BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20250032-EI

Review of incentive mechanisms for the electric investor-owned utilities.
_______________________________________/

PROCEEDINGS: COMMISSION CONFERENCE AGENDA ITEM NO. 8

COMMISSIONERS PARTICIPATING:
CHAIRMAN GABRIELLA PASSIDOMO SMITH
COMMISSIONER GARY F. CLARK
COMMISSIONER MIKE LA ROSA
COMMISSIONER BOBBY PAYNE
COMMISSIONER ANA ORTEGA

DATE: Tuesday, August 4, 2026

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and Notary
Public in and for the State
of Florida at Large

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

P R O C E E D I N G S

CHAIRMAN SMITH: We will move to Item No. 8.

Mr. Ellis, you are recognized whenever you are ready.

MR. ELLIS: Good morning, Commissioners. Philip Ellis with the Division of Engineering.

Item 8 is the review of the incentive mechanisms for the electric investor-owned utilities.

As part of the 2024 TECO rate case, the Commission directed staff to review the various asset optimization mechanisms, or AOMs, of the electric investor-owned utilities. As part of this review, a staff workshop was held and comments were collected from the participants.

Based on staff's review of the existing AOMs and comments received at the workshop, staff recommends there is no need at this time to establish universal standards for the AOMs. As the procedural requirements of the Commission's order has been completed, no further action is needed by staff or the utilities at this time. Therefore, staff would recommend closing this docket.

This decision does not bind or preclude the Commission from any action in the future, and the

Commission by petition, or on its own motion, can convene future proceedings to review the incentive mechanisms as needed.

Thank you.

CHAIRMAN SMITH: Thank you.

And I believe the parties would like to discuss this item, so we will go first to OPC to address the Commission.

MR. REHWINKEL: Actually, I think it would be best, if you don't mind, to hear from Florida Rising.

CHAIRMAN SMITH: You want to, okay.

Florida Rising, you are recognized.

MS. COE: Good morning, Commissioners, Alisa Coe, representing Florida Rising.

We are here today to ask the Commission to reject the staff's recommendation and undertake rulemaking to establish incentive mechanisms with safeguards and guardrails. Rate-based assets upon which the investor-owned utilities are earning plenty of return need to serve the ratepayers who pay for them above all else.

These incentive mechanisms developed through settlement and not through any kind of evidentiary or standardized process are supposedly meant to help ratepayers by earning additional money. But if this is so, why do Florida residential investor-owned utility customers specifically continue to have some of the highest electric bills in the nation?

151 electric utilities with more than 100,000 customers have reported their residential bill data through May of 2026 to the Energy Information Administration. In May, the most recent month available, TECO is number three out of 151 for highest residential electric bills in the nation, clocking in at over $198 per month. FPL is number eight out of 151, with over $178. And Duke is at number 26, with a bill over 152, which has nothing to celebrate either.

While you say maybe that's driven by usage, and there actually are lower rates here in Florida, but, no, I think if you look at TECO, for example, with an average all-in rate of over 18 cents per kilowatt hour, they are at number 52 out of 151 utilities for highest rates.

And this is not just some unique Florida thing. As shown in our written comments, data continues to show that those served by an investor-owned utility, who should generally be the cheaper customers to serve, and who have the protections of this commission's oversight, have significantly higher electric bills than municipal and even cooperative customers in Florida.

Asset optimization mechanisms have failed to keep investor-owned utility electric bills in check, and if anything, have encouraged more overbuilding and further increase of rate base.

Incentive mechanisms can encourage overbuild as utilities can take extra capacity from a bigger pipeline, extra gas order or larger power plant built entirely on rate base dollars where they are already earning plenty of return and sell the extra, talking a large portion of that for their shareholders.

This docket was opened to look at the various asset optimization mechanisms that exist, and to try and bring some uniformity. We support that. The AOMs are all over the place with various activities and thresholds. Standards and guardrails should be imposed to ensure ratepayers are seeing the benefits of these programs, and that these programs are not leading to ever more rate base building.

That's why we believe that rulemaking is necessary here. Yes, there are settlements out there, but any rulemaking could be done prospectively to address any concerns in that regard.

We ask that you reject staff's recommendation, and direct staff to proceed with rulemaking, ensuring that ratepayer interests are protected and that safeguards are imposed to actually transform these AOMs into mechanisms that no longer encourage rate base padding, and can actually help lower electric bills and address the affordability crisis.

In May, the most recent month for which data is available, Florida had the second highest electricity bills in the entire nation. Let's try to do something to fix that.

Thank you.

CHAIRMAN SMITH: Thank you.

Mr. Rehwinkel, would you like to go next?

