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October 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 are the prepared settlement rebuttal testimony and exhibits of FPL witness Scott R. Bores.

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 1 of 4)

Enclosures

cc: Certificate of Service

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 3rd day of October 2025:

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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250011-EI

FLORIDA POWER & LIGHT COMPANY

SETTLEMENT REBUTTAL TESTIMONY OF SCOTT R. BORES

Filed: October 3, 2025

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Scott R. Bores. My business address is Florida Power & Light Company ("FPL" or "the Company"), 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. Have you previously submitted testimony in this proceeding?

A. Yes.

Q. Are you sponsoring any exhibits with this testimony?

A. Yes. I am sponsoring the following exhibits:

- SRB-11 - Contentions Previously Rebutted
- SRB-12 - Elements of Non-Settling Parties' Position Statement that Align with FPL's Proposed Settlement Agreement
- SRB-13 - Confidential Rate Stabilization Mechanism Calculation
- SRB-14 - ROE and Bill Position
- SRB-15 - Calculation of Non-Settling Parties' Position Statement

Q. What is the purpose of your settlement rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the settlement testimonies submitted by the Office of Public Counsel ("OPC"), Florida Rising, League of United Latin American Citizens of Florida, and Environmental Confederation of Southwest Florida, Inc. (collectively "FEL"), and the Floridians Against Increased Rates, Inc. ("FAIR") (hereinafter, OPC, FEL, and FAIR are collectively referred to as the "Non-Settling Parties" or "NSPs"). The NSPs submitted settlement testimony opposing certain aspects of the proposed 2025 Stipulation and Settlement Agreement ("Proposed

Settlement Agreement" or "Settlement") submitted by FPL, Florida Industrial Power Users Group, Florida Retail Federation, Florida Energy for Innovation Association, Inc., Walmart Inc., EVgo Services, LLC, Electrify America, LLC, Federal Executive Agencies, Armstrong World Industries, Inc., Southern Alliance for Clean Energy, and Americans for Affordable Clean Energy, Inc., Circle K Stores, Inc., RaceTrac, Inc., and Wawa, Inc. (hereinafter, collectively referred to as the "Settling Parties"). My settlement rebuttal testimony responds to the challenges from the NSPs regarding FPL's representation of customer interests, the proposed revenue requirements, return on equity ("ROE"), the Rate Stabilization Mechanism ("RSM"), new elements proposed to assist residential customers, the Asset Optimization Program, the Solar and Battery Base Rate Adjustment ("SoBRA"), capital recovery schedules and the proposed depreciation life of Plant Scherer. Finally, I will respond to the settlement testimony of FEL witnesses Rábago and Marcelin regarding their support for the Position Statement jointly sponsored by the NSPs.

Q. Please summarize your rebuttal testimony.

A. My testimony demonstrates that the NSPs' positions would ultimately harm the very customers they claim to protect and are contrary to the public interest. I show that the Proposed Settlement Agreement represents a carefully negotiated balance that benefits all FPL customers while ensuring the Company can continue providing the reliable, affordable service that results in customer bills being more than 25% below the projected national average. I demonstrate that the Proposed Settlement Agreement reflects significant concessions, including on ROE. In addition, I demonstrate that the proposed RSM provides the same value to customers as its predecessor, the Reserve

Surplus Amortization Mechanism ("RSAM"), by enabling a four-year term that avoids general base rate increases in the last two years. I rebut criticisms from FEL witnesses Rábago and Marcelin regarding the $15 million customer assistance fund and weather-based disconnection policy, defending these Settlement provisions as reasonable compromises that provide meaningful assistance to tens of thousands of customers. Furthermore, I explain the risks associated with the Asset Optimization Program, in particular that there are no guaranteed gains, nor should there be an assumption that FPL will achieve far more gains than it has in the past. Along with this, I provide clarity on the proposed SoBRA and how the Commission will retain full regulatory oversight, and that FPL cannot recover costs without prior Commission approval. Further, I defend maintaining Scherer Plant's 2047 depreciable life and extending capital recovery schedules to 20 years, which will provide immediate customer benefits.

Finally, I demonstrate that the NSPs' Position Statement fails to meet even the most basic regulatory standards: it fails to provide FPL a reasonable opportunity to even earn at the below-market ROE they recommend. Such financial instability does not benefit customers. Please note that in this testimony I am responding to specific issues raised by the NSP witnesses. Consequently, any argument raised in the testimony presented by the NSPs to which I do not respond, should not be accepted as my support or approval of the positions offered.

