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September 3, 2025

VIA ELECTRONIC FILING

Adam Teitzman, Commission Clerk
Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20250011-EI
Petition by Florida Power & Light Company for Base Rate Increase

Dear Mr. Teitzman:

Attached for filing on behalf of Florida Power & Light Company ("FPL") in the above-referenced docket is the prepared settlement testimony of FPL witness James M. Coyne.

Please let me know if you have any questions regarding this submission.

Sincerely,

s/ Maria Jose Moncada

Maria Jose Moncada
Assistant General Counsel
Florida Power & Light Company

(Document 3 of 4)

Enclosures

CERTIFICATE OF SERVICE
Docket 20250011-EI

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 3rd day of September 2025:

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s/ Maria Jose Moncada

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20250011-EI

FLORIDA POWER & LIGHT COMPANY

SETTLEMENT TESTIMONY OF JAMES M. COYNE

Filed: September 3, 2025

1 **INTRODUCTION AND PURPOSE**

2 **Q. Please state your name and business address.**

3 A. My name is James M. Coyne, and I am employed by Concentric Energy Advisors, Inc.
4 (“Concentric”) as a Senior Vice President. My business address is 293 Boston Post
5 Road West, Suite 500, Marlborough, MA 01752.

6 **Q. Did you previously file testimony in this proceeding?**

7 A. Yes. I submitted direct and rebuttal testimony to the Florida Public Service
8 Commission (the “Commission”) on behalf of Florida Power & Light Company
9 (“FPL” or the “Company”), which is a wholly-owned subsidiary of NextEra Energy,
10 Inc., on February 28, 2025, and July 9, 2025, respectively.

11 **Q. What is the purpose of your settlement testimony?**

12 A. The purpose of my testimony is to provide my opinion on the proposed settlement
13 between the Florida Industrial Power Users Group, Florida Retail Federation, Florida
14 Energy for Innovation Association, Inc., Walmart Inc., EVgo Services LLC, Americans
15 for Affordable Clean Energy, Inc., Circle K Stores, Inc., RaceTrac, Inc., Wawa, Inc.,
16 Electrify America LLC, Federal Executive Agencies, Armstrong World Industries,
17 Inc., Southern Alliance for Clean Energy, and FPL, (collectively “Settling Parties”) as
18 it relates to the appropriate return on equity (“ROE”) and capital structure for FPL.

19

20 **OPINION ON THE PROPOSED SETTLEMENT**

21 **Q. What is your understanding of the proposed settlement on this matter?**

22 A. My understanding is that the Settling Parties have agreed to a ROE of 10.95 percent
23 and a common equity ratio of 59.60 percent from investor sources for rate setting

1 purposes. I further understand that the proposed settlement is comprehensive and
2 includes agreement on all issues in this case, not just the cost of capital. The settlement
3 therefore represents the inevitable give-and-take required to reach a compromise
4 acceptable to the Settling Parties.

5 **Q. What is your opinion of the proposed ROE in the settlement?**

6 A. The proposed ROE, although 95 basis points (0.95 percent) below my
7 recommendation, is within the range calculated in my financial models (10.28 percent
8 to 15.65 percent) at the time my Direct Testimony was submitted, as well as within the
9 range of updated model results presented in my Rebuttal Testimony (10.43 percent to
10 12.53 percent). Notably, a 10.95 ROE percent is at the lower end of these ranges of
11 model results. Specifically, a 10.95 percent ROE is at the midpoint of the lower half
12 of the range of updated model results presented in my Rebuttal Testimony.

13

14 Additionally, a 10.95 percent ROE is within the range of model results estimated by
15 FEA witness Walters, and just over the range estimated by OPC witness Lawton, the
16 two witnesses that performed independent ROE analyses in this proceeding, as shown
17 in Figure 1 below.

Figure 1: OPC Witness Lawton's and FEA Witness Walters' ROE Model Results

	OPC Witness Lawton	FEA Witness Walters
DCF Model Results	8.51% - 9.95% ¹	8.31% - 10.43% ²
CAPM Results	9.70% - 9.89% ³	7.24% - 11.12% ⁴
Risk Premium Results	10.39% - 10.64% ⁵	9.98% - 10.23% ⁶
Overall Range of ROE Model Results	8.51% - 10.64%	7.24% - 11.12%

I also evaluated the reasonableness of the proposed ROE within the context of the change in the capital market environment since the Company's last rate case in 2021. As noted in my Direct Testimony, government and utility bond yields increased more than 250 basis points between October 26, 2021 when the Commission approved FPL's last settlement authorizing a 10.60 percent ROE and when I prepared my Direct Testimony.⁷ And between the time I prepared my Direct Testimony and filed my Rebuttal Testimony, government and utility bond yields increased an additional 40 basis points, on average.⁸ An increase to the authorized ROE of 35 basis points reflects only 12 percent of the approximately 290 basis point increase in prevailing bond yields since the Commission's order in FPL's last rate case.

Q. What is your opinion of the proposed equity ratio included in the settlement?

A. The proposed equity ratio of 59.60 percent investor sources equity maintains the capital structure that FPL has maintained for over 20 years and has supported its strong credit profile and access to capital. Moreover, it is consistent with the Commission's approval of FPL's actual 59.60 percent equity ratio over the past 20 years.

¹ Exhibit DJL-8 and Errata to Exhibit DJL-9.

² Exhibits CCW-4, CCW-7, and CCW-8.

³ Exhibit DJL-10.

⁴ Exhibit CCW-15, page 1.

⁵ Exhibit DJL-11.

⁶ Direct Testimony of Christopher C. Walters, Table CCW-9, at 49.

⁷ Direct Testimony of James M. Coyne, at 19-21, Figures 4 and 5.

⁸ Rebuttal Testimony of James M. Coyne, at 21.

1 **Q. What is your overall opinion on the proposed settlement on the cost of capital?**

2 A. In my opinion, the proposed ROE and equity ratio is supported by the evidence on the
3 record, and would provide FPL a fair and reasonable allowed return on equity in the
4 context of the broader settlement.⁹

5 **Q. Does this conclude your settlement testimony?**

6 A. Yes.

⁹ Order PSC-2021-0446-S-EI as amended by Order PSC-2021-0446A-S-EI and supplemented by Order PSC-2024-0078-FOF-EI.