPL's sales?**

5 A Yes.

6 Q **And if you look at the left table, that is the**
7 **same kind of break down, but based on revenue, is that**
8 **right?**

9 A It is.

10 Q **And would you agree that, subject to check, RS**
11 **and GS compose approximately 68.4 percent of FPL's**
12 **revenue?**

13 A Yes.

14 Q **Would you also agree that on their own -- the**
15 **residential class on its own is a majority of both**
16 **kilowatt hour sales and a majority of FPL's revenue?**

17 A It is. And they also have the lowest compound
18 annual growth rate of all the customer classes based on
19 the 95 percent of the system average that they receive
20 in the revenue allocation.

21 Q **You are not aware of any agreements that FPL**
22 **has with its RS or GS customers to represent them in**
23 **rate cases?**

24 A Not specifically, but I don't think we
25 necessarily need an agreement. We represent all

1 customers in everything that we do.

2 Q Do RS or GS customers have recourse if they do
3 not like the representation FPL is providing?

4 A I think that's a legal question. I don't
5 know.

6 Q And you are not aware of any RS or GS
7 customers reaching out after the settlement was filed
8 and saying that this was the outcome they wanted?

9 A I am not aware of any customer feedback.

10 Q And you are not aware of any GS members
11 reaching out -- GS customers reaching out to FPL at any
12 time to express that they thought the originally
13 proposed rate increase for them was too low and that
14 they wanted to have a higher rate increase?

15 A No.

16 Q Do you agree that the Commission's practice of
17 gradualism is also to move customer classes closer to
18 parity?

19 A That is -- yes, that is the purpose of
20 gradualism.

21 Q And if we can go to master page L2-39?
22 This is your Exhibit TCC-11?

23 A It is.

24 Q And it's your opinion that the settlement does
25 move the classes closer to parity, correct?

1 A It is. My opinion is that the far column,
2 which is the settlement revenue allocation, is entirely
3 consistent with where they are in present rates, which
4 is the second to far right column. They are all very
5 well within a hundredth of a decimal point.

6 **Q And would you agree with me that what's moving**
7 **them closer to parity as compared to the other cost of**
8 **service studies that were filed in the case is the cost**
9 **of service methodology being used to assess that parity?**

10 A I am sorry, can you repeat your question?

11 **Q Sure.**

12 **Would you agree with me that what's moving**
13 **customers closer to parity under the settlement is the**
14 **cost of service methodology being used to assess that**
15 **parity, and not because the revenue allocation is moving**
16 **customers closer to the as-filed cost of service study?**

17 A I agree with you, it's moving them closer --
18 they are staying within parity and where they are in
19 present rates, which was approved in the '21 Settlement
20 Agreement. There were a number of cost of services
21 filed in this testi -- in this case, there are at least
22 five shown here. Where we landed is, mathematically,
23 increasing customers from where they are today. So it
24 keeps this place the revenue allocation that was
25 approved in the '21 Settlement Agreement and found to be

1 in the public interest.

2 Q If we scroll to the bottom of this page, it
3 notes that the cost of service study from 2021 applies a
4 negotiated methodology for allocating distribution
5 plant, is that correct?

6 A Yes, that's what the 2021 settlement stated.

7 Q And so as part of being a negotiated
8 methodology, at the time of the 2021 rate case, there
9 was no cost of service study produced to support that
10 methodology, correct?

11 A That's correct. It was a -- it was a -- we
12 had produced a cost of service in the direct case, and
13 it was a revenue -- revenue allocation for distribution.

14 Q And no party in this case proposed adopting
15 that 2021 methodology, correct?

16 A No, but the 12 CP and 1/13th is what the
17 Commission requires us to file, and there was -- there
18 were parties that requested that methodology, along with
19 12 CP.

20 Q And comparing the 2021 settlement present
21 column with the 2025 settlement revenue allocation
22 column, and it might not be apparent, but do you recall
23 that if you move out enough decimal places, GS is moving
24 away from parity?

25 A So I do recall in my deposition we went into

1 the Excel cells between those two of 1.18, which are
2 shown here. If you go out to .0003, there is a change
3 to general service.

4 Q And that -- just to be clear, that's a change
5 away from parity?

6 A Yes.

7 Q And you can see on here that RS is also moving
8 away from parity, is that correct?

9 A RS is moving away from parity by .01 percent,
10 so they are moving to 98 percent parity, where they are
11 today at 99, and that is strictly a function that they
12 receive less than the system average increase. They
13 receive 95 percent of the increase. So they received a
14 benefit compared to the other rate classes.

15 Q And no parity analysis was done for 2027?

16 A No.

17 Q But you would expect the same sort of trend to
18 continue, correct?

19 A I would.

20 Q And FPL never did an analysis of how the
21 various classes do in terms of parity under the
22 settlement as compared to the various cost of service
23 methodologies proposed in this case as shown on TCC-11?

24 A Repeat that one more time.

25 Q FPL never did an analysis of how the various

1 classes do in terms of parity under the settlement as
2 compared to the various cost of service methodologies
3 proposed in this case as shown on TCC-11?

4 A We only propo -- we only reviewed present
5 rates, which is what should be compared.

6 Q And so is that -- is that a yes, that that
7 analysis wasn't done?

8 A It was not done.

9 Q If we could go to master page 04-6, which
10 should be Exhibit 1416 on the CEL?

11 This is another interrogatory that you
12 sponsored?

13 A Yes.

14 Q And this answer reflects what we just
15 discussed?

16 A Yes.

17 Q Move on. If we could next go to master page
18 04-646, which is Exhibit 1485 on the CEL?

19 A Yes.

20 Q This shows the as-filed percent increase as
21 compared to the settlement increase, is that right?

22 A It does. And the as-filed increase includes
23 rate design and other things, such as gradualism, based
24 on a very specific cost of service, whereas, the
25 settlement increase, all parties agreed to a modified

1 percentage increase, which you are seeing right in the
2 second column, is the 10.4 percent, with the exception
3 of residential, that received 95 percent of that overall
4 amount. So they received 9.1 percent of an increase,
5 and that's the reason for the differences in the numbers
6 in the two columns.

7 **Q And when you say all parties agreed, do you**
8 **mean all signatory parties?**

9 A Yes, the signatories.

10 **Q And is the as-filed percent increase, that**
11 **would be if FPL's as-filed petition had been approved**
12 **100 percent in full?**

13 A That's correct, including rate design.

14 **Q Am I reading this correctly, that GS-1,**
15 **GSCU-1, SL-2M, SST-DST and SST-TST get higher increases**
16 **under the settlement than originally as proposed?**

17 A Yes. It's a function of the math and how we
18 applied the overall increase to all classes equally.

19 **Q If we could next go to master page L2-40?**
20 **This is part of your Exhibit TCC-12?**

21 A Yes.

22 **Q And this includes that two percent compound**
23 **annual growth rate we have heard referred to a few**
24 **times?**

25 A Yes.

1 **Q** And that's based on, from current bills, as
2 represented in the current column, based on 1,000
3 kilowatt hours, is that right?

4 A Yes.

5 **Q** And that includes -- the current bill includes
6 storm charges, correct?

7 A It does, and that's shown on the very first
8 bar in the second to top in the dark gray.

9 **Q** And none of the future years include storm
10 charges, which we all hope won't be there?

11 A Yes. Just as we explained in the as-filed
12 case, this is prepared based on the best information we
13 have at the time. That includes the storm charge in
14 current rates, it includes a fuel curve as of a certain
15 point in time as well.

16 **Q** Would you agree with me that residential base
17 rates are still projected to increase by over 20 percent
18 over the four-year term?

19 A I will accept your math, subject to check.
20 And I will also note that customers pay a total bill,
21 and their total bill is a two-percent change over the
22 course of these years.

23 **Q** And your testimony also includes comparisons
24 of residential bills compared to the national average in
25 your settlement testimony?

1 A Yes, it does.

2 Q And that would be based off of the
3 thousand-kilowatt-hour bill?

4 A Yes, that's what's benchmarked nationally.

5 Q If we could scroll down to the next page? And
6 this includes -- this would be the similar kind of
7 comparison, but for GS customers?

8 A It is.

9 Q And we have heard a reference to the compound
10 annual growth rate for GS customers compared to some of
11 the other commercial/industrial customers, is that
12 right?

13 A We have.

14 Q And that would be, as reflected here, that 2.4
15 percent?

16 A It is. And I would note that general service
17 customers today are 20 percent below the national
18 average, and they will remain 18 percent below the
19 national average, and that's at the current national
20 average.

21 Q Is part of the reason that they have a lower
22 compound annual growth rate than some of the other
23 commercial and industrial customers is that the current
24 storm charge on their bill is a higher proportion of
25 their current bill than some of those other classes?

1 A Storm charge is a higher proportion of their
2 bill. And just like residential, it's a function of the
3 math. The compound annual growth rate is just
4 calculated based on your beginning and ending points.

5 **Q And by the end of the four-year period, is**
6 **their current base rate charge expected to increase by**
7 **just under 26 percent?**

8 A I will accept your math, subject to check.

9 **Q Turning to the clauses, the settlement**
10 **proposes using 4 CP and 12 percent AD for the clause**
11 **methodology, is that right?**

12 A It does.

13 **Q And I believe -- do you know if FPL still**
14 **plans to use the 12 CP methodology for wholesale?**

15 A I do not. I believe we are -- I believe we
16 are.

17 **Q And just to confirm, you believe the**
18 **settlement adopts a 12 CP and 1/13th methodology for**
19 **base rates?**

20 A I believe the settlement, by the way that we
21 increased all customers by a percentage off of their
22 current rates, it maintains the underlying allocations
23 just mathematically and logically. So, yes, I believe
24 it maintains 12 CP and 1/13th.