Q. Do you and the other FPL Settlement witnesses Cohen, Oliver and Coyne address each argument raised in the NSPs' opposition to the Proposed Settlement Agreement?

A. No. We do not address all arguments asserted by the NSPs' witnesses that simply repeat the positions they took in their original June 9, 2025 testimony. My Exhibit SRB-11 outlines those repeat arguments and specifies where FPL witnesses have previously rebutted them.

Q. Do you and the other FPL Settlement witnesses Cohen, Oliver and Coyne address each provision of the NSPs' Position Statement?

A. We address the positions that appear to be new or different compared to FPL's Proposed Settlement Agreement. My Exhibit SRB-12 enumerates the provisions included in the NSPs' Position Statement that do not differ from the Signatories' positions and therefore are not separately addressed.

II. CUSTOMER INTERESTS AND IMPACTS

Q. The NSPs take issue with FPL's contention that it represented the interest of all its customers in negotiating the Settlement, including residential and small commercial customers. What is your response?

A. It is fundamental to me and to FPL that a rate plan fairly balances the interests of all customers. It is illogical to suggest that FPL would negotiate in an imprudent manner with a plan to "get one over" on the Commission. No settlement, regardless of who participates, will ever be approved by this Commission if it does not result in fair, just and reasonable rates for all customers. The Commission's statutory duties and regulatory oversight ensure that. As with past settlements, the Commission will review the complete evidentiary record and decide whether the settlement is in the public interest.

FPL likewise has an obligation to serve all of its customers. In doing so, FPL has established a track record for both superior service and low bills. These benefits are currently enjoyed by all FPL customers, and, in negotiating the Settlement, FPL aimed to ensure its ability to continue delivering those benefits to all future customers.

III. REVENUE REQUIREMENTS

Q. NSP witnesses Smith and Herndon opine that the Settlement revenue requirements are grossly excessive, even though they are materially less than those requested in FPL's original petition. How do you respond?

A. Witnesses Smith and Herndon appear to be focused on a predetermined outcome without considering any context whatsoever.

Q. What context would be useful in evaluating the overall revenue requirement?

A. A few considerations are relevant and are not mentioned in Mr. Smith's or Mr. Herndon's assessment. First, the fact that the revenue requirements are materially lower than FPL's original request is particularly relevant when one considers that FPL plans to make all the same investments and expects to incur the same level of expenses reflected in its minimum filing requirements, except for those items specifically and expressly outlined in the Proposed Settlement Agreement.

Second, the revenue requirement should be evaluated in view of the fact that FPL serves about 6 million customers spread over 43 counties located from the southern part of Florida's peninsula, up both east and west coastlines, and in the northwest panhandle. Thus, it would be inappropriate to consider FPL's revenue requirements in comparison to that of utilities that do not serve several millions of customers in a dispersed and diverse geographic area. Finally, it is disingenuous to emphasize the total revenue requirement without also pointing out the bill impact. As FPL witness Cohen notes, even with the rate increases proposed under the Settlement, FPL's 1,000 kWh typical residential bill is projected to rise well below the rate of inflation, remain well below the national average and also remain the lowest among Florida investor-owned utilities ("IOUs").

Q. OPC, FAIR and FEL witnesses Smith, Herndon, Schultz and Rábago claim that FPL made essentially no concessions in terms of revenue requirements. Is their assessment correct?

A. No. An appropriate calculation must consider what it takes to continue providing safe and reliable service over the next four years, with a view toward maintaining the value that FPL's customers have come to expect. As I will describe in more detail below, the agreed upon revenue increases agreed to under the Settlement are insufficient to achieve the midpoint ROE in 2026 and 2027, even under a midpoint ROE that is 95 basis points lower than was originally requested by FPL and is supported by FPL witness Coyne's models.

