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April 2, 2025

-VIA ELECTRONIC FILING-

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

Re: Docket No. 20250001-EI

Dear Mr. Teitzman:

Attached for electronic filing in the above docket are the prepared testimony and exhibit of Florida Power & Light Company ("FPL") witness Michael Cashman. This testimony is submitted in support of FPL's Petition for Approval of Fuel Cost Recovery and Capacity Cost Recovery Final True-Ups and Asset Optimization Program Results for the Period Ending December 2024.

Please feel free to contact me with any questions regarding this filing.

Sincerely,

s/ Maria Jose Moncada
Maria Jose Moncada

Attachments

cc: Counsel for Parties of Record (w/ attachments)

Florida Power & Light Company

700 Universe Boulevard, Juno Beach, FL 33408

22792295

CERTIFICATE OF SERVICE
Docket No. 20250001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished
by electronic service on this 2nd day of April 2025 to the following:

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s/ Maria Jose Moncada
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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF MICHAEL V. CASHMAN**

4 **DOCKET NO. 20250001-EI**

5 **APRIL 2, 2025**

6
7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Michael V. Cashman. My business address is 700 Universe Boulevard, Juno
9 Beach, Florida, 33408. I am employed by Florida Power & Light Company (“FPL”) as
10 Executive Director of Wholesale Operations and Trading in the Energy Marketing and
11 Trading Division.

12 **Q. Please summarize your educational background and professional experience.**

13 A. I earned a bachelor’s degree in Mechanical Engineering and a master’s degree in
14 Business Administration from the University of Michigan. I joined the NextEra Energy
15 family of companies in 1998, progressing professionally within the Market Analysis
16 organization from Market Intelligence Analyst to Senior Director before being tapped
17 to lead NextEra Energy Marketing’s Asset Trading and Optimization organization. In
18 2022, responsibilities for Independent System Operator asset operations were
19 consolidated with asset trading and optimization under me acting as the Executive
20 Director of Asset Operations and Trading. In this role my team was responsible for
21 managing the operations and optimization of 36 GW of generation located in eight U.S.
22 and Canadian Regional Transmission Organizations as well as the management of
23 annual commodity price exposure for approximately 250 Bcf of natural gas and 10

1 million barrels of oil and natural gas liquids production. I joined FPL's Energy
2 Marketing and Trading organization in July of 2024 as the Executive Director of
3 Wholesale Operations and Trading where I oversee power trading, coal and fuel oil
4 operations as well as FPL's natural gas scheduling team.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to present the 2024 results of FPL's activities under
7 the Asset Optimization Program (or "the Program"), an incentive mechanism that was
8 originally approved by Order No. PSC-13-0023-S-EI, dated January 14, 2013, in
9 Docket No. 120015-EI, approved for continuation, with certain modifications, by Order
10 No. PSC-16-0560-AS-EI, dated December 15, 2016, in Docket No. 160021-EI, and
11 approved as an ongoing program, with further modifications, by Order No. PSC-2021-
12 0446-S-EI, dated December 2, 2021, in Docket No. 20210015-EI.

13 **Q. Have you prepared or caused to be prepared under your supervision, direction
14 and control any exhibits in this proceeding?**

15 A. Yes, I am sponsoring the following exhibit:

- 16 • Exhibit MVC-1, consisting of 4 pages:
 - 17 ▪ Page 1 – Total Gains Schedule
 - 18 ▪ Page 2 – Wholesale Power Detail
 - 19 ▪ Page 3 – Asset Optimization Detail
 - 20 ▪ Page 4 – Incremental Optimization Costs

21 **Q. Please provide an overview of the Asset Optimization Program.**

22 A. The Asset Optimization Program is designed to create additional value for FPL's
23 customers while also providing an incentive to FPL if certain customer-value

1 thresholds are achieved. The Program includes gains from wholesale power sales and
2 savings from wholesale power purchases, as well as gains from other forms of asset
3 optimization. Under the original 2012 approval, other forms of asset optimization
4 include, but are not limited to, natural gas storage optimization, natural gas sales,
5 capacity releases of natural gas transportation, capacity releases of electric transmission
6 and potentially capturing additional value from a third party in the form of an Asset
7 Management Agreement.