25 **Q If we could next go to master page 04-16,**

1 **which is going to be Exhibit 1421 on the CEL?**

2 A I am there.

3 Q **I believe you sponsored this interrogatory?**

4 A I did.

5 Q **And if you could scroll down to the**
6 **attachment.**

7 A I am there.

8 Q **And I believe this was later corrected, but**
9 **this was the original estimate of the impact of using**
10 **the 4 CP and 12 percent AD as compared to the current**
11 **methodology?**

12 A Yes. And I believe we did provide a corrected
13 response for this.

14 Q **We can go to that. I think that's going to be**
15 **master page 04-20, which is going to be Exhibit 1422 on**
16 **the CEL.**

17 A I am there.

18 Q **And this would be those revised estimates?**

19 A It is. This is where it shows -- it's not
20 shown on here, but there is a zero impact for
21 residential --

22 Q **Well --**

23 A -- from a rate perspective.

24 Q **-- it I think it has -- if you go down to row**
25 **49, it should have the -- this is going to be the --**

1 **this table at the bottom is the delta between the two,**
2 **correct?**

3 A It is. And that translates into a rate, which
4 is zero for residential customers, and 24 cents for
5 general service.

6 Q That was going to be -- and that's a little
7 over \$2 million total for general service?

8 A It is.

9 Q Would you agree with me that the primary
10 beneficiaries of this change are some of the large load
11 classes?

12 A They have decreases. I am not sure what that
13 translates to in a rate for them.

14 Q All right. If we could next go to master page
15 04-668, which is going to be Exhibit 1496 on the CEL?

16 A I am there.

17 Q And this is a similar comparison, except
18 comparing FPL's proposed -- as-proposed cost of service
19 methodology with the methodology in the settlement, is
20 that right?

21 A Yes.

22 Q And for residential customers, does that total
23 difference represented at that bottom row there with
24 that \$1.39 per thousand kilowatt hours?

25 A It is.

1 Q Switching topics a bit to the construction
2 this aid of contribution. I just -- there was some
3 questions on that earlier, so I don't want to retread,
4 but I just want to confirm that the settlement removed
5 the 15-megawatt requirement applicability threshold?

6 A Correct, because technically, the megawatt
7 threshold drives cost.

8 Q If would we could next go to master page
9 04-366, which will be CEL Exhibit 1467?

10 A Okay.

11 Q This shows the initial change in 2026 for the
12 CILC and CDR credits by classes receiving those credits,
13 is that right?

14 A Yes.

15 Q And to your knowledge, would the proposed
16 credit under the settlement be the highest the credit
17 has been in FPL's history?

18 A Yes.

19 Q The settlement agreement also envisions that
20 certain large load customers could petition to opt out
21 of paying into the ECCR clause?

22 A Yes.

23 Q And those could -- that could include
24 interruptible customers?

25 A Yes, I would think so.

1 Q And at \$9.75 per kilowatt, the CDR and CILC
2 credit would have a RIM score of 0.96?

3 A That's correct.

4 Q And that means it would be considered to not
5 be cost-effective under the RIM test?

6 A That's correct. And I think in my testimony,
7 I also provided that it is cost-effective under other
8 tests that are used by the Commission.

9 Q If we could go to next master page 04-450,
10 which will be Exhibit 1474 on the CEL?

11 A I am there.

12 Q And this shows the SoBRA factors to be applied
13 to the CDR and CILC credits, is that right?

14 A Yes.

15 Q And there is actually a negative number in
16 July of 2028, is that right?

17 A Yes.

18 Q Is that from associated ITCs with some of the
19 battery projects?

20 A I would assume so, yes.

21 Q And, Ms. Cohen, if this next question is --
22 you know, feel free to refer to Mr. Bores or what, but
23 my question is: If Vandolah defers batteries in 2029,
24 do you know if that number could go the opposite
25 direction?

1 A I don't know.

2 Q Mr. Bores, do you know?

3 A I would assume so, if we don't build batteries
4 in there, there is no associated ITC associated with
5 that, it would likely change the number.

6 Q And that's specifically because the ITCs are
7 flowed through in a single year, is that right?

8 A That would be my assumption without seeing the
9 calculation.

10 Q Thank you, Ms. Cohen. That concludes my
11 questions for you.

12 A Thank you.

13 EXAMINATION

14 BY MR. LUEBKEMANN:

15 Q Good evening, Mr. Bores.

16 A Mr. Luebke mann.

17 Q Good afternoon. It feels like evening. It's
18 been a day.

19 A It has. Nice to see you again.

20 Q It's nice to see you as well. It's been too
21 long.

22 MR. LUEBKEMANN: And to prevent it from being
23 too much longer, I also have quite a laundry list
24 of stipulations, so I am going to identify those so
25 they can percolate. And if there is not any

1 identified objections, then I won't ask questions
2 about them.

3 On my list, I have Exhibits 1417 to 1418, 1423
4 to 1426, 1429 and 30, 1440, 1448 through 50, 1456,
5 1493 through 95, 1505, 1508 and 09, 1511 and 1514.

6 CHAIRMAN LA ROSA: Any objections to those
7 being identified for now?

8 MR. BURNETT: No, sir. It's been represented
9 that these are all responses that FPL provided in
10 discovery, which we have absolutely no objection
11 to.

12 MR. LUEBKEMANN: Yeah, and I will confirm that
13 representation.

14 CHAIRMAN LA ROSA: Any other parties?

15 Okay. Seeing none. Let's proceed.

16 MR. LUEBKEMANN: Thank you, Mr. Chairman.

17 BY MR. LUEBKEMANN:

18 **Q All right, back to you, Mr. Bores.**

19 **You sponsor the revenue reductions in your**
20 **testimony, your settlement testimony?**

21 **A I do.**

22 **Q And that would be specifically in 2026, a**
23 **reduction from 1.545 billion to 945 million?**

24 **A That's correct.**

25 **Q So that would be 600 million?**

1 A Yes.

2 Q This is a predicate question.

3 And as we discussed yesterday, a 95 -- well,
4 as we discussed yesterday, one basis point of return on
5 equity is worth a little over \$5 million?

6 A In the first year, yes.

7 Q In the first year? It's a little bit more in
8 2027?

9 A No, because it's really just the impact on the
10 incremental rate base. Once you apply it in 2026, it
11 kind of carries through, right, come down 500 million
12 for 100 basis points in '26 that carries forward into
13 27's cash need, and it's really just the incremental
14 rate base in that year.

15 Q Okay. That's a helpful clarification.

16 So back to '26, a 95-basis-point reduction
17 from the ROE that has been identified by Witness Coyne
18 would correspond to roughly four to maybe five million?

19 A Simple math, roughly 475, but, yes, close
20 enough.

21 Q I think my math on that was 5.1 million, but I
22 can take your 475.

23 A I am just trying to make it simple.

24 Q For purposes of simplicity, and not sustaining
25 another objection from the other end of this table, I

1 will go 475. Would that mean that off of FPL's
2 one-and-a-half-billion-dollar rate increase that was
3 requested for 2026, other than the reduction in ROE, FPL
4 is only giving up about 125 million?

5 A I struggle with the only giving up if it's not
6 tied to anything specific, but, yes, there is
7 incremental above just the ROE that we are giving up in
8 both 2026 and 2027.

9 Q And just some quick confirmations here, the
10 flip-back that we discussed as part FPL's as-filed case
11 that results from the ITCs, that would still be a
12 feature under the settlement agreement?

13 A That is correct.

14 Q And repaying the TAM, while it got a haircut,
15 it would still -- there would still be a repayment for
16 the TAM under the settlement agreement?

17 A Yes, but I have been thinking about this a lot
18 since the line of questioning yesterday and the
19 confusion around this.

20 I think as we talked about yesterday, the TAM
21 enables efficiencies. And if you look at the
22 efficiencies we have generated through all of the prior
23 agreements, those efficiencies more than pay for that
24 increase in depreciation expense from recollecting RSAM.
25 I hope the same will be true this agreement, that, yes,

1 we are going to have amortization from the rate
2 stabilization mechanism, but hopefully be able to find
3 efficiencies that will more than pay for that going
4 forward for customers.

5 **Q Fair to say that in addition to enabling**
6 **efficiencies, it also enables FPL to retain favorable**
7 **weather earnings that it might not otherwise?**

8 A Yes, but I don't think that is any different
9 than any other utility that is operating under a
10 settlement agreement with or without a rate
11 stabilization mechanism or an RSAM.

12 **Q The minimum term of the settlement agreement**
13 **runs through December 31, 2029?**

14 A I think we said yes.

15 **Q This is setup. So put another way, the very**
16 **earliest that FPL could seek new effective general base**
17 **rates would be January 1st of 2030?**

18 A I wouldn't say the first time we could seek.
19 I think the time they would be effective would be
20 January 1st, 2030.

21 **Q Yeah, and if my phrasing wasn't clear, that**
22 **was my intention, that the first effective date for new**
23 **base rates that would not violate the terms of the**
24 **settlement agreement would be January 1st of 2030?**

25 A Correct.

1 Q Could we go to paragraph 21F of the settlement
2 agreement? This is at master page K25. Are you ready?

3 A I am.

4 Q Great.

5 This paragraph states that outside of one
6 specific condition, that the RSM will expire at the end
7 of the minimum term of this agreement?

8 A That is how I read it.

9 Q And that FPL would not be able to amortize any
10 further dollars left in it?

11 A Unless we provide notice to the parties by
12 March 31st, 2029.

13 Q And that is the condition, right? So if you
14 provide notice by the end of March 2029 that you would
15 not seek base rates -- and I am just going to read here
16 -- to be effective any earlier than January 1, 2030,
17 then you would be able to continue the use of the RSAM
18 past the end of 2029?

19 A That is my understanding.

20 Q So by its own terms, the settlement agreement
21 would allow FPL to negate the expiration of the RSM as
22 long as it does not violate the settlement agreement by
23 seeking new base rates prior to 2030?