This leads to the second major flaw in their assessment: OPC, FAIR and FEL witnesses Smith, Herndon, Schultz and Rábago reach their conclusions by casting aside the concession FPL made on ROE. The witnesses recognize that FPL conceded 95 basis points and all parties, including FPL, agree this reduction in ROE is effectively the equivalent of approximately $485 million in 2026. Applied across all four years, the concession from 2026 revenue requirement alone is $1.94 billion. In 2027, the ROE concession amounts to an incremental approximate $36 million, which equates to $108 million across the remaining three years. Cumulatively, over the four-year term, FPL conceded more than $2 billion on ROE alone. As shown on confidential Exhibit SRB-13, approximately $1 billion of additional revenue unrelated to ROE was conceded over the four years, for a total of nearly $3 billion. This cannot credibly be sloughed off as "nothing."

Q. OPC witness Schultz observes that FPL's cumulative revenue increase under the Settlement would be $6.9 billion, or $2 billion more than FPL received as part of its 2021 Rate Settlement. According to Mr. Schultz, this is indicative of an excessive rate increase. How does FPL explain the $2 billion difference?

A. FPL's growth alone is enough to explain the difference. Even the NSPs' Position Statement acknowledges that FPL's rate base has grown 50% since its last rate case reflecting the significant investments it has made on behalf of customers, and that its rate plan beginning in 2026 should be updated accordingly. NSPs' Position Statement (HWS-11, page 18 ¶ u). The $2 billion difference in the revenue increase is only 40% higher, much less than FPL's 50% increase in rate base over the period, despite the significant increase in inflation and interest rates over the period.

Q. Throughout his testimony, FEL witness Rábago compares FPL's requested rate increases to the purchase of a cup of coffee. He posits that a cup of coffee can be overpriced even if it is marked down. Do you agree with this principle?

A. I agree with the general principle that Mr. Rábago attempts to invoke regarding market prices for consumer goods but his attempt to analogize the price of a cup of coffee to the rates paid by FPL customers is backwards. Whether a cup of coffee is overpriced is a function of the dollar amount the customer pays at the register. If customers pay a relatively low price in return for a great cup of coffee, they generally recognize the good value and do not question the various components that comprise the price: salaries, overhead, materials, rent costs, capitalization costs, marketing, and the like.

The same is true for the price customers pay to receive electric service from FPL. By focusing on productivity and reducing its operating costs, FPL saves its customers the equivalent of $2.9 billion annually compared to the average utility. At the same time, it produces a superior product – one that is roughly 60% more reliable than the national average while still providing residential customers a 1,000-kWh typical residential bill that remains well below the national average and all Florida IOUs. That combination presents a great value. In my experience, consumers prefer to pay a lower overall cost for a great product compared to a high overall cost for a lesser product. Subcomponents of the price are not a consideration.

IV. RETURN ON EQUITY

Q. All NSP witnesses claim the ROE is excessive by comparison to all other ROEs awarded since 2023. Do you dispute their data set?

A. I have no specific reason to believe the data upon which they rely is reported inaccurately. However, the NSPs do not justify their conclusion through any rationale. Instead, they rest their case entirely on the simplistic observation that FPL's ROE would be higher than those awarded over the past few years. Such a non-analytic comparison of national ROEs is not based on any fair or recognized ratemaking objectives. FPL witness Coyne, on the other hand, performed a proper evaluation of ROE and addresses the widely recognized models that support his original recommendation and underpin his support for the compromise ROE included in the Proposed Settlement Agreement. In addition to their disregard for the modeling, the NSP witnesses fail to consider FPL's unique risk profile and the consequences that could and likely would ensue if FPL's ROE were reduced beyond the level proposed in the Settlement.

Q. What is the relevance of FPL's unique risk profile?

A. Each utility's risk profile is important when assessing the proper cost of debt and equity capital. FPL's capitalization needs are not the same as every other utility in the country. And the converse is true: Commissions that decided the ROEs for other utilities were not evaluating FPL's characteristics. Tellingly, the NSP witnesses make no attempt to identify any commonality between FPL and the utilities referenced as comparison points.

Q. Please describe the consequences that would flow from lowering the ROE as the NSP witnesses suggest.

A. While the NSP witnesses do not actually suggest a specific return on equity for FPL's Proposed Settlement Agreement, they uniformly refer to the data point that the proposed ROE is 45 basis points above the highest ROE awarded since 2023, which was 10.50%. A 10.50% ROE would be 30 basis points lower than FPL's current 10.80% authorized midpoint ROE, which was approved four years ago when the 30-year treasury yield was roughly 1.80%. And the 10.80% midpoint ROE only came about because of a trigger that allowed FPL to increase the midpoint by 20 basis points if the 30-year treasury moved greater than 50 basis points on average over a six-month rolling period, which happened in mid-2022 when the 30-year treasury moved from 1.99% to greater than 2.49%. Since then, the 30-year treasury yield has almost doubled and remains close to 4.70% today. Taking these market conditions into consideration, investors expect to see an increase that is above FPL's current authorized ROE. A decrease would be viewed as illogical and would signal a departure from the Commission's past practice. Adopting the NSPs' recommendation would not align with the predictability and stability that investors expect.

