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August 10, 2026

**– VIA ELECTRONIC FILING –**

Adam Teitzman
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: Docket No. 20250011-EI - Notification of Florida Income Tax Law Change**

Dear Mr. Teitzman:

Florida Power & Light Company's ("FPL" or "the Company") Settlement Agreement approved by Order No. PSC-2026-0022-S-EI issued on January 22, 2026, in Docket No. 20250011-EI, includes a provision that addresses permanent changes in federal or state income tax law or regulations impacting Company's base revenue requirements during the settlement period. Settlement Agreement ¶ 14. Consistent with this provision, and as a follow-up to FPL's August 26, 2025 filing in this docket addressing the impacts of the "One Big Beautiful Bill" ("OBBB"), FPL makes this filing to report a change in Florida state income tax law that impacts its approved revenue requirement. As described below, the change in state tax law has an upward impact on revenue requirements. Through this filing, FPL hereby notifies the Commission and all parties that it elects to forgo any incremental cost recovery associated with this change in tax law during the term of the settlement.

In its August 26, 2025 filing, FPL calculated the revenue requirement impact of the OBBB. Among other tax law changes, section 70302(a) of the OBBB created Internal Revenue Code ("IRC") section 174A, which allows the immediate deduction of domestic research or experimental expenditures for taxable years beginning after December 31, 2024. FPL's calculation assumed IRC section 174A applied to both federal and state corporate income tax.

On June 11, 2026, the State of Florida enacted House Bill No. 7031, which amended section 220.03 of the Florida Statutes.[1] Section 220.03 (as amended) adopts the IRC in effect on January 1, 2026, with the following exceptions: (i) IRC section 174A, Domestic Research or Experimental Expenditures is not adopted and (ii) the version of IRC section 174(a) in effect on January 1, 2025 is adopted.[2] These exceptions require FPL to amortize domestic research and experimental expenditures over a five-year period for purposes of calculating its Florida corporate income tax. *See* 26 U.S.C. 174(a)(2)(B) (effective Dec. 22, 2017 through July 3, 2025) ("In the case of a taxpayer's specified research or experimental expenditures for any taxable year . . . the taxpayer shall . . . be allowed an amortization deduction of such expenditures ratably over the 5-year period . . . beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.").

Comparing the benefit of the deduction based on a five-year amortization period under section 220.03 of the Florida Statutes with the immediate deduction results in an increase in revenue requirements for 2026 and 2027. The calculation of the impact of the Florida state income tax law change on FPL's 2026 and 2027 revenue requirements is attached to this letter and summarized below:

| | | **2026 ($ millions)** | **2027 ($ millions)** |
|---|---|---|---|
| 1 | Domestic Research or Experimental (Deduction) / Addback | | |
| 2 | Immediate deduction (OBBB) | ($303.4) | ($281.5) |
| 3 | Five-year amortization § 220.03, F.S.[3] | $181.6 | ($130.0) |
| 4 | Variance (L3 – L2) | $484.9 | $151.5 |
| 5 | ADIT Impact – 13 Month Average | $6.5 | $24.4 |
| 6 | Valuation Allowance Expense Impact | $0.4 | $0.1 |
| 7 | Weighted Average Cost of Capital (pre-tax) | 9.04% | 9.04% |
| 8 | Jurisdictional Separation Factor | 0.96168 | 0.96168 |
| 9 | Total Retail Jurisdictional Revenue Requirement Impact[4] | $0.93 | $2.23 |

[1] House Bill No. 7031 also amended section 220.13, F.S., which has no impact on FPL's revenue requirement calculation.
[2] Section 220.03 also excepted other sections of the 2026 IRC not pertinent to FPL's revenue requirement calculation.
[3] Amount includes 2025 true up of $273 million recorded in 2026
[4] Cumulative revenue requirement amount calculated as (L5 * L7 + L6) * L8. Amounts may not foot due to rounding.

As shown above and in Attachment 1, the revenue requirement impact associated with this change in tax law is an increase of $0.93 million in 2026 and $1.30 million in 2027, for a total cumulative increase of $2.23 million. FPL elects to forgo any changes in rates associated with this change in tax law during the term of the settlement.

Sincerely,

*s/ Maria Jose Moncada*
Maria Jose Moncada

Attachment

cc: Service List

:23888617

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 10th day of August 2026:

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*s/ Maria Jose Moncada*
Maria Jose Moncada

# ATTACHMENT 1

**Florida Power & Light Company**
**Impact of Florida Income Tax Law Change on 2026 and 2027 Revenue Requirements**
**($, Millions)**

| Line | Tax Law Change Revenue Requirements | Ref | 2026 | 2027 |
|---|---|---|---|---|
| 1 | **Impact on Per Book Return** | | | |
| 2 | Research or Experimental Expenditure Deductibility | <a> | $ 6.5 | $ 24.4 |
| 3 | Weighted Average Cost of Capital (pre-tax) | <b> | 9.04% | 9.04% |
| 4 | Total Impact on Per Book Pre-Tax Return - Increase / (Decrease) | L 2 * L3 | $ 0.6 | $ 2.2 |
| 5 | | | | |
| 6 | **Impact on Per Book Income Tax Expense** | | | |
| 7 | Valuation Allowance (grossed up for tax) | <c> | $ 0.4 | $ 0.1 |
| 8 | Total Impact on Per Book Income Tax Expense - Increase / (Decrease) | L 7 | $ 0.4 | $ 0.1 |
| 9 | | | | |
| 10 | Total Per Book Revenue Requirement Impact | L4 + L8 | $ 1.0 | $ 2.3 |
| 11 | Jurisdictional Separation Factor | <d> | 0.96168 | 0.96168 |
| 12 | **Total Retail Jurisdictional Revenue Requirement Impact - Cumulative** | **L10 * L11** | **$ 0.93** | **$ 2.23** |
| 13 | **Total Retail Jurisdictional Revenue Requirement Impact - Incremental** | <e> | **$ 0.93** | **$ 1.30** |

**Notes:**

<a> Represents an increase in Per Book 13-month average deferred tax asset due to lower income tax deductions.

<b> Represents pre-tax weighted average cost of capital based on the amounts reflected on 2026 Forecasted Earnings Surveillance Report filed March 16, 2026 at 10.95% mid-point ROE.

<c> Represents an increase in valuation allowance due to higher tax credit sales.

<d> Represents the operating income tax expense jurisdictional separation factor.

<e> Represents the incremental (year-over-year) retail jurisdictional revenue requirement impact, calculated as the current year's cumulative impact (L 12) less the prior year's cumulative impact (L 12).