24 MS. MONCADA: I am going to object just to the
25 extent that it's an interpretation that calls for

1 a -- that it calls for a legal interpretation, but
2 if he can answer.

3 THE WITNESS: Can you just rephrase that for
4 me?

5 BY MR. LUEBKEMANN:

6 **Q Sure. And I will break it down.**

7 **What I see in this paragraph is the RSM**
8 **expires at the end of 2029, right?**

9 A Correct.

10 **Q Unless earlier in 2029, in March, you let the**
11 **other signatories to the agreement know that you will**
12 **not be seeking new rates in a proceeding that year to be**
13 **effective before January 1 of 2030?**

14 A That is how I interpret that.

15 **Q But the minimum term of the agreement also**
16 **prohibits you from seeking new rates to be effective**
17 **before January 1 of 2030?**

18 A I fail to draw the distinction, or the concern
19 there. I am sorry.

20 Maybe -- let me try it this way: The way I
21 think about it is we have a minimum term of four years.
22 If we can some how extend that to a fifth year, so long
23 as we provide notice to the parties by March 31st, 2029,
24 we can continue to use the RSM in that fifth year.

25 **Q I fully believe that was the intention of this**

1 paragraph, but my question to you is: As it is actually
2 written, does this paragraph not allow FPL to continue
3 to use the RSM past 2029 as long as they don't seek base
4 rates to be effective in the year of 2029?

5 A I don't have a legal view on that. That's
6 probably a legal interpretation. I will defer to the
7 lawyers.

8 Q All right. Well, that's all my questions for
9 you. Thank you.

10 A Thank you.

11 MR. MARSHALL: I believe that concludes all of
12 our questioning, but if we wanted to continue the
13 practice we did with OPC, we would -- to move in
14 our laundry list of exhibits.

15 CHAIRMAN LA ROSA: Is it necessary for the
16 parties to hear those list of exhibits again?

17 MS. MONCADA: I never want to hear them again
18 in my life.

19 MR. MARSHALL: And there is additional
20 exhibits that we did use in addition to the list we
21 said. It's a long list.

22 CHAIRMAN LA ROSA: All right. So let's hear
23 the new exhibits.

24 MR. MARSHALL: All right. We can -- oh, boy.
25 I did not break them up.

1 MR. MOYLE: Are these new or just a repeat of
2 what he already said?

3 MR. MARSHALL: Well, these would be.

4 CHAIRMAN LA ROSA: We are will to find out.

5 MR. MARSHALL: These would be new. Thankfully
6 our court staff was keeping a separate list of what
7 was new from what we earlier said.

8 All right. So the new ones for Ms. Cohen,
9 beyond what we said before, would be 1416, 1421,
10 1428, 1467, 1474, 1485 and 1496. And actually, I
11 think that is -- all the other exhibits we used
12 were already in evidence.

13 MR. MOYLE: Are these all FPL responses to
14 discovery like --

15 MR. MARSHALL: Yes.

16 MR. MOYLE: Okay.

17 MR. MARSHALL: Yes, these are all FPL
18 responses to discovery.

19 MR. MOYLE: We don't have an objection.

20 CHAIRMAN LA ROSA: Okay. So any objections to
21 these or the ones identified earlier?

22 Seeing none, so moved.

23 (Whereupon, Exhibit Nos. 1417-1418, 1423-1426,
24 1429-1430, 1435-1438, 1440-1441, 1443, 1446-1450,
25 1454-1456, 1463-1464, 1466, 1469-1472, 1475, 1477-1480,

1 1482, 1486, 1488-1490, 1492-1495, 1498, 1505, 1508-1509,
2 1511-1514 were received into evidence.)

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

4 CHAIRMAN LA ROSA: Thank you.

5 Let's move to -- move to FAIR for questioning.

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

7 EXAMINATION

8 BY MR. SCHEF WRIGHT:

9 Q Good late afternoon, good evening, everyone.

10 I have some good news for Mr. Oliver and for
11 Mr. Coyne, and that is that I have no cross-examination
12 questions for either of them in this part of the
13 testimony. And good news for everybody else, I am not
14 going to take all that long, longer than I thought when
15 we started, but not all that long.

16 Okay. I would like to start by asking Ms.
17 Cohen several questions.

18 First, I, these are repeats of questions that
19 I asked you on your direct examination with respect to
20 how the ratepayer protection provisions of the LLCs
21 tariffs work, but they are repeats now in the context of
22 the settlement after you correctly reigned me in from
23 wandering into settlement land when I tried to ask you
24 these questions in your direct examination on the
25 as-filed case.

1 I just want to understand how the LLCS
2 protections work. I understand there is a take-or-pay
3 provision, minimum bill provision, there is a
4 performance security amount provision in the LLCS
5 agreement itself, and then there may be a parent
6 guarantee agreement relative to collateral under the
7 LLCS agreement, is that accurate so far?

8 A That is a summation. Would you like me to
9 explain how they work together?

10 Q Yes, I would.

11 A Okay.

12 Q Thank you.

13 A All right. So first, we have to have the
14 capacity to serve the customer. If we do not, we have
15 to build incremental generation. We then have the sole
16 discretion to select the resources to serve the large
17 load customer.

18 There is an agreement that the customer has to
19 sign. It's a tariff that's in this rate case that sets
20 out all the different terms and conditions and the
21 operating requirements for the customers. It's a
22 20-year contract with a two-year exit notice.

23 Q May I just ask for clarification? Is that
24 what we call the LLCS agreement?

25 A Yes.

1 **Q Thank you.**

2 A Under the two-year exit notice, regardless of
3 when a customer exits, whether it's year one or year 19,
4 they are responsible for 100 percent of their
5 incremental generation charge. There is no other tariff
6 in the country that I am aware of where customers are
7 paying for their incremental generation.

8 So I have to disagree with a little bit with
9 Mr. Wilson from earlier, when he was saying the
10 take-or-pay, there is some in other states that are
11 higher. None of those have incremental generation
12 charges. So they are only paying slice of system in
13 those states. Therefore, taken -- you have to take both
14 the incremental generation charge for us and the slice
15 of system cost together. It's way higher than 90
16 percent.

17 Also, we have to match the customer's load
18 ramp. So FPL and the customer have to negotiate when
19 the customer needs service, but also when FPL can safely
20 and reliably serve that customer and maintain all of our
21 general body -- maintain reliability for our general
22 body of customers. The minimum bill then is 100 percent
23 of the incremental generation plus the 70 percent
24 take-or-pay.

25 One other thing I did not mention in the

1 original case, but if a customer hits their contract
2 demand just once, they will pay 100 percent of the
3 minimum take-or-pay for the next 11 months. So the
4 take-or-pay provision looks back, it's the greater of
5 70 percent of their contract demand or their highest
6 demand over the last 11 months.

7 And then the final piece is collateral. So in
8 the settlement agreement, what we said was if a customer
9 is rated BBB or better, they are required to post five
10 years of collateral. It could be in the form of a
11 parent guarantee -- and the collateral specific to the
12 incremental generation charge -- it can be in the form
13 of a parent guarantee, or it can be a letter of credit,
14 a surety bond, some other financial instrument.

15 If not rated BBB, they have to post 10 years
16 of incremental generation charge for the collateral
17 requirement. If they are not rated externally, we will
18 rates them internally through our normal course of
19 business. We do it all the time with counter-parties.
20 We would follow our normal process to rate the customer
21 to determine whether we would consider them to be BBB or
22 not.

23 That's my summary, Mr. Wright.

24 **Q That's great. Thank you very much. It was**
25 **very clear, and I think I understand how all the**

1 **agreements work together, and that's very helpful.**

2 **I do have some more questions for you. Oh,**
3 **let's see.**

4 MR. MOYLE: Debbie, could you mark that,
5 please?

6 MR. SCHEF WRIGHT: Pardon?

7 CHAIRMAN LA ROSA: He is marking that point in
8 the record.

9 BY MR. SCHEF WRIGHT:

10 **Q I did not identify any exhibit about which I**
11 **was cross-examining Ms. Cohen. The LLCs agreement is**
12 **part of the filed case, both in the original case and in**
13 **the settlement, the LLCs tariffs, which I believe**
14 **include the LLCs agreement as tariff sheets, is that**
15 **right, Ms. Cohen?**

16 A It is in the -- it is in the settlement
17 agreement, the tariff and the service agreement.

18 **Q Thanks. Does that help?**

19 CHAIRMAN LA ROSA: Yeah, you are marking a
20 **point in the record.**

21 MR. MOYLE: That's right. I just want to be
22 able to find that.

23 CHAIRMAN LA ROSA: There wasn't an objection.

24 MR. SCHEF WRIGHT: Oh, I thought he was asking
25 -- I wasn't sure -- I thought he was asking me to

1 do --

2 CHAIRMAN LA ROSA: No, he wasn't asking you
3 anything.

4 MR. SCHEF WRIGHT: Okay. Thanks.

5 BY MR. SCHEF WRIGHT:

6 Q Ms. Cohen, in responding to questions from
7 pretty definitely questions from Mr. Marshall, and I
8 think also from my other colleague at OPC, I believe you
9 referred a number of times to FPL's relatively low
10 bills, correct?

11 A Yes, sir.

12 Q I just have a few questions for you on those
13 linings.

14 I think you will agree with your colleagues,
15 that FPL's goal, at least goal is to provide service to
16 its customers at the lowest possible cost, correct?

17 A Yes.

18 Q Now, FPL's bills, as I understand your
19 testimony, are already relatively or comparatively low
20 today as compared to other utilities in the country,
21 correct?

22 A They are. We are the lowest bill amongst the
23 Florida IOUs, and 22 percent below the national average
24 settlement rates.