As I explained in my rebuttal testimony filed on July 9, return on equity is regarded as an important indicator of the broader regulatory environment. This is due in part to the fact that it is not a simple mathematical outcome, rather, it reflects the Commission's reasoned judgment among alternatives. A lower ROE awarded under current market conditions would lead investors to increase their perception of regulatory risk and business risk assessment of FPL. Equity investors would logically redirect their capital into lower risk or higher return alternatives, and credit rating agencies likely would downgrade FPL either immediately or over time.

Q. How would this impact customers?

A. With FPL's financial strength undermined in such a way, the Company's ability to continue delivering superior customer value would erode over time. This includes the inability to keep costs low, or maintain superior reliability, or both.

Q. Do you have any other observations about the NSPs' reliance on the ROEs approved for other utilities in past years?

A. Yes, and it's an observation I believe should be of utmost importance to the Commission as it weighs the evidence. While the NSP witnesses incessantly compare the ROE under the Proposed Settlement Agreement to other utilities, not a single one of them compares those utilities' bills against FPL's. The reason is obvious: the comparison would undermine their testimony entirely. A comparison of ROE versus bill position among the utilities referenced by the NSPs makes clear that the relationship between a low ROE and low customer bills exists only in theory. It evaporates in practice.

Exhibit SRB-14 shows that FPL's 2025 bill *and its 2026 projected bill under the Settlement* is lower than the January 2025 bill for 43 of the 58 utilities in the NSPs' comparison (or 74%). FPL delivers this low bill proposition even though its 2025 and 2026 ROEs would rank highest in the group. FPL's 2025 and projected 2026 bills are also lower than both the average and median reported January 2025 bills among this group. This bill comparison emphasizes that the NSPs continue to ignore what really matters to customers. Customers pay a total bill, not an ROE. FPL's strong ability to attract capital is a benefit to customers, not the detriment the NSPs attempt to portray.

For clarity, FPL continues to maintain that bill comparisons against Southeast utilities are more appropriate due to more similarities in terms of storm risks, which tend to have a significant impact on bills. Table 3 of my July 9, 2025 rebuttal testimony provides a relevant comparison.

V. RATE STABILIZATION MECHANISM

Q. OPC witness Schultz, FEL witness Rábago, and witness Herndon on behalf of all NSPs oppose FPL's RSM. In large part, their opposition is based on their view that FPL will use the mechanism to get to the top of its ROE range. How do you respond?

A. This argument by the NSPs is repetitive of the arguments that they have lodged against the Tax Adjustment Mechanism ("TAM") in this proceeding and the failed arguments lodged in opposition to FPL's current and past Commission-approved non-cash mechanisms. Throughout this proceeding, the Company has explained that the TAM is sized to allow FPL to continue making investments for the benefit of customers in 2028 and 2029 and have the opportunity to achieve the midpoint ROE. Therefore, by mathematical definition, the TAM alone would not have been enough to cause FPL to reach the top-end of the range over the four-year period. FPL would have to achieve such earnings through other means, namely the creation of business efficiencies.

The same principle is true for the RSM, except that, unlike the TAM, the total value of the RSM falls short of what is necessary to reach the midpoint over the four-year settlement term.

Q. Please explain.

A. Confidential Exhibit SRB-13 shows that the 2026 and 2027 revenue increases are not sufficient to produce earnings at the 10.95% midpoint ROE. On a cumulative basis over the four-year term, this amounts to an approximate $378 million (or $283 million after-tax) deficit relative to the midpoint ROE that FPL must somehow make up. Based on the settlement midpoint, FPL's incremental after-tax revenue requirement need for 2028 and 2029 is $1.598 billion. Thus, in total, FPL needs approximately $1.9 billion just to reach the midpoint from 2026 through 2029. FPL's current expectation of the RSM amount, inclusive of all components is several hundred million dollars less than what it needs to achieve earnings at the midpoint ROE.