MR. REHWINKEL: Thank you, Madam Chairman. Charles Rehwinkel with the Office of Public Counsel.

Just very briefly. The Public Counsel supports prospective adoption of a rule with any asset optimization criteria included there instead of through ad hoc orders. Any such rule should apply to each company at the time any currently affected AOM provision expires or is found to be invalid.

Thank you.

CHAIRMAN SMITH: Thank you.

Do any of the utilities have a comment? FPL?

MS. MONCADA: Thank you. Maria Moncada on behalf of Florida Power & Light Company. Good morning, Your Honors, Madam Chair.

We fully support staff's recommendation. The staff has undertaken the tasks that it was charged with by the Commission. It undertook an evaluation. It has propounded sets of discovery to all of the utilities, and it opened a workshop earlier this year. It has completed that evaluation, and we support that there is nothing else to be done here.

The comments from Florida Rising, they start by saying that the assets should serve the customers, and, certainly, on behalf of FPL, I can tell you that that's exactly what the asset optimization mechanism has done for customers.

Since 2013, through the end of 2025, we instituted our program and managed to have over $1 billion in gains as a result of it, and $744 million of that have flown to customers -- I am sorry, I meant flowed. I apologize. Nobody is flying.

And with respect to the rulemaking, I again want to emphasize -- I understand comments have been made about the timing, but FPL, as well as other -- as well as some other utilities, I believe, are operating under a settlement agreement that includes as one element a provision related to the AOM, and to alter that right now would really be to attack and challenge the balance that was struck, and that evidence was heard on all of last year.

And then with respect to rulemaking more generally, and the need to provide uniformity, FPL disagrees. I think asset optimization is something that results from the opportunities that each utility has, and each utility's opportunities are so different in terms of what generation mix do they have? They have nuclear, solar. What percentage of each? How much gas do they have? Is there coal?

Secondly, the other opportunities come from fuel. We have, as a result of the different generation, then we have different fuel procurement practices and obviously different fuel excesses as a result.

Third, geography. FPL, as an example, is in a peninsular area and, therefore, may be subject to transmission constraints or other properties and characteristics of the geography that make it different from the other utilities.

And the final category that I would point to is the system itself. Asset optimization opportunities arise from when you have excess on your system, which is a function of when you have your peaks, when you have your shoulders. Not every utility is the same in that regard. And so with that, I -- again, we support staff's recommendation to do nothing, nothing more than what it has done already, because it's working as was -- actually, you know what, I take it back. It doesn't work as proposed. It works better than we ever thought it was going to.

I was with the company when this was first proposed in the year 2012. And to say that we sit here in 2026, I could report that there was $1 billion of savings generated, and that more than 744 million of that has flowed to customers, that's incredible, and it's a testament to the characteristics of the program and the way it works for customers and for the company.

Thank you.

CHAIRMAN SMITH: Thank you, Ms. Moncada.

Duke.

MS. CUELLO: Good morning. Stephanie Cuello on behalf of Duke.

I think we would also echo a lot of the sentiments that Ms. Moncada expressed, and we also support staff's recommendation.

CHAIRMAN SMITH: Ms. Keating.

MS. KEATING: Good morning, Madam Chair, Commissioners. Beth Keating with the Gunster Law Firm here this morning for Florida Public Utilities.

We are a party to this docket as an investor-owned utility, but Florida Public Utilities is not party to a settlement that includes an AOM mechanism. That being said, I think I can probably echo in particularly Ms. Moncada's comments about a rulemaking, in that, clearly when you look at FPUC's service territory and FPL or Duke's service territories, there are certainly some distinct differences that would probably make rulemaking a bit challenging from my perspective, but otherwise, I am just here to answer questions.

CHAIRMAN SMITH: Thank you.

Mr. Wahlen.

MR. WAHLEN: Good morning, Commissioners. Jeff Wahlen on behalf of Tampa Electric Company.

Tampa Electric supports the staff recommendation. We don't think this is suitable for rulemaking. You have different utilities, different sizes, different situations.

I would point out that Tampa Electric's AOM has returned a substantial amount of money to the customers. And I am also happy to report that the storm surge charge, which has had a significant impact on the company's bills to customers, is ending a month early and will no longer be on the company's bills.

So I don't want to belabor the point, but all of the utilities up here are working and on affordability, and we don't think adopting a rule is the right solution in this case. We support staff's recommendation.

Thank you.

CHAIRMAN SMITH: Thank you.

Staff, would you like to add anything?

MR. MARQUEZ: Good morning, Commissioners. Carlos Marquez on behalf of Commission staff.

Staff stands by its recommendation. Some of the statements that you have heard today from Florida Rising, they have previously raised in their comments, which staff did read and address and analyzed in its ultimate recommendation before you.