8 **Q. Please describe the modifications that were made to the Asset Optimization**
9 **Program in FPL’s 2021 rate case and approved by Order No. PSC-2021-0446-AS-**
10 **EI.**

11 A. Five modifications were made to the Program through Order No. PSC-2021-0446-AS-
12 EI. The following modifications are described in Paragraph 21 of the Stipulation and
13 Settlement Agreement:

14 (i) FPL may optimize all fuel sources – beyond just natural gas supply and capacity
15 – when it is reasonable and in the best interests of customers to do so based on the
16 system requirements, market demand, and market price of the fuel or capacity at the
17 time;

18 (ii) FPL may monetize its renewable energy credits (“RECs”);

19 (iii) The number of annual savings thresholds is reduced from four to three for
20 reporting purposes. Threshold 1: FPL customers receive 100% of the asset
21 optimization gains up to a threshold of \$42.5 million. Threshold 2: FPL will retain
22 60% and customers will receive 40% of incremental gains between \$42.5 million and

1 \$100 million. Threshold 3: FPL will retain 50% and customers will receive 50% of
2 incremental gains in excess of \$100 million.

3 (iv) The per-MWh variable power plant O&M rate shall be \$0.48/MWh; and

4 (v) Optimization activities, variable power plant O&M rates, and savings
5 thresholds shall be considered “adjustable parameters” such that FPL may request that
6 the Commission review and adjust these parameters every four years in the Fuel Cost
7 Recovery Docket.

8 **Q. Please summarize the activities and results of the Asset Optimization Program for**
9 **2024.**

10 A. FPL’s activities under the Asset Optimization Program in 2024 delivered \$125,038,686
11 in total gains. During 2024, FPL’s optimization activities consisted of wholesale power
12 purchases and sales, natural gas sales in the market and production areas, gas storage
13 utilization, the capacity release of firm natural gas transportation, and the sale of RECs.
14 Additionally, FPL entered into several Asset Management Agreements related to a
15 portion of upstream gas transportation during 2024. The total gains of \$125,038,686
16 exceed the sharing thresholds of \$42.5 million and \$100 million. Therefore, the
17 incremental gains above \$42.5 million and up to \$100 million will be shared between
18 customers and FPL 40% and 60%, respectively, with all gains above \$100 million
19 shared equally. Exhibit MVC-1, Page 1, shows monthly gain totals, threshold levels,
20 and the final gains allocation for 2024.

1 **Q. Please provide the details of FPL’s wholesale power activities under the Asset**
2 **Optimization Program for 2024.**

3 A. The details of FPL’s 2024 wholesale power sales and purchases are shown separately
4 on Page 2 of Exhibit MVC-1. FPL had gains of \$50,386,789 on wholesale sales and
5 savings of \$6,381,014 on wholesale purchases for the year.

6 **Q. Please provide the details of FPL’s other asset optimization activities under the**
7 **Program for 2024.**

8 A. The details of FPL’s 2024 asset optimization activities unrelated to wholesale power
9 are shown on Page 3 of Exhibit MVC-1. FPL had a total of \$68,270,883 of gains that
10 were the result of nine different forms of asset optimization.

11 **Q. Did FPL incur incremental O&M expenses related to the operation of the Asset**
12 **Optimization Program in 2024?**

13 A. Yes. FPL incurred personnel expenses of \$864,547 related to the costs associated with
14 four and one-half personnel required to support FPL’s activities under the Program.

15
16 On the variable power plant O&M side, FPL’s actual net economy power sales less
17 purchases totaled 2,493,253 MWh (2,610,661 MWh of economy sales and 117,408
18 MWh of economy purchases), resulting in net variable power plant O&M costs of
19 \$1,196,761 for 2024.

20 **Q. Overall, were FPL’s activities under the Asset Optimization Program successful**
21 **in 2024?**

22 A. Yes. FPL’s activities under the Program were highly successful in 2024. On the
23 wholesale power side, suitable market conditions helped drive strong wholesale power

1 sales consistently throughout the year, with the winter season delivering the highest
2 benefits. FPL was also able to opportunistically purchase power from the market to
3 avoid running more expensive generation, predominantly during maintenance season
4 and during the height of the summer. Overall, FPL was able to consistently capitalize
5 on power market opportunities throughout the year to deliver \$56.8 million in customer
6 benefits. Market opportunities for asset optimization activities related to natural gas
7 were also fairly consistent throughout the year, and coupled with the sale of RECs,
8 delivered \$68.3 million in benefits. In total, all optimization activities delivered
9 significant benefits of \$125,038,686, which contrast very favorably to the total
10 optimization expenses (personnel and variable power plant O&M) of \$2,061,309.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