Q. What is the significance of this deficit?

A. It empirically demonstrates that the RSM does not provide FPL the means with which to earn at or near the top of the range over the four-year period. Even if FPL used the entire estimated RSM amount, it would earn below the midpoint. And, to earn at or near the top of the authorized range, the Company must find more than $2 billion in savings and revenues from other ***non-RSM*** sources. This deficit also further disproves the NSPs' claim that FPL did not make any concessions.

Q. The NSPs claim the RSM would allow FPL to achieve excessive earnings. Do they have a reason to be concerned?

A. Not at all. In addition to the mathematical impossibility I described above, the Proposed Settlement Agreement expressly prohibits FPL from over-earning. It is well established that earnings within the Commission authorized range are reasonable, not excessive, and the Settlement requires FPL to stay within the range. Paragraph 4(b) allows any party to initiate a rate review if FPL's earnings exceed the authorized range, and Paragraph 21(b) mandates that FPL amortize enough RSM to debit and credit the pertinent income statement and balance sheet accounts necessary to prevent it from exceeding the top of its authorized range.

Q. Please respond to OPC witness Schultz's claim that use of the RSM "comes at a cost" to customers.

A. Mr. Schultz has it backwards. The absence of an RSM will cost customers. Fundamentally, without the RSM, FPL would be back before the Commission no later than the first quarter of 2027 for new cash-based rates effective in 2028. Worse, if the NSPs' fondness for the one-year-at-a-time approach prevails, over the next four years FPL would initiate three more rate proceedings from 2026 through 2028 for new cash-based rates effective 2027 through 2029.

Focusing on 2028 and 2029 for illustrative purposes, customers would experience a cash increase of approximately $923 million in 2028 and an incremental $809 million in 2029. These cash increases in each respective year amount to approximately $7.39 per month on the 1,000 kWh typical residential customer bill and an incremental $6.48

per month for a total of $13.86 per month in the second year. This increase is 140% greater than what customers would experience by the end of 2029 with the RSM, inclusive of anticipated SoBRA additions.

Customers would also be deprived of the benefits that management is incentivized to deliver with an RSM that enables a four-year stay out. The Company will be able to focus on improving operations and value instead of planning for and preparing for serial rate cases. Compared to FPL's peers, that incentive – coupled with the Company's ability to execute – has produced billions of dollars of annual O&M savings for customers over many years, savings that persist today and are continuing to drive down FPL's customer bills.

Additionally, as I have previously explained, customers would bear all of the unknown risk associated with market and business conditions that might arise in 2028 and 2029. In the absence of the rate freeze proposed in the Settlement, the impacts of those risks would be incorporated in each of FPL's rate requests over the period. This is what would have occurred over the last four years had it not been for the RSAM awarded under the 2021 Settlement Agreement – customers would have borne the higher costs from increased interest rates and inflation. Under the Proposed Settlement Agreement, FPL bears those risks, which include rising interest rates, tariffs, global conflict and any resulting market impact. This underscores both the risk customers are avoiding and the concessions represented in the Settlement's 2026 and 2027 revenue increases. FPL's four-year rate proposal, enabled by the RSM, would lower the customer bill impact over the period and allow for the opportunity to create savings for customers over the longer-term.

Q. OPC witness Schultz argues that "[i]f the (RSM) credit was not utilized to adjust earnings, at some point in time that credit would impact (offset) expenses that would otherwise be borne by customers. . . . these credits would result in a cost savings to customers and reduce the cash requirement for paying their utility bill." Does this indicate that the RSM will harm customers?

A. No. In fact, Mr. Schultz's statement suggests that he should support the RSM because it features the same advantages he attributes to the referenced "credits." The RSM is used to "offset expenses that would otherwise be borne by customers." In this context, the "expenses" are the additional revenue requirements incurred for investments that will benefit customers. Implementing the RSM "reduce[s] the cash requirement for paying their utility bill," specifically by avoiding cash increases in 2028 and 2029.

Q. OPC, FAIR and FEL witness Herndon claims you admitted in deposition that the purposes of the RSM can be achieved if FPL's use of the RSM was limited to the midpoint ROE. Please explain your statement.