25 Q Thank you. And that's true as of today.

1 Isn't it true that FPL asserted in its original as-filed
2 case that FPL's rates would continue to be comparatively
3 low if the full as-filed revenue increase requests were
4 approved?

5 A Yes, sir.

6 Q With the settlement, revenue requirements
7 would be roughly 30 percent less in 2026 than in the
8 as-filed case, correct?

9 A Yes.

10 Q And over the term of the settlement, the base
11 rate -- total base rate revenues, including SoBRAs,
12 would also be about 30 percent less than the total
13 amount of those items in the original as-filed case,
14 correct?

15 A Can you repeat your question, please?

16 Q Sure. I will try to say it differently.

17 I believe that the original as-filed case,
18 including the best estimates of SoBRAs that were
19 provided by FPL in discovery, came up to about \$9.8
20 billion, correct?

21 A Yes. That's my recollection.

22 Q I believe that the comparable number coming
23 out of the settlement is approximately \$6.9 billion, is
24 that correct?

25 A Yes.

1 Q And will you agree that that's pretty close to
2 a 30-percent reduction?

3 A Yes.

4 Q Thank you.

5 So you are going to have 30 percent lower
6 revenue requirements if the settlement is approved than
7 if you -- than if the -- than would have occurred if the
8 full as-filed request been approved, correct?

9 A Yes, sir.

10 Q So when you filed the case in February, there
11 was still -- I concluded that there was still room to
12 realize lower bills for customers below what FPL
13 requested in its as-filed case, correct?

14 A Are you -- I am sorry, are you saying that we
15 could have lower bills than as filed?

16 Q Yes. I mean, I think that's demonstrated by
17 what you have proposed to agree to in the settlement, do
18 you agree that?

19 A That's fair.

20 Q Will you agree that, as a general proposition,
21 just because bills are comparatively low does not
22 necessarily prove that a utility is providing service at
23 the lowest possible cost?

24 A Can you repeat your question, please?

25 Q Sure.

1 Will you agree that just because a utility's
2 bills are comparatively low does not necessarily prove
3 that the utility is providing service at the lowest
4 possible cost?

5 A No, that's fair. I think what we say is we
6 are providing bills as low as possible. That it's not
7 an absolute lowest, right, there is other things that
8 need to be considered, reliability.

9 Q Thank you. That concludes that line. I have
10 one more line, I think.

11 I believe in response to a question from Mr.
12 Marshall, you stated that FPL represented GS and RS
13 customers at the negotiating table. Did I understand
14 that correctly?

15 A Yes, sir. We represent all customers.

16 Q And you acknowledged that you did not have any
17 specific agreement to represent any residential,
18 specific residential customer or customers groups,
19 correct?

20 A I believe I said that was a legal
21 interpretation.

22 Q You further said that you are not aware -- I
23 think Mr. Marshall asked you whether any customers
24 opposed the settlement. Do you recall that question?

25 A Yes.

1 **Q** I believe your answer was: I am not aware of
2 any customer feedback. Do you recall that answer?

3 A Yes.

4 **Q** Is that -- I want to make sure I understand
5 how categorical your answer was. You are not aware of
6 any customer feedback on the settlement at all?

7 A I am not aware of customers calling us and
8 giving us specific feedback. I am not aware of their
9 comments.

10 **Q** Are you aware of any correspondence that the
11 Public Service Commission would have received opposing
12 the settlement?

13 A There is likely some. I have not seen it.

14 **Q** Did you look?

15 A I do not.

16 **Q** And as far as you know, did anyone at FPL ask
17 a single residential customer, member of FAIR, Florida
18 Rising, LULAC or ECOSWF whether he or she supports the
19 settlement?

20 A I don't know. I wouldn't know that.

21 MR. SCHEF WRIGHT: If I can just a moment to
22 make sure I am not leaving anything off from my
23 cross for Ms. Cohen?

24 CHAIRMAN LA ROSA: Sure.

25 MR. SCHEF WRIGHT: Thank you.

1 BY MR. SCHEF WRIGHT:

2 Q Good news for you. That's all the questions I
3 have for you.

4 And I do have some questions for Mr. Bores,
5 and here we go.

6 You said once or twice, I think, this
7 afternoon that you understand the settlement agreement
8 to prevent FPL from seeking new rates to take affect
9 before January 1st, 2030, correct?

10 A Yes, sir.

11 Q Doesn't the settlement agreement provide that
12 in the unlikely event that FPL's ROE were to fall below
13 9.95 percent, FPL could seek base rate relief?

14 A It does. But again, I think our track record
15 speaks for itself, through these multiyear agreements
16 and having the noncash mechanism, we understand it is
17 incumbent on us to appropriately manage that, and that
18 is our intent this time.

19 I think in one of the depositions, I used the
20 extreme case of a nuclear bomb hitting Florida and some
21 of us surviving, that might be a chance where we lose a
22 customer base and significant revenue that could push us
23 below the bottom end. That is the extreme circumstance
24 I view. Otherwise, it is really incumbent on us to
25 manage it and ensure we stay within the range over the

1 four-year period.

2 Q Thanks. I understand. I just wanted
3 clarification that it is possible, pursuant to the
4 settlement, for FPL to seek relief in that unlikely
5 scenario.

6 A Yes.

7 Q For the next two minutes, or thereabouts, I am
8 going to channel one of my wonderful predecessors,
9 Mr. John McWhirter and also follow some questioning
10 that's occasionally advanced by another of my
11 colleagues. These are predicate questions so -- and I
12 will get -- you will see the point when I get there very
13 soon.

14 FPL originally requested an ROE of 11.9
15 percent and approximately in total base rate revenue
16 increases of about \$9.8 billion in this case, correct?

17 A Yes.

18 Q And FPL is the party who decided what those
19 requests would be, correct?

20 A Ultimately, yes, I agree with that.

21 Q And FPL decided, considering its fiduciary
22 duty to its shareholder, what FPL would accept in this
23 settlement between FPL and its settlement partners,
24 correct?

25 A I don't just call it a fiduciarily to our

1 shareholder. I think it's a balance. Obviously, we
2 need to balance the customer outcomes associated with
3 that along with our fiduciary duty. And I think we have
4 talked a lot this week about the balance. It's ensuring
5 we can continue to provide safe and reliable service,
6 the service our customers have come to expect while
7 honoring the fiduciary duty to our shareholders and
8 being able to continue to attract capital to make those
9 necessary investments for our customers.

10 **Q You have said many times in this proceeding,**
11 **you have a fiduciary duty to your shareholder, correct?**

12 A Yes. And I am not disagreeing with that.

13 **Q Okay. Your lawyers will probably freak out**
14 **when I ask this question, but do you have a fiduciary**
15 **duty to your customers?**

16 A No, we do not have a few duty to our
17 customers, but we have a duty to serve those customers,
18 and ultimately the Commission is here to ensure we do
19 that in a fair, justice and reasonable way.

20 **Q And we agree on that and many other things.**

21 **There is a widely held view often mentioned by**
22 **my predecessor Mr. McWhirter and others that utilities**
23 **always ask for more when they file a rate case than they**
24 **think they are going to get. Have you heard that theory**
25 **floated around?**

1 A I have not.

2 **Q Really?**

3 A No.

4 **Q Surely, you are aware of the history of rate**
5 **case filings request and ultimate increases awarded or**
6 **settled by utilities in Florida and elsewhere, are you**
7 **not?**

8 A Yes, I have seen there have been multiple
9 settlements, there have been multiple litigated outcomes
10 that all result in differences, I think, at the end of
11 the day.

12 **Q Would you agree that a reduction from an**
13 **originally filed request to a final award in a litigated**
14 **case of about 30 percent is not unusual?**

15 A I don't know.

16 **Q Did FPL have any outcome in mind when it**
17 **headed into the settlement negotiations on ROE and**
18 **revenue requirements?**

19 MS. MONCADA: I am going to object just to the
20 extent that that is within the realm of the NDAs
21 that were -- that all parties to the settlement
22 signed, and FPL is bound to, including Mr. Bores.

23 MR. SCHEF WRIGHT: Mr. Chairman, I did not
24 asking anything at all about any negotiation
25 between the others. I asked FPL's frame of mind

1 and mindset with respect to what outcome they were
2 looking for as FPL heading into the settlement
3 negotiations. I don't see how that can possibly
4 violate an NDA.

5 CHAIRMAN LA ROSA: Go ahead.

6 MS. MONCADA: But we are here for approval of
7 a specific settlement agreement, so whatever was in
8 anyone's and frame of mind before the settlement
9 agreement was signed and presented to the
10 Commission for approval lacks any relevance. There
11 is no relevance to that.

12 MR. SCHEF WRIGHT: I don't agree with that.

13 CHAIRMAN LA ROSA: Ask the question.

14 MR. SCHEF WRIGHT: FPL decided the original
15 ask, they ultimately decided what they would accept
16 at the settlement. I am asking what they headed
17 into it with in terms of their view of what they
18 would accept. That's all.

19 CHAIRMAN LA ROSA: Do you have a response to
20 that? I am going to go my Advisor next.

21 MS. MONCADA: Sure. Sorry to speak over you.

22 CHAIRMAN LA ROSA: No, go ahead.

23 MS. MONCADA: I stand by the objection,
24 whether it was a one, two or an 11, it doesn't
25 matter, because what's before you, Your Honors, is

1 a 10.95 ROE, and that is what we are asking for --
2 to approve within the context of a settlement.

3 CHAIRMAN LA ROSA: I am going to go to -- my,
4 obviously, I don't have the NDA, and I don't know
5 what it says.

6 MS. HELTON: I agree with Ms. Moncada. I
7 think that it seems to me that that kind of plays
8 into the negotiations what frame of mind, or what
9 Power & Light was expecting at the time it entered
10 into the negotiations and what they walked away
11 with.