TOTAL GAINS SCHEDULE
Actual for the Period of: January 2024 through December 2024

TABLE 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Wholesale Sales Gains (\$)	Wholesale Purchases Savings (\$)	Asset Optimization Gains (\$)	Total Monthly Gains (\$)	Threshold 1 Gains ≤ \$42.5M (\$)	Threshold 2 \$42.5M > Gains ≤ \$100M (\$)	Threshold 3 Gains > \$100M (\$)
				(2)+(3)+(4)			
January	13,574,800	16,854	7,169,626	20,761,279	20,761,279	0	0
February	5,431,379	4,631	6,087,346	11,523,357	11,523,357	0	0
March	1,025,711	3,430	5,829,918	6,859,058	6,859,058	0	0
April	2,273,474	510,022	3,355,132	6,138,629	3,356,306	2,782,323	0
May	5,798,911	244,939	4,550,459	10,594,309	0	10,594,309	0
June	3,010,095	658,983	3,667,786	7,336,864	0	7,336,864	0
July	1,603,215	818,559	4,763,035	7,184,810	0	7,184,810	0
August	1,305,072	3,313,365	7,352,733	11,971,169	0	11,971,169	0
September	1,597,726	653,978	4,993,110	7,244,814	0	7,244,814	0
October	7,178,280	153,572	5,120,563	12,452,415	0	10,385,710	2,066,704
November	3,803,225	2,680	6,251,284	10,057,188	0	0	10,057,188
December	3,784,903	0	9,129,890	12,914,793	0	0	12,914,793
Total	50,386,789	6,381,014	68,270,883	125,038,686	42,500,000	57,500,000	25,038,686

TABLE 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Threshold 1 Gains ≤ \$42.5M 100% Customer Benefit (\$)	Threshold 2 \$42.5M > Gains ≤ \$100M 40% Customer Benefit (\$)	Threshold 2 \$42.5M > Gains ≤ \$100M 60% FPL Benefit (\$)	Threshold 3 Gains > \$100M 50% Customer Benefit (\$)	Threshold 3 Gains > \$100M 50% FPL Benefit (\$)	Total Customer Benefits (\$)	Total FPL Benefits (\$)
January	20,761,279	0	0	0	0	20,761,279	0
February	11,523,357	0	0	0	0	11,523,357	0
March	6,859,058	0	0	0	0	6,859,058	0
April	3,356,306	1,112,929	1,669,394	0	0	4,469,235	1,669,394
May	0	4,237,724	6,356,586	0	0	4,237,724	6,356,586
June	0	2,934,745	4,402,118	0	0	2,934,745	4,402,118
July	0	2,873,924	4,310,886	0	0	2,873,924	4,310,886
August	0	4,788,468	7,182,702	0	0	4,788,468	7,182,702
September	0	2,897,926	4,346,889	0	0	2,897,926	4,346,889
October	0	4,154,284	6,231,426	1,033,352	1,033,352	5,187,636	7,264,778
November	0	0	0	5,028,594	5,028,594	5,028,594	5,028,594
December	0	0	0	6,457,397	6,457,397	6,457,397	6,457,397
Total	42,500,000	23,000,000	34,500,000	12,519,343	12,519,343	78,019,343	47,019,343

WHOLESALE POWER DETAIL
Actual for the Period of: January 2024 through December 2024

Wholesale Sales - Table 1						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Month	Total Wholesale Sales (MWh)	OS Gross Gains (\$)	Third-Party Transmission Costs (\$)	Variable Power Plant O&M Costs (\$)	Power Option Premiums (\$)	Total Net Wholesale Sales Gains (\$)
	Schedule A6	Schedule A6	Schedule A6	Schedule A6	*CCRC	(3)+(4)+(5)+(6)
January	482,425	14,410,816	604,452	231,564	0	13,574,800
February	329,146	6,021,637	432,268	157,990	0	5,431,379
March	94,449	1,073,046	2,000	45,336	0	1,025,711
April	187,229	2,374,797	11,453	89,870	0	2,273,474
May	292,413	5,952,569	13,299	140,358	0	5,798,911
June	182,607	3,097,192	(554)	87,651	0	3,010,095
July	115,978	1,695,758	36,874	55,669	0	1,603,215
August	119,934	1,374,174	11,534	57,568	0	1,305,072
September	131,984	1,661,729	650	63,352	0	1,597,726
October	258,672	7,304,741	2,299	124,163	0	7,178,280
November	199,266	3,898,767	(105)	95,648	0	3,803,225
December	216,558	3,971,488	82,637	103,948	0	3,784,903
Total	2,610,661	52,836,714	1,196,807	1,253,117	0	50,386,789