A. Limiting FPL's use of the RSM to the midpoint ROE may achieve benefits when viewed in a vacuum, that is, viewing one snapshot in time, such a limitation might allow FPL to address unexpected expenses and provide rate stability. However, FPL does not view the RSM, and does not plan its business, based on an isolated point in time. It needs to be able to respond to fluctuations in the economy or markets, as well as take a long-term view of the business. Longer-term planning may involve such things as accelerating certain investments when the economics make sense for customers or shifting the timing of certain expenditures in the face of unexpected population growth. Flexibility, not constraints, allows management to effectively respond to outside conditions and develop these value-added plans within the range of a reasonable ROE as approved by the Commission. As noted earlier in my testimony, FPL does not have sufficient RSM to achieve the midpoint ROE over the minimum term of the settlement, therefore it will be incumbent on FPL to manage the RSM and generate efficiencies if it wishes to earn at or above the midpoint for all four years. In addition, achieving base rate earnings above the midpoint provides an incentive for FPL to effectively manage the business while allowing for additional book returns for investors in the near-term but creating long-term value for customers in the form of lower operating expenses.

The RSM is designed to work within the authorized range established by the Commission and provides FPL the flexibility needed to commit to a four-year rate plan while managing various risks and uncertainties. Restricting its use would undermine its effectiveness, dampen the built-in incentives and potentially compromise FPL's ability to attract capital and maintain financial stability throughout the four-year period.

Q. How can the Commission and FPL customers be assured that enabling this flexibility will be beneficial for all stakeholders?

A. The Commission and customers need only look to FPL's proven track record. FPL has had authority to use its non-cash mechanism flexibly over numerous multi-year rate periods. This has allowed FPL to manage risks and fluctuations in the business while also planning over a longer-term horizon and staying within its authorized range over the full term with no incremental general base rate increases in the latter half of each multi-year rate period. The resulting customer value is obvious, undisputed and sustained, even if the NSPs ignore them. Customer bills remained stable, predictable and well below the national average, and FPL generated billions of dollars in annual sustainable savings that have benefitted customers in the past and the present and will continue to benefit them in the future.

Q. The NSPs also challenge use of the TAM as a funding mechanism under the RSM, alleging that it results in "double recovery" of taxes from customers. How do you respond to this characterization?

A. This characterization misrepresents how the TAM operates. There is no "double recovery" occurring with respect to federal income taxes because FPL will not collect double the amount of deferred tax liabilities. FPL is going to continue to invest for the benefit of customers in 2028 and 2029, and rather than increase cash rates to cover the revenue requirement of those investments, FPL is going to utilize TAM dollars that it has collected from customers and credit that back to customers to pay for the investments. Therefore, in essence, customers and FPL are back to "zero." FPL will thereafter recover the amounts necessary to pay the outstanding tax obligations when they are due to the government, but it will never recover *double the amount of taxes* due to taxing authorities.

The mechanism simply allows FPL to temporarily utilize a discrete amount of unprotected deferred tax liabilities to offset revenue requirements associated with continued capital investments and operational needs that would otherwise require additional cash-based rate increases in 2028 and 2029. This means customers avoid the burden of paying additional near-term increases for new investments, while FPL maintains the ability to continue essential infrastructure improvements. This creates a win-win situation where customers get rate stability and continued system improvements without additional financial burden. This is no different than how the RSAM has worked in the past.

Q. OPC, FEL and FAIR witness Herndon claims this mechanism allows FPL to "seize customer prepaid federal income taxes." How do you respond to this characterization?

A. This characterization is both inflammatory and factually incorrect. FPL is not "seizing" anything from customers - we are proposing to utilize deferred tax liabilities in a regulated mechanism that includes full customer protections. Just as the RSAM was used in the past, the deferred tax liabilities will be used to cover the revenue requirements of continued investments that benefit customers, rather than increasing rates through general base rate increases and customer bills in the last two years of the agreement. Every dollar utilized through the RSM is tracked through regulatory assets and liabilities, with Commission oversight and pursuant to Paragraph 21(e), will be reported with FPL's monthly earnings surveillance report. This is the opposite of "seizing" – it is a transparent, regulated mechanism that provides customers with immediate benefits while preserving their future rights.

VI. ASSET OPTIMIZATION PROGRAM

Q. NSP witnesses assume that FPL will be recognizing an additional $90.5 million each year pursuant to modifications to its Asset Optimization proposed under the Settlement. Is this assumption appropriate?