Again, at this time, from staff's perspective, we think the unique circumstances of each utility sort of indicates that maybe rulemaking is not the best avenue to pursue at this time. But if anyone disagrees, could you direct staff to conduct additional workshops, open rulemaking. And, again, if any interested person/party disagrees, they could file their own petition to commence that process, but they can't force the Commission necessarily to do it sua sponte.

Thank you.

CHAIRMAN SMITH: Thank you.

Commissioners?

Commissioner Clark.

COMMISSIONER CLARK: I will take just a two-second stab. I certainly concur with staff's recommendation in this case. I think that the uniqueness of each of the utilities, as has been described, is probably one of the key driving components behind the asset optimization program.

I wasn't here when that program was initially developed, but -- and it's a very complicated program. It's very difficult to understand, but I do realize that this program was designed to benefit customers.

It does have a mechanism for the companies to make money, but part of that is the incentive for them to be able to go out and find those assets that they can optimize to give the additional funds for both of the parties. Other than this program, there is no incentive to do that. There is no reason that the utility would be looking for ways to generate the additional dollars.

And we've had discussions about selling out of reserves, and things of that nature. There is no incentive for the company to do that unless there are some financial incentives associated with it. And there is dozens of examples that each of these utilities have implemented. And my hat's off to them for taking the initiative and in developing this program. I am certainly a strong supporter.

Thank you.

CHAIRMAN SMITH: Thank you.

Commissioner Ortega.

COMMISSIONER ORTEGA: Thank you, Madam Chair.

And exactly what I was thinking, Commissioner Clark. I would just add, you know, these aren't programs that we just created and left alone. Every rate case that we've looked at, this has been a major issue. Maybe not one that is in the newspapers, but this is something that we look at and the companies have brought forward modifications along the way, and we have adjusted them.

So I do believe that through our oversight, we have the guardrails that are needed, and we have the tools to make changes to these programs. So I am also very supportive of staff recommendation. I mean, to me, asset optimization starts with assets, and assets are different so you optimize them differently, and so that's all.

Thank you, Madam Chair.

CHAIRMAN SMITH: Thank you.

Commissioner La Rosa.

COMMISSIONER LA ROSA: Sure. I feel a little pressure.

CHAIRMAN SMITH: Maybe you could talk.
COMMISSIONER LA ROSA: So, you know, I don't agree with a one-size-fits-all approach, right. So I agree with staff recommendation. I agree with my fellow Commissioners. At the end of the day, I spend a lot of time researching and looking at different technologies that could be implemented. And, you know, I think we would be stifling the progress that could be happening, and customers could ultimately be benefiting from that.
So I agree 100 percent with kind of how the workshop concluded and where staff is on its recommendation. At the end of the day, there is stuff that we don't even know of yet that is literally right around the corner that we could be seeing in six or 12 months, and setting out a process that would be, hey, everyone has to work a certain way could accidentally push some of these opportunities away.
So I, you know, certainly applaud the creativity that we have seen over the past few years, and I think we are fine the way we are.
CHAIRMAN SMITH: Thank you.
Yeah, I appreciate you saying that too. The technology is evolving so rapidly and putting it

into a --

COMMISSIONER PAYNE: Chair?

CHAIRMAN SMITH: Yes, Commissioner Payne.

COMMISSIONER PAYNE: This having been my field, I can't be left out, so all of you have spoken.

I can tell you that it's extreme differences in all the utilities. And every utility I have ever worked for and worked around always looked for efficiency. In looking for efficiency, that looked to optimize that efficiency from the executive staff to the bottom line employee. So I believe the asset optimization program is one they will continue to run at a successful rate and will add value back to the customers.

Thank you.

CHAIRMAN SMITH: All right. Thank you.

I appreciate staff going through this exercise. I think it was helpful to hear from the utilities and the intervening parties of their perspective here, but, again, just agree with my colleagues on all the points, so with that, I will take a motion.

COMMISSIONER CLARK: Move staff recommendation, Madam Chairman.

COMMISSIONER LA ROSA: Second.

CHAIRMAN SMITH: I have a motion and a second.

All those in favor, please say aye.

(Chorus of ayes.)

CHAIRMAN SMITH: Aye.

See that he staff's recommendation on Item 8 is approved.

Okay. So this Agenda Conference is concluded. We have the TECO Bayside hearing, it's 11:30. Say, like -- let's give ourselves 20 minutes so that everybody can shuffle around. So 11:50, we will start that back up. Agenda is adjourned. Thank you.

(Agenda item concluded.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 11th day of August, 2026.

Debbie R Krick

DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028