12 I think it's fair to say, you know, why is the
13 number that you ended up with fair, just and
14 reasonable, why is it in the public interest, and
15 why should we approve it? But looking at what they
16 were wanting when they walked in, I am not sure
17 that that's a fair subject, Mr. Chairman.

18 CHAIRMAN LA ROSA: Thank you.

19 So I guess I am going to ask you if you can
20 back the question out into a more general state
21 where it doesn't violate what the party believes
22 that it violates?

23 MR. SCHEF WRIGHT: I don't think I can, and I
24 think I am going to take Ms. Helton's statement as
25 advice that you sustain Ms. Moncada's objection and

1 I am going to move on.

2 CHAIRMAN LA ROSA: Okay. That's the direction
3 I was looking to go.

4 BY MR. SCHEF WRIGHT:

5 Q I have some questions regarding the rate
6 stabilization mechanism, the RSM. There is so many
7 acronyms and initials in all this stuff that I have to
8 stop and think. These are not unlike the questions that
9 I asked you yesterday about the TAM. So just so you
10 know where we are going here.

11 I think you partially answered this question.
12 Yesterday you agreed that the amortization of the TAM
13 regulatory asset would be at the rate of approximately
14 \$57 million per year in the as-filed case? That's a
15 predicate question.

16 A I believe so. I believe I deferred to Witness
17 Laney who had that number in her testimony, but subject
18 to check, I will accept that.

19 Q Thank you.

20 And in response to earlier questions, I think
21 you told Ms. Christensen that the number with respect to
22 the \$1.155 billion of TAM funds that will be in the RSM
23 would be about \$36 million a year?

24 A Yes, subject to check.

25 Q My simple math came to \$38 million a year. Is

1 **either of those numbers better than the other?**

2 A Whatever you would like to use.

3 Q Thanks.

4 And the amortization of the TAM will be over a
5 period -- of the TAM component of the RSM, will be over
6 30 years, correct?

7 A Yes.

8 Q How will the remaining amount of RSAM funds,
9 that component of the TAM, be amortized over time?

10 A Ultimately, it's going to be over the life of
11 the assets that contributed to that RSAM, or that
12 theoretical surplus. So primarily, our nuclear assets,
13 from what I understand from Mr. Ferguson's testimony.

14 Q Do I understand correctly that the ITC
15 component of the RSM would be amortized over four years,
16 that is, over the capital T, term, of the agreement?

17 A That is correct.

18 Q I will ask the high level question first. I
19 can go to more detail of questions if I have to. But
20 the high level question is: Can you tell the Commission
21 and your customers what the total impact on the rates
22 would be assuming the RSM is used as planned by FPL,
23 used up in total by January 1, 2030, over the years
24 thereafter?

25 A In what regard beyond the amortization amount

1 that we discussed early earlier?

2 **Q We discussed the amortization of the TAM, and**
3 **we discussed the amortization of the RSAM, correct?**

4 A Yes.

5 **Q And the ITCs will be gone, correct?**

6 A That is correct.

7 **Q I am just asking the question, can you tell --**
8 **do you have a total number in mind as to what the**
9 **revenue impact -- revenue requirement impact in 2030**
10 **would be?**

11 A I don't, right. Ultimately, it's going to
12 depend on how much carryover RSAM is left at the end of
13 the year, and how much do we use during the term of the
14 period? So it, I guess, would be somewhere north of 36
15 to \$48 million, whatever we agreed on from the deferred
16 taxes, and that's assuming we utilize all of that over
17 the period.

18 I think we have a track record of not
19 utilizing all of the RSAM during the term of the
20 settlement, and either having that available in the next
21 depreciation study or carrying that over into a
22 subsequent agreement.

23 **Q Did you attend any of the customer service**
24 **hearings in this case?**

25 A I did.

1 Q Did the TAM come up in the customer service
2 hearings?

3 A I did not hear any discussion of the TAM.

4 Q I am going to ask you some questions very
5 similar to questions that I asked you yesterday, and
6 these relate to your testimony -- your settlement direct
7 testimony on page 19, lines 12 and 13. This will be
8 familiar.

9 The question asked in your testimony is: Can
10 FPL commit to a four-year settlement agreement without
11 the RSM? Answer: No. FPL will continue to invest on
12 behalf of its customers in 2028 and '29, and continuing
13 on as you have explained a few times.

14 I asked you the same question with respect to
15 the RSM that I asked you yesterday with respect to the
16 TAM. Assuming a Bluefield compliant ROE is established
17 by the Commission, could FPL commit to use the RSM
18 amounts limited to the amounts necessary to realize the
19 Bluefield compliant midpoint ROE?

20 A So I guess I will give the same answer I gave
21 yesterday. In a vacuum in a perfect world, yes, but we
22 don't live in a perfect world or in a vacuum. Things
23 are going to change.

24 I think I said yesterday, that there could be
25 a time where the 10-year -- or the 10- or 30-year

1 treasury increases significantly higher than it is
2 today, requiring us to go above the midpoint to the top
3 end of the range and us use our RSM to get there to
4 continue to attract capital. That is what happened in
5 2022. The risk-free rate increased significantly, and
6 so we had it increase the ROE and use our RSAM to
7 continue to attract investor capital.

8 Again, it's incumbent on us to manage that
9 total pool of RSM over the four-year period to ensure we
10 stay within the authorized range and honor the four-year
11 minimum term.

12 **Q Well, that was the answer you gave yesterday,**
13 **and that's the answer I expected today.**

14 **Thanks very much. That's all my questions for**
15 **you, Scott.**

16 A Thank you, Mr. Wright.

17 CHAIRMAN LA ROSA: Thank you. You are done
18 across the board, correct?

19 MR. SCHEF WRIGHT: Pardon?

20 CHAIRMAN LA ROSA: You are done across the
21 board? No more questions?

22 MR. SCHEF WRIGHT: Yes, I am done with my
23 cross for the FPL direct. Thank you.

24 THE WITNESS: Anything you want to move into
25 the record or --

1 MR. SCHEF WRIGHT: I don't -- I didn't have
2 any exhibits to be moved in. Thanks.

3 CHAIRMAN LA ROSA: Okay. No problem.

4 Let's -- I lost my order. Let's go to FEIA.
5 I am just going to go down the line from there.

6 MS. ISTED: FEIA does not have any
7 cross-examination.

8 CHAIRMAN LA ROSA: Okay. Excellent.
9 Walmart?

10 MS. EATON: No questions. Thank you.

11 CHAIRMAN LA ROSA: FEA?

12 CAPTAIN RIVERA: No questions. Thank you.

13 CHAIRMAN LA ROSA: FRF?

14 MR. BREW: No questions from FRF.

15 CHAIRMAN LA ROSA: FIPUG?

16 MR. MOYLE: No questions.

17 CHAIRMAN LA ROSA: Staff?

18 MR. STILLER: We have a few.

19 CHAIRMAN LA ROSA: Sure.

20 EXAMINATION

21 BY MR. STILLER:

22 Q First, Mr. Oliver. Good afternoon --

23 MS. MONCADA: I'm sorry, Mr. Stiller. May I
24 clarify whether you have the same objection with
25 respect to the deferring between the witnesses, or

1 can we sort of take advantage of all the brain
2 power we have back there, and if one can't answer,
3 the other person can?

4 MR. STILLER: If one can't answer, the others
5 can, but I think these are pretty directed.

6 MS. MONCADA: Thank you.

7 BY MR. STILLER:

8 Q Mr. Oliver, you mentioned that solar plants,
9 the 74 plus or minus, they generally take 600 to 640
10 acres, is that about right?

11 A I think I said 600 to 650, somewhere in that
12 range, on average.

13 Q Does that amount of land correspond to a
14 standard unit of management in the U.S. Public Lands
15 Survey System?

16 A I am not sure.

17 Q Is that a section of land?

18 A I am not sure.

19 Q Okay. Well, that was my only questions for
20 you, so I was hoping it would be more exciting.

21 A Sorry about that.

22 Q Okay. My Cohen -- Brian, could you pull up
23 Exhibit 1350?

24 And, Ms. Cohen, this is attachment 1 to staff
25 Interrogatory 586. Did you sponsor this answer?

1 MR. SCHULTZ: Do you have a master number by
2 any chance?

3 MR. STILLER: I do not.

4 MS. HELTON: I think it's staff 497, if that
5 helps any.

6 MR. SCHULTZ: That would be on the settlement
7 side, correct?

8 MS. HELTON: Yes.

9 MR. MARSHALL: Looks like N200.

10 MR. SCHULTZ: All right. I got it.

11 MR. STILLER: And there should be an
12 attachment 1.

13 BY MR. STILLER:

14 **Q Can you sort of see that?**

15 A I see it, yes.

16 **Q Okay. Do you recall preparing this chart?**

17 A This was prepared by our clause team, but I
18 sponsored it.

19 **Q And is this a comparison of the as-filed to**
20 **the settlement revenue requirement impacts on the four**
21 **clauses?**

22 A Yes. It's compared to as-filed.

23 **Q Okay. Could you state what the difference is**
24 **to the residential class in revenue requirement between**
25 **the cost of service methodology in the as-filed case and**

1 **the settlement case?**

2 A 95,782,000.

3 **Q So that's an increase of 75.7 million to the**
4 **residential class?**

5 A 95.7 million compared to the as-filed case,
6 which was the 12 CP and 25 percent cost of service
7 including rate design and gradualism.

8 **Q And similarly, the GS rate class would receive**
9 **a \$12.1 million increase in revenue requirement under**
10 **the 4 CP method in the settlement?**

11 A Yes, again, as compared to the as-filed cost
12 of service methodology, which was 12 CP and 25 percent
13 adjusted for gradualism and rate design.