A. No. While FPL consistently works to generate gains for customers, it is overly presumptuous to assume it will achieve far more gains than it has in prior years. Counterparties are not required to enter optimization transactions. Gains are not guaranteed. As it was designed, the Asset Optimization Program incentivizes FPL to continue working hard to find opportunities, but it bears the risk that optimization opportunities will not materialize.

Q. FEL witness Rábago expects that future Asset Optimization gains will exceed levels attained in previous years because FPL will be able to engage in more renewable energy credits as it places more solar units in service. Is this connection between additional solar units and never-before-seen levels of gains logical?

A. No, Mr. Rábago provides no support for his conclusion. While his theory has some superficial appeal, it is based on invalid assumptions about either the renewable energy credits ("REC") market or FPL's REC inventory. Specifically, for additional solar units to result in higher gains from REC sales, one or more of the following must be true: (1) there must be unfulfilled market demand for RECs; (2) future market prices for RECs must be equal to or greater than past levels; and (3) FPL has no excess RECs in its "inventory." None of these assumptions stand up to market realities. The demand for RECs is currently on the decline and is not expected to improve. In addition, even under the assumptions a more robust market existed in prior years, FPL's existing solar fleet already generated more RECs than the Company could sell. Adding more solar units would increase FPL's inventory but would not enhance gains due to weak demand.

Aside from the weakened REC market, FPL is not long on capacity and energy due to the growth in its own capacity needs. Accordingly, FPL does not anticipate material incremental gains from the wholesale power market. This means that FPL is taking risk on the amount of gains it can generate and ultimately recognize in base rates.

Q. FEL witness Rábago also suggests that all optimization gains should count toward base revenues, and that any claim FPL has on shareholder gains is "illusory," pointing to the fact that FEL did not support the 2021 Rate Settlement that established the Asset Optimization Program's sharing mechanism. Please respond.

A. Mr. Rábago is in denial. The Commission approved FPL's 2021 Rate Settlement, which established the existing Asset Optimization Program as ongoing and confirmed its sharing thresholds. FEL twice appealed the Commission's order. The Florida Supreme Court first affirmed the Program's legal validity and subsequently affirmed that the 2021 Rate Settlement, inclusive of the ongoing Program, is in the public interest. The Proposed Settlement Agreement would modify the Program in two ways: (i) first, it changes where the customer portion is recognized during the Term and, (ii) second, it creates a fourth sharing threshold. No other modification is before the Commission, let alone what would amount to a flat-out dissolution of the Program if Mr. Rábago's recommendation were adopted.

VII. RESIDENTIAL CUSTOMER PAYMENT ASSISTANCE

Q. FEL witness Rábago derides the provisions of the Proposed Settlement Agreement that would establish a $15 million customer assistance fund and would mandate the suspension of payment-related disconnections under certain weather conditions. Is his commentary sound?

A. No, I have trouble making sense of his position. Mr. Rábago's testimony is submitted on behalf of FEL, but the position FEL took in its August 26 Position Statement jointly sponsored by the NSPs adopts both the customer assistance fund and disconnection policy. In fact, FEL states specifically that these provisions "provide[s] a reasonable starting point for protecting residential customers and agrees to the inclusion of those provisions."

Q. Please briefly describe FEL witness Marcelin's complaints about the customer assistance fund that FPL would establish, and your response to his position.

A. In essence, Mr. Marcelin complains that the fund is not large enough. He appears to take the position that any such fund must be sized at $1.6 billion. He goes on to say that the fund should be paid for by FPL's shareholders.

Mr. Marcelin's positions are, at best, unreasonable. The $15 million allocated for customer assistance is estimated to support tens of thousands of customers. The funding would be incremental to governmental support as well as the voluntary contributions from customers, employees and shareholders that helped more than two hundred thousand customers during the current four-year settlement term (2022-2025) alone. Mr. Marcelin's suggestion that shareholders should fund the assistance program has no place in this proceeding. The Commission lacks jurisdiction to dictate a utility's charitable donations.

Finally, any suggestion that the fund should be sized at $1.6 billion is illogical, if not counterproductive. The $1.6 billion would serve to increase revenue requirements by $400 million per year, which is equivalent to the entire 2027 incremental revenue requirement set forth in the NSPs' Position Statement.

