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July 9, 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 rebuttal testimony of FPL witness Dawn Nichols.

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 11 of 16)

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 9th day of July 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
REBUTTAL TESTIMONY OF DAWN NICHOLS

Filed: July 9, 2025

1
2 **I. INTRODUCTION**

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

4 A. My name is Dawn Nichols. My business address is Florida Power & Light Company
5 (“FPL” or “the Company”), 700 Universe Boulevard, Juno Beach, Florida 33408.

6 **Q. Have you previously submitted direct testimony in this proceeding?**

7 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of my rebuttal testimony is to respond to OPC witness Helmuth W.
10 Schultz, III’s recommended adjustments to the bad debt expense levels based on an
11 average of three historical years. In addition, I respond to the direct testimony of
12 Florida Rising, Environmental Confederation of Southwest Florida, Inc., and League
13 of United Latin American Citizens of Florida (“FEL”) witness MacKenzie Marcelin
14 regarding FPL’s Demand Side Management (“DSM”) performance.

15 **Q. Please summarize your rebuttal testimony.**

16 A. My rebuttal testimony demonstrates OPC witness Schultz’s proposal to establish bad
17 debt expense level based on a three-year average is arbitrary and not representative of
18 FPL’s proposed test years. In addition, my testimony shows that FEL witness
19 Marcelin’s characterization of FPL’s energy-efficiency performance compared to other
20 utilities does not offer a complete representation. The Company’s DSM program is
robust, cost-effective and helps keep customers’ rates low.

1 **II. UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

2 **Q. OPC witness Schultz recommends that the Commission reject FPL's forecasted**
3 **bad debt expense and instead establish a bad debt factor based on its historical**
4 **three-year average. How do you respond?**

5 A. As a preliminary matter, Mr. Schultz does not challenge any particular aspect of FPL's
6 forecast for bad debt or uncollectible expense. He nevertheless proposes to reduce
7 FPL's expense, regardless of whether the Commission adopts any other adjustments to
8 FPL's forecasted revenue requirements. That is arbitrary and inappropriate.

9
10 FPL's methodology for forecasting uncollectible expense has been accepted by the
11 Commission and is more comprehensive than multiplying projected current year
12 revenues by the average bad debt rate of the past three years. FPL employs a model
13 that establishes mathematical relationships between historical write-off performance
14 and multiple predictor variables. The model first analyzes 10 years of historical write-
15 off data and determines how it correlates with independent variables including
16 historical Florida unemployment rates, past assist funding levels, and revenue. After
17 determining how each factor influenced historical write-off performance, the model
18 projects future uncollectible expense using the forecasted values of the same variables.
19 The model output is then adjusted for operational factors and project initiatives. Using
20 only the previous three years' rate assumes that bad debt can be fully explained using
21 revenue as the sole variable. However, to develop a more accurate forecast, it is
22 important to consider anticipated future changes and to remove historical anomalies.

1 Historical anomalies can either under or over inflate a calculation. For example, Mr.
2 Schultz uses 2022 through 2024 as the three-year basis for the average. During this
3 time, FPL customers received an unprecedented amount of assistance as a result of the
4 global COVID pandemic in 2022 and 2023, which had a positive impact on reducing
5 bad debt. This anomaly should be considered when forecasting, and if ignored can lead
6 to incorrect forecasts.

7 **Q. OPC witness Schultz points to a 2011 water utility order for the proposition that**
8 **“the Commission has a practice of establishing bad debt expense level on a three-**
9 **year average.” Is that Commission order applicable here?**

10 A. While the application of the Commission order cited by Mr. Schultz is best left to
11 lawyers, I make two basic observations. First, in that order, the Commission points
12 specifically to six instances in which it had approved a utility’s bad debt factor based
13 on a historical three-year average. Presumably, in all other cases, the historical average
14 was not used. Second, in that same order, the Commission states: “Overall, the basis
15 for determining bad debt expense has been whether the amount is representative of the
16 bad debt expense expected to be incurred by the utility.” Using a three-year average is
17 not representative of what FPL expects to be incurred and Mr. Schultz’s
18 recommendation does not adjust for historical anomalies nor account for future
19 expectations.

1 save energy.¹ FPL's DSM overall efforts through 2024 have eliminated the need to
2 construct the equivalent of approximately 68 new 100-MW generating units. These
3 efforts have also resulted in cumulative energy consumption savings of 102,684 GWh,
4 equal to approximately 75% of the consumption of all FPL customers for an entire year.

5 **Q. Please describe FPL's efforts to increase customer participation in cost-effective**
6 **DSM programs that provide energy savings for customers?**

7 A. In FPL's most recent DSM goals and programs review in Docket Nos. 20240012-EG
8 and 20250048-EG, the Commission approved an increase to FPL's energy savings
9 goals, partly to reflect an increased focus on the low-income customers witness
10 Marcelin represents.² FPL's most recent goals increased by 50% the target number of
11 low-income customers to be reached through the Low-Income Weatherization program
12 and proposed a new pilot program to help low-income renters realize the benefits of
13 more energy-efficient HVAC systems. These programs will directly benefit FPL's
14 customers through energy-efficiency savings.

15
16 FPL is also launching a new on-bill program that allows customers to enjoy the energy
17 savings from a new HVAC system without facing the barrier of high upfront costs.
18 Other program enhancements include increased rebates for installation of high-
19 efficiency HVAC equipment and redesign of the Business HVAC program to simplify
20 enrollment processes and increase participation by small business customers.

¹ FPL's 2024 DSM Annual Report is available at the following link:

<https://www.floridapsc.com/pscfiles/website-files/pdf/Utilities/Electricgas/ARDemandSide/2024/Florida%20Power%20and%20Light%20Company.pdf#search=FPL%20DSM>

² FPL's 2025 DSM Plan is available at the following link:

<https://www.floridapsc.com/pscfiles/library/filings/2025/01879-2025/01879-2025.pdf>

1 FPL has a longstanding commitment to delivering reliable electricity at rates
2 consistently below the national average. Because all customers pay for DSM programs
3 in their monthly bills through the Energy Conservation Cost Recovery clause, FPL
4 continues to ensure these measures increase energy efficiency without unnecessarily
5 driving up rates. Achieving that balance has helped keep FPL rates well below the
6 national average while empowering customers to take action to reduce their energy
7 usage and thereby lower their monthly bills.

8 **Q. Does this conclude your rebuttal testimony?**

9 A. Yes.