14 **Q And would you agree that this exhibit shows**
15 **that the other commercial classes, such as GSD, GSLD and**
16 **CILC receive a lower revenue requirement allocation**
17 **under the settlement cost of service?**

18 A Yes, the math is mostly a decrease for them.

19 **Q And I just want to clear up. In a discussion**
20 **earlier with OPC, did you mention that it was your**
21 **opinion, or FPL's opinion, that the 4 CP methodology was**
22 **at issue in the clause dockets?**

23 A I believe I said we have a requirement to file
24 it in the clause docket, which we did, under the
25 settlement agreement. And it would need to be approved

1 in that docket.

2 Q Okay. Those all my questions for Ms. Cohen.

3 Mr. Bores, first regarding the Asset
4 Optimization Program. Regarding that -- I am sorry, the
5 asset optimization mechanism.

6 Regarding the AOM, is it true that as the
7 program currently stands before any changes proposed by
8 the settlement, the savings generated by and the costs
9 associated with the mechanism activities all flow
10 through the Fuel Cost Recovery Clause?

11 A Yes. That is correct.

12 Q And would you agree that the net savings
13 generated by the AOM reduce the amount that would
14 otherwise have to be recovered through the fuel clause,
15 thereby, lowering customer rates?

16 A Yes, that is how it worked in the past.

17 Q Will you agree that the amount of savings that
18 FPL generates to the AOM varies annually, and that as
19 part of the clause, it is trued up annually?

20 A Yes, and I think that is part of the inherent
21 risk that FPL is assuming by moving this to base rates
22 in lieu of higher cash rate increases.

23 Q And you are a question ahead of me. Pursuant
24 to paragraph 21A of the settlement agreement, FPL
25 proposes to shift recovery of the customer's share of

1 **benefits from the fuel clause to base rates for all**
2 **savings below the new \$150 million threshold, correct?**

3 A That is correct.

4 Q And just looking at the fuel clause in
5 **isolation, would it be correct to say that if the AOM**
6 **total savings are less than 150 million, that removing**
7 **the customer's share of those benefits from the fuel**
8 **clause would result in a net increase in the amount**
9 **needed to be recovered through the fuel clause?**

10 A Yes, but I think as Ms. Cohen said a few times
11 today's, customers pay a total bill, not just a fuel
12 bill. This was a negotiated compromise as part of
13 putting together this agreement that resulted in
14 significant cash rate decreases from what we asked for.
15 That is putting the risk on FPL to try and,
16 quote/unquote, make up for that in base rates through
17 this mechanism with no guarantee that we will be able to
18 do that, because as Mr. Stiller just said, the
19 performance varies from year to year, and some of the
20 mechanisms that we have been successful with in the past
21 are becoming very harder to be successful in the future
22 given market changes.

23 Q **The portion of savings realized from the AOM**
24 **that does not go to the ratepayers goes to FPL's**
25 **shareholders, correct?**

1 A That is correct.

2 Q And is it correct that under the settlement
3 agreement, FPL would continue to recover the shareholder
4 portion of savings from AOM along with all prudently
5 incurred costs associated with it, including hardware,
6 software and staff salaries and variable O&M through the
7 fuel clause?

8 A Yes. That is my understanding.

9 Q So FPL's shareholders continue to see full
10 recovery of prudently incurred costs and their share of
11 benefits annually trued up in the fuel clause?

12 A That is correct.

13 Q Would you agree that all else being equal, any
14 variations in the amount of the customer's share of AOM
15 benefits will not cause base rates, and, therefore,
16 customer bills to be lower or higher?

17 A In isolation, but I think as I discussed, this
18 was a mechanism that was introduced in lieu of higher
19 cash rate increases that would otherwise potentially
20 have hit customer bills in 2026 and 2027. And so this
21 shifts some of that risk onto FPL to, quote/unquote, to
22 be able to make up for that through this program without
23 changing customer base bills.

24 Q Would you agree that all else being equal,
25 higher costs or higher shareholder benefits will

1 **increase the amount to be recovered in the fuel clause,**
2 **and, therefore, increase customer bills?**

3 A It's hard for me to say that, because we are
4 currently recovering shareholder costs, or the
5 shareholder profit through the fuel clause today. So
6 assuming the same or a lower level of performance, all
7 else equal, it may reduce the fuel bill.

8 Q **Would you agree, subject to check, that if the**
9 **AOM generated net savings of \$150 million, the**
10 **customer's share is approximately 90.5 million with the**
11 **remaining 59.5 million going to shareholders?**

12 A Subject to check, sounds about right.

13 Q **And pursuant to the settlement, all benefits**
14 **above 150 million are credited in the fuel clause to**
15 **customers, right?**

16 A Correct.

17 Q **And would you agree, subject to check, that**
18 **FPL estimates generating approximately 112 million in**
19 **savings through the AOM in 2026, of which the customer's**
20 **share would be approximately 71.8 million?**

21 A That sounds correct.

22 Q **Would you agree, again subject to check, that**
23 **the average amount of savings generated by AOM over the**
24 **previous four years is approximately 110 million, and**
25 **that the highest amount of savings generated within this**

1 **period was approximately 130 million in 2022?**

2 A Yes. But again, I think the markets are
3 changing a little bit from where we have been successful
4 in the past. As we talked about extensively this week,
5 the peak has shifted, and so we do not have the excess
6 capacity we had to sell excess power like we have had in
7 the past.

8 The renewable energy credit market is
9 essentially dried up at this point. There are no longer
10 parties out in the market looking to buy renewable
11 energy credits, which have been a very successful piece
12 of our asset output portfolio, and so it's hard for me
13 to sit here and say that we will be able to sustain that
14 level of performance into the future based on what we
15 have done not past. That is the risk that FPL is
16 taking.

17 **Q So if we compare customer savings under the**
18 **settlement agreement to customer savings under the**
19 **current AOM using your 2026 projections, would you**
20 **agree, subject to check, to have customer rates be the**
21 **same using the 2026 projections, FPL would have to**
22 **generate a total savings of about 221.8 million?**

23 MS. MONCADA: I am sorry, Mr. Stiller, that --
24 there was a lot in there. Could you do it one more
25 time?

1 MR. STILLER: Sure. I will do it more slowly.

2 BY MR. STILLER:

3 Q Would you agree, subject to check, that during
4 the term of the settlement, to have customer rates be at
5 parity to where there would be, absent the settlement,
6 parity meaning the same, not the rate parity, FPL would
7 have to generate a total savings of 221.8 million for
8 customer rates in the fuel clause to be the same without
9 the settlement for 2026?

10 A Can you just help me, where is the 221.8
11 million coming from, or what is deriving that math?

12 Q It's the difference in savings between the
13 150 million threshold, and I will do this math with the
14 help of an engineer in my post-hearing brief.

15 A Okay.

16 Q Would you agree, subject to check, that FPL
17 estimated the increase in the fuel clause in isolation
18 to customer bills associated with the settlement term to
19 be \$6.36 annually for residential customers in 2026?

20 A So a little more than 50 cents a month, is
21 that how I am thinking about it?

22 Q 53 cents a month.

23 A Subject to check, that sounds reasonable, in
24 isolation.

25 Q And are you aware that the Commission

1 currently has a docket open, Docket 20250032-EI that is
2 reviewing the incentive mechanisms across all
3 investor-owned electric utilities?

4 A Generally, yes, I have heard about that.

5 Q Do you agree that it would be more prudent to
6 review these changes to FPL's AOM within that docket?

7 A Not necessarily. I think ultimately, it's up
8 for the Commission to decide. But this was part of a
9 negotiated compromise in the agreement that, again, I
10 think helps reduce the revenue increases in '26 and '27
11 and put risk on FPL to, quote/unquote, make up for that
12 as part of the asset optimization mechanism in base
13 rates.

14 MR. STILLER: If I can have one minute before
15 I switch topics?

16 CHAIRMAN LA ROSA: Please.

17 MR. STILLER: Thank you, Mr. Chairman.

18 BY MR. STILLER:

19 Q Mr. Bores, switching gears now to SoBRA. As
20 compared to the initial petition under the settlement
21 agreement, FPL is moving 1,192 megawatts of 2027 solar
22 projects from the second test year to future review
23 under the SoBRA mechanism, correct?

24 A Yes, sir.

25 Q But FPL is not moving the 820 megawatts of

1 2027 battery projects, correct?

2 A That is correct.

3 Q And also FPL is increasing the amount of
4 battery projects from 596 to 600 megawatts in '28 and
5 '29, correct?

6 A I will call that a rounding error, but yes.

7 Q Okay. And so this commission will have an
8 opportunity to review the proposed generation projects
9 FPL is requesting as part of a future limited proceeding
10 to determine if FPL is eligible for recovery under the
11 SoBRA mechanism, correct?

12 A Absolutely. Yes.

13 Q And FPL is proposing that the Commission be
14 bound by the criteria established in paragraph 13A of
15 the settlement, correct?

16 A Yes.

17 Q And would you agree that in these future
18 limited proceedings, while the Commission would be
19 required to consider any solar project if it meets the
20 economic criteria in 13AI, the settlement agreement does
21 not bind the Commission to agree that any particular
22 assumptions must be used in the system CPVRR analysis
23 except that it is compared to a scenario without the
24 SoBRA solar projects?

25 A I am sorry, repeat that for me again so I make

1 sure I follow, please.

2 **Q All right. We will break it up.**

3 **So the Commission would be bound to consider**
4 **any proposed solar projects for approval if they meet**
5 **the economic criteria in paragraph 13A little I,**
6 **correct?**

7 A I agree with that for the economic.

8 **Q But the settlement agreement does not bound --**
9 **does not bind the Commission to any particular**
10 **assumptions in its review of the system CPVRR analysis**
11 **except to the comparison to a scenario without the SoBRA**
12 **solar project, is that correct?**

13 A I think yes is the answer, right. We are
14 essentially going to have a scenario under resource need
15 of solar versus another option. There may be no other
16 option available, as we have talked about this week. We
17 couldn't get a gas plan in service by 2028 even if we
18 started today. And so I think that is going to drive
19 what the resource need. This may be the only option,
20 but the lowest cost option, or amongst alternatives, if
21 there are choices, we will show that the solar SoBRA is
22 the lowest for that resource need.