VIII. DISCONNECTION POLICY

Q. The Proposed Settlement Agreement includes a provision that calls for the suspension of disconnections for non-payment under specified hot or cold weather conditions. FEL witness Marcelin criticizes this provision as insufficient because it does not sufficiently account for humidity. Is Mr. Marcelin's criticism valid?

A. No. FEL witness Marcelin overlooks the fact that FPL is not under any requirement to suspend disconnections for non-payment. It is therefore puzzling that Mr. Marcelin would frown upon the scope of a voluntary program that guarantees customers' electricity will stay on even when they would be subject to disconnection for non-payment. Mr. Marcelin's specific complaint regarding the need to account for humidity is also unfounded. Under the Proposed Settlement Agreement, disconnections are prohibited when a heat advisory has been issued by the National Weather Service. According to the National Weather Service webpage, heat advisories take into account heat index values, which, in turn, take into account the effects of humidity. Thus, contrary to Mr. Marcelin's protest, the proposed disconnection policy does account for humidity.

Q. FEL witness Marcelin argues that the Commission should require a "more protective approach," pointing to Arizona's requirement for a moratorium on disconnecting customers from June 1 to October 15 as well as 40 northern states with disconnection policies based on freezing temperatures. How do you respond?

A. The disconnection suspension policy proposed in the Settlement is similar to those praised by Mr. Marcelin. Arizona's disconnection regulations, cited in footnote 9 of his testimony, provide utilities the option to adopt either a June 1 to October 15 moratorium ***or*** a policy based on 32-degree or 95-degree temperatures. Likewise, according to the source cited by Mr. Marcelin, the 40 referenced northern states have either a suspension policy based on 32 degrees or a winter month suspension policy. The Settlement policy adopts the temperature-based approach sanctioned by both Arizona and the 40 northern states.

IX. SOLAR AND BATTERY BASE RATE ADJUSTMENTS

Q. OPC witness Schultz claims that the SoBRA provision included in the Settlement lacks regulatory oversight because the need is demonstrated when the project costs are trued-up only after construction. Is he correct?

A. No, Mr. Schultz completely misunderstands the SoBRA mechanism. Under the express terms described in Paragraph 13 of the Settlement, FPL cannot recover costs associated with any resource addition without prior Commission approval. Mr. Schultz's apparent miscomprehension is particularly puzzling because he purports to represent the position of OPC which has been a party to multiple rate settlement agreements that have included similar SoBRA provisions with similar approval processes, as well as multiple SoBRA proceedings that followed the framework established in those agreements. OPC must undoubtedly be aware that Mr. Schultz mischaracterizes the nature of the SoBRA process.

Q. Is the need for the assets subject to a SoBRA demonstrated only after construction, as Mr. Schultz describes?

A. No. Under the Proposed Settlement Agreement, as in prior settlements, the SoBRA proceeding is filed the calendar year *before* the projects enter service. For example, a petition for approval to recover the costs of the 2027 solar projects must be filed in 2026. That petition must provide the estimated project costs and must describe the economic analysis supporting the projects. The Commission likewise determines whether to approve the SoBRA cost recovery request during that prior calendar year. Thus, the "need" is demonstrated – and ruled upon – before construction is complete.

Q. Does FPL start construction before demonstrating the need?

A. Yes, FPL commences construction activities before the need is determined. This is a practical necessity stemming from the construction timeline for solar or battery facilities, which can span 18 months or more. The Commission retains full oversight, however, because as I have explained, FPL cannot recover any costs from customers – even if they have already been incurred – unless the Commission affirmatively determines that FPL satisfied its burden to demonstrate a need.

Q. OPC witness Schultz observes that the proposed SoBRA framework lacks cost caps and that any costs in excess of the initial projection would be recovered when rates are next reset. He claims that, as a result, customers would not be protected. Are his observations correct, and if so, are customers protected?

A. Mr. Schultz misses the broader context. He correctly notes that there are no cost caps, but he conspicuously omits the fact that there are other safeguards in place – safeguards that OPC has accepted as being in the public interest. Specifically, the Settlement requires FPL to demonstrate a cost-effectiveness ratio of 1.15 to 1 and that savings are expected to be realized within 10 years. These mandatory factors are designed to deliver greater benefits to customers sooner.

Mr. Schultz correctly notes that actual costs that exceed FPL's original estimate will be reflected in its earnings surveillance reports. However, those