Wholesale Purchases - Table 2					
(1)	(2)	(3)	(4)	(5)	(6)
Month	Total Wholesale Purchases (MWh)	OS Savings (\$)	Capacity Purchases (MWh)	Net Capacity Purchases Savings (\$)	Total Wholesale Purchases Savings (\$)
	Schedule A9	Schedule A9	Schedule A7/A12		(3) + (5)
January	4,292	16,854	0	0	16,854
February	1,200	4,631	0	0	4,631
March	1,047	3,430	0	0	3,430
April	8,650	510,022	0	0	510,022
May	37,152	244,939	0	0	244,939
June	5,555	658,983	0	0	658,983
July	11,831	818,559	0	0	818,559
August	25,495	3,313,365	0	0	3,313,365
September	6,536	653,978	0	0	653,978
October	1,350	153,572	0	0	153,572
November	14,300	2,680	0	0	2,680
December	0	0	0	0	0
Total	117,408	6,381,014	0	0	6,381,014

*Capacity Cost Recovery Clause - Option premium gains are included under Transmission Revenues from Capacity Sales line item.

ASSET OPTIMIZATION DETAIL
Actual for the Period of: January 2024 through December 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Electric Transmission Capacity Release	Natural Gas Delivered City-Gate	Natural Gas Production Area	Natural Gas Capacity Release	Natural Gas Option	Natural Gas Storage	Natural Gas AMA	OBA Service	Solar REC	Total Asset Optimization
Month	Firm Transmission	Sales	Sales	Firm Transport	Premiums	Optimization	Gains	Gains	Sales	Gains
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
January										7,169,626
February										6,087,346
March										5,829,918
April										3,355,132
May										4,550,459
June										3,667,786
July										4,763,035
August										7,352,733
September										4,993,110
October										5,120,563
November										6,251,284
December										9,129,890
Total	0	3,794,214	1,112,998	5,635,287	21,365,700	2,884,391	13,479,740	48,000	19,950,553	68,270,883

INCREMENTAL OPTIMIZATION COSTS
Actual for the Period of: January 2024 through December 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Personnel Expenses (\$)	Other Expenses*	Wholesale Sales (MWh)	Wholesale Purchases (MWh)	Wholesale Sales VOM (\$)	Wholesale Purchases VOM (\$)	Net VOM (\$)	Total Incremental O&M Expenses (\$)
	Schedule A2						Schedule A2	(2) + (3) + (8)
January	46,885	0.00	482,425	4,292	231,564	(2,060)	229,504	276,389
February	41,665	0.00	329,146	1,200	157,990	(576)	157,414	199,079
March	43,097	0.00	94,449	1,047	45,336	(503)	44,833	87,930
April	51,403	0.00	187,229	8,650	89,870	(4,152)	85,718	137,121
May	51,877	0.00	292,413	37,152	140,358	(17,833)	122,525	174,403
June	52,808	0.00	182,607	5,555	87,651	(2,666)	84,985	137,793
July	60,438	0.00	115,978	11,831	55,669	(5,679)	49,991	110,429
August	85,766	0.00	119,934	25,495	57,568	(12,238)	45,331	131,097
September	112,327	0.00	131,984	6,536	63,352	(3,137)	60,215	172,542
October	128,172	0.00	258,672	1,350	124,163	(648)	123,515	251,686
November	96,396	0.00	199,266	14,300	95,648	(6,864)	88,784	185,180
December	93,713	0.00	216,558	0	103,948	0	103,948	197,660
Total	864,547	0	2,610,661	117,408	1,253,117	(56,356)	1,196,761	2,061,309

*Includes software and hardware expenses