23 **Q And likewise, while the Commission would be**
24 **required under the settlement agreement to consider**
25 **reliability need for proposed solar or battery projects,**

1 **the Commission is not otherwise bound to any assumptions**
2 **or methodologies, correct?**

3 A That is correct.

4 Q **And would you agree that this differs from the**
5 **as-filed petition, which explicitly required the use of**
6 **the stochastic loss of load methodology?**

7 A I am not sure I agree with it explicitly
8 required. I think that is ultimately what we used to
9 determine our resource needs that we presented in this
10 case, but I think the Commission always has the option
11 to review what is the appropriate modeling for the
12 resource needs in the system.

13 MR. STILLER: One minute, please. One more
14 minute. I think we are done.

15 CHAIRMAN LA ROSA: Okay.

16 MR. STILLER: Thank you for that break, and we
17 have no further questions for the FPL direct panel.

18 CHAIRMAN LA ROSA: Great. Thank you.

19 Commissioners, questions?

20 Commissioner Passidomo Smith.

21 COMMISSIONER POLMANN SMITH: Thank you,
22 Mr. Chair. I have questions for Ms. Cohen and
23 Mr. Bores, so the other two, you are off the hook
24 again.

25 Ms. Cohen, I am just going to follow up on

1 Mr. Marshall's questions. You indicated the 12 CP
2 methodology is going to remain in place for base
3 rates and 4 CP for clauses, correct?

4 THE WITNESS: It's 4 CP and 12 percent for
5 clauses, yes.

6 COMMISSIONER PASSIDOMO SMITH: Okay. And
7 then -- so I just -- I am just opening you can kind
8 of help me understand the benefits or efficiencies
9 gained by using 12 CP for base rates and 4 CP for
10 the cost recovery clauses, just because, you know,
11 I would think at first glance, it would be more --
12 it would actually be less efficient to do it that
13 way, but if you could explain?

14 THE WITNESS: Sure.

15 So 12 CP for base rates, obviously, maintains
16 that consistency in base rates. That's obvious,
17 that's what's in rates today. That's what
18 customers are paying.

19 The 4 CP and 12 percent, there is a couple
20 things to it. The 12 percent also recognizes that
21 we use energy in our planning process. It's
22 actually a higher allocation of energy than 12 CP
23 and 1/13th, which uses eight percent of energy. So
24 it does have a higher energy allocation than 12 CP
25 and 1/13th.

1 There were five different cost of service
2 proposals put forth in the case, 4 CP being one of
3 them. There is another Florida IOU as well that
4 uses 4 CP, and it is a -- although, we did not
5 support it in our direct case, it is a
6 nationally-recognized methodology.

7 I agree, there is a slight difference in what
8 would happen between base rates and clauses. When
9 we went through the math with Mr. Marshall, there
10 is a zero impact to residential customers from
11 using 4 CP in the clause rates, and it's 24 cents
12 for general service customers. So it's a very
13 minor impact for those two customer classes and --

14 COMMISSIONER PASSIDOMO SMITH: And that kind
15 of followed up -- my next question was going to be
16 about bill impacts for clauses using 4 CP and then
17 the 12 CP. So you are saying zero for residential
18 and --

19 THE WITNESS: There is a zero impact when you
20 compare that to 12 CP and 1/13th, which is what the
21 Commission has historically required, and it's what
22 we are required to file in MFRs.

23 COMMISSIONER PASSIDOMO SMITH: Okay. The -- I
24 just -- and I kind of wanted to shift gears to the
25 interruptible credit. And this -- you know, I know

1 that the intervenors have kind of touched around
2 this, but I have a more kind of direct question.

3 In the as-filed case, FPL argues that a
4 reduction in the interruptible credit was an
5 appropriate and cost-effective. Testimony last
6 week, I remember hearing that incentive -- that an
7 incentive higher than 99.24 per kilowatt hour would
8 result in a subsidy among participants in the
9 program to FPL's general body of customers, but in
10 the settlement agreement, it says that the
11 incentive is \$9.75 per kilowatt hour, so I am
12 hoping you can reconcile this difference?

13 THE WITNESS: Sure.

14 So in the settlement agreement, we are
15 proposing to increase the credits from the current
16 level, which, as we spoke about today, is a .96
17 RIM. However, it does pass the TRC, which is
18 another measure that the Commission uses to measure
19 cost-effectiveness of those -- of the credits. I
20 believe Mr. Brew spoke about this in his opening
21 statement, that those customers can be called upon
22 on 15 minutes notice in the event of a system
23 emergency.

24 So it -- there -- it's a balance. There is a
25 balance to achieving the overall -- it was an

1 important concession in achieving the overall
2 settlement agreement.

3 COMMISSIONER PASSIDOMO SMITH: Yeah, I
4 understand that. I mean, I also -- I believe I
5 don't know if it was covered, but I think we
6 asked -- somebody asked, you know, how many times
7 have those customers actually been interrupted, if
8 you can repeat the answer to that?

9 THE WITNESS: I actually don't know. But it
10 doesn't mean they could not be interrupted tomorrow
11 in the event of a system emergency with 15 minutes
12 notice.

13 COMMISSIONER PASSIDOMO SMITH: Okay. Thank
14 you, Ms. Cohen.

15 Mr. Bores, I have a couple of questions for
16 you.

17 So I am talking now TAM. So in the as-filed
18 case, FPL proposed the TAM, and then in the
19 settlement we now have the RSM, which includes
20 other funding sources, correct?

21 THE WITNESS: Yes.

22 COMMISSIONER PASSIDOMO SMITH: Okay. So one
23 of those funding sources is the remaining balance
24 of the existing RSAM. Do you have an estimate of
25 what that amount is -- may be?

1 THE WITNESS: I am looking at Maria, because I
2 think we filed that confidentially.

3 COMMISSIONER PASSIDOMO SMITH: Okay.

4 MS. MONCADA: We did. We filed it, and we
5 apologize, it is material non-public information,
6 but we did file it. It is Mr. Bores' exhibit -- in
7 Mr. Bores' exhibit. And if you give me one minute,
8 not even one minute, I can get you the number.

9 COMMISSIONER POLMANN SMITH: Okay. While you
10 are looking for that, I will just kind of follow
11 up, because it just -- in the as-filed case, FPL
12 proposes a TAM because the RSAM would be depleted.
13 Witness Laney, I believe, acknowledged that, and
14 so -- I mean, my understanding, I think, from going
15 through the evidence was that there will be -- that
16 now that there is a remaining balance in the RSAM
17 to help funds the RSM, and I just -- I guess I
18 don't -- I see those as there is a discrepancy
19 there, that it's going to be depleted in the
20 original case, but there actually is excess funds
21 now to help with the RSM?

22 THE WITNESS: Yeah. So when we put the
23 forecast together for the rate case last fall, our
24 expectation was that we would utilize all of the
25 available RSAM and achieve -- I think our forecast

1 in the ESR was an 11.68 ROE.

2 There have been changes in the business this
3 year, some of it favorable weather, some of it O&M
4 efficiencies, some of it nuclear protection tax
5 credits that we did not think we could qualify for.
6 But for the RSAM being tied to the extension of
7 nuclear lives, we are now able to realize nuclear
8 production tax credits for our customers.

9 That has given us more RSAM than we thought
10 when we put the forecast together such that we now
11 expect to have a carryover balance.

12 COMMISSIONER PASSIDOMO SMITH: Okay.

13 MS. MONCADA: Commissioner Passidomo Smith,
14 just so you can --

15 COMMISSIONER PASSIDOMO SMITH: Sure. Thank
16 you.

17 MS. MONCADA: -- easy access to the
18 information. It is a confidential exhibit. It is
19 labeled SRB 13. It's an exhibit to Mr. Bores'
20 rebuttal testimony as part of the settlement phase
21 of the case, and it is staff's Exhibit 1335.

22 COMMISSIONER PASSIDOMO SMITH: Okay. Thank
23 you.

24 MS. MONCADA: You're welcome.

25 COMMISSIONER PASSIDOMO SMITH: We don't need

1 it open. I can find it.

2 All right. Sorry, I have one more question
3 for you.

4 Now -- so based on the terms of the settlement
5 agreement, the RSM will allow FPL to achieve up to
6 the maximum ROE, correct? I mean, I do anticipate
7 that there is going to be a -- it's traditionally
8 set at the midpoint, but, right, you can earn up to
9 the maximum of the ROE?

10 THE WITNESS: Yes. But again, it's not the
11 RSM itself, right. And I think you will see when
12 we get to rebuttal, there is an exhibit that shows
13 we don't even have sufficient RSM to get to the
14 midpoint in '28 and '29 based on the amounts we
15 expect to have currently as a funding source into
16 the RSM. It is really going to be our ability to
17 manage the business and find efficiencies that will
18 allow us to earn above the midpoint and potentially
19 up to the top of the range.

20 COMMISSIONER PASSIDOMO SMITH: Right. Okay.
21 So this is, you know, purely hypothetical. If the
22 Commission were to approve the settlement but limit
23 the RSM to the midpoint, would this cause the
24 settlement agreement to unwind?

25 THE WITNESS: I don't have the authority to

1 make that decision up here. I think, again, that's
2 not what we are asking for. I think the
3 flexibility we have had in the past in the example
4 I talked about, right, as interest rates began to
5 rise in '22 and '23, and investors were looking for
6 a higher return because the risk-free return was so
7 much higher. It allows us to bring that ROE up to
8 the midpoint, and closer to what Mr. Coyne says is
9 the appropriate return on equity based on his
10 models of 11.9. And so really that flexibility
11 helped us weather market turmoil and changes and
12 still be able to attract capital to make
13 investments.

14 I keep coming back to it's incumbent on us to
15 manage that amount of that RSM over the period to
16 ensure we stay within the range.

17 COMMISSIONER PASSIDOMO SMITH: Okay. But
18 that -- so that -- if -- you know, if the
19 Commission were to require it to be remaining at
20 the midpoint, would that, you know, implode this
21 entire settlement agreement, just in your opinion?

22 THE WITNESS: I would say, yes. I think it
23 would be a hard time for us to accept having that
24 just limit us to the midpoint.

25 COMMISSIONER PASSIDOMO SMITH: Okay. Thank

1 you.

2 CHAIRMAN LA ROSA: Commissioner Clark.

3 COMMISSIONER CLARK: Thank you, Mr. Chairman.

4 Mr. Bores, my attempt to get Mr. Pimentel on
5 the record was met with some dismay. As a
6 consequence, you were thrown under the bus by
7 Ms. Moncada. She said you would be glad to answer
8 my questions.

9 I do have one primary question regarding the
10 settlement agreement. It's our responsibility to
11 establish the public interest, and I would like the
12 company's position and opinion on how this
13 settlement agreement meets that standard of being
14 in the public interest.

15 THE WITNESS: Sure.

16 I think as I step back and look at it, we
17 ultimately settled on base rate increases that
18 were, call it, cumulatively 30 percent lower than
19 what we asked for. I think that is going to allow
20 us to continue to meet our obligations to the
21 rating agencies and stay within our credit metrics.

22 The overall framework with the rate
23 stabilization mechanism and the other elements of
24 the agreement are going to allow us to continue to
25 attract the capital we need to make, to make the

1 investments for customers.

2 We have said roughly \$40 billion of capital
3 investments over the next four years. We are going
4 to continue to do that under the framework of the
5 settlement agreement.

6 I think at the end of the day, it really comes
7 back to customer bills, and we have been very
8 cognizant of the affordability, what's going on in
9 the economy and carefully crafting the plan, and
10 ultimately this settlement agreement, to ensure the
11 impact on customer bills is less than the rate of
12 inflation, and as low as it possibly can be while
13 still providing the excellent service our customers
14 have.

15 And so I think this is an agreement that
16 represents all \$6 million -- six million customers,
17 results in rates that are fair, just and
18 reasonable, and is in the public interest at the
19 end of the day.

20 CHAIRMAN LA ROSA: Thank you. I have got a
21 few questions, Commissioners, no further questions?

22 I have got a few questions. Let's start with
23 Mr. Oliver, if you don't mind. Let's talk about
24 the electric -- utility owned electric charging
25 stations.

1 Correct me if I am wrong, you stated the
2 program's revenue will fully offset cost over the
3 lie of the assets?

4 THE WITNESS: That's correct.

5 CHAIRMAN LA ROSA: Okay.

6 THE WITNESS: Yes, sir.

7 CHAIRMAN LA ROSA: Will FPL be filing either,
8 like, an annual report to confirm that this is
9 true, or how else would we, as the Commission, be
10 able to review that? Would that happen maybe in a
11 next rate case or --

12 THE WITNESS: I believe our obligation is to
13 file one more report under the previous agreement
14 on the status of our EV programs.

15 CHAIRMAN LA ROSA: Okay.

16 THE WITNESS: And I am not sure of any
17 requirement past that.

18 CHAIRMAN LA ROSA: Okay. Related to the
19 charge stations, the settlement agreement, FPL
20 commits not to initiate further new investments or
21 construction in new FPL owned fast charging
22 stations, stops at 585 ports. How will you
23 determine whether the continued ownership is still
24 warranted at the end of the settlement?

25 THE WITNESS: So if I understand the question

1 is, at the end of the --

2 CHAIRMAN LA ROSA: The settlement terms, so
3 looking --

4 THE WITNESS: So 2029?

5 CHAIRMAN LA ROSA: Yes.

6 THE WITNESS: I think we will have to see how
7 the program performs, and if we are on track and
8 still providing value to the customer at the agreed
9 upon price and the utilization rates show up there,
10 I think then it's in the best interest of our
11 customers to continue to own those charging
12 stations through the end of their useful life. And
13 we planned a 15 year useful life for the charging
14 stations.

15 CHAIRMAN LA ROSA: All right. Excellent.
16 Thank you.

17 Ms. Cohen, when looking at the overall bill
18 impact to all FPL customers, can you discuss the
19 increase in terms of expected inflation over the
20 stay-out provisions to compare them what the bill
21 impact is?

22 THE WITNESS: Yes, sir.

23 So for Peninsula Florida, the bill impact for
24 residential customers is two percent, for
25 commercial/industrial customers in the range of two

1 to three percent, and they are lower than that for
2 all of Northwest Florida. For Northwest Florida in
3 particular, residential is .6 percent over the term
4 of the four-year agreement.

5 The rate of inflation is projected to be about
6 10 percent over that time, so it's significantly
7 below the rate of inflation.

8 CHAIRMAN LA ROSA: Okay. Excellent.

9 And now I'm going to go back to you on a
10 questioning back and forth with Mr. Wright. You
11 mentioned an internal rating system that FPL has if
12 a company isn't, you know, isn't rated by a credit
13 agency. Without, I guess, expelling any
14 confidential information or proprietary
15 information, what do you look at from a company, or
16 what elements, you know, are focused on a company
17 when you are looking at them internally and rating
18 them?

19 THE WITNESS: Do you want me to answer, or do
20 you want me to?

21 We would look at their financial statements.
22 We would require a number of documents from the
23 customer, audited financial statements, things like
24 that, and to ensure that they are credit worthy or
25 not, but we would probably request a number of

1 documents that have been audited from other
2 companies.

3 THE WITNESS: I am just going to add on to
4 that. I think a lot of it is looking at credit
5 agency reports, right, especially if it's depending
6 on the nature of business. A sole proprietorship,
7 we are going to look at who owns it, pull
8 background check, and make sure we truly understand
9 no bankruptcy filings, things that are red flags
10 thanks along those lines to make sure they can
11 support their obligations.

12 CHAIRMAN LA ROSA: All right. I appreciate
13 that.

14 Mr. Coyne I am going to come to you. I feel
15 like you have been kind of left out.

16 You have got a large amount of expertise in
17 the cost of capital components of utility rate
18 setting. From your perspective, is the equity
19 ratio closer to 60 percent typical from a company
20 such as FPL, and then how does that translate into
21 benefit to the customer?

22 THE WITNESS: Well, as I have indicated in my
23 testimony, when I compare it to other regulated
24 utilities, it's at the upper end of the range. And
25 where I see it translating into benefits is in

1 terms of the company's credit rating. It's one of
2 the strongest rated utilities in the country, and
3 that provides substantial benefits when it comes to
4 raising capital in both debt capital and equity
5 capital.

6 And when I think about the numbers that
7 Mr. Bores just cited of investing \$40 billion over
8 the next four years, that's a substantial amount of
9 capital that the company needs to raise from equity
10 and debt investors, and having a strong balance
11 sheet does give them access to capital on favorable
12 terms that should ultimately benefit customers, and
13 that's a source of strength.

14 And it's, you know, it's easy to take capital
15 markets for granted. They have been reasonably
16 strong over the last several years, but we know
17 what it can look like when it goes south, as we saw
18 during the COVID era, back during 2007, '08 and
19 '09, for example.

20 And we will have markets that look like that
21 again. We don't know what the causes are going to
22 be. And a utility like FPL doesn't have any
23 choice. It needs to continue to go back to capital
24 markets on an ongoing basis.

25 So I believe that the Commission's

1 constructive track record of providing the ability
2 for the companies in Florida for maintain strong
3 balance sheets, and specifically FPL, ultimately
4 provides benefits to customers, because they have
5 access to capital on favorable terms during a
6 variety of economic and market conditions.

7 CHAIRMAN LA ROSA: Okay. Thank you.

8 THE WITNESS: You are welcome.

9 CHAIRMAN LA ROSA: That concludes my
10 questioning.

11 Seeing no further questions from here, let's
12 throw it back to FPL for redirect.

13 MS. MONCADA: No redirect, and I do have just
14 a few exhibits.

15 CHAIRMAN LA ROSA: Sure.

16 MS. MONCADA: 1283 through 1287 will take care
17 of all of the exhibits we have object direct for
18 the panel.

19 CHAIRMAN LA ROSA: Are there objections to
20 those? Seeing none, so moved.

21 (Whereupon, Exhibit Nos. 1283-1287 were
22 received into evidence.)

23 CHAIRMAN LA ROSA: Anything else that needs to
24 be moved in? I think we took care of a bunch of
25 other housekeeping.

1 MR. MARSHALL: I believe we moved our exhibits
2 in earlier, right, Mr. Chairman? So I think we are
3 good to go.

4 CHAIRMAN LA ROSA: Okay. So let's do this. I
5 am going to go ahead and excuse the witnesses from
6 the witness stand. It is 5:30. I am going to take
7 a short break to be fair, because I don't know how
8 much longer we will be here, maybe it will be only
9 a few minutes, but that's what I am check with on
10 this break. So let's go ahead and take a
11 seven-minute break and reconvene here at 5:40, and
12 the witnesses, you are excused.

13 Thank you.

14 (Witness excused.)

15 (Brief recess.)

16 (Transcript continues in sequence in Volume
17 22.)

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1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA)
3 COUNTY OF LEON)
4

5 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 3rd day of November, 2025.
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23 NOTARY PUBLIC
24 COMMISSION #HH575054
25 EXPIRES AUGUST 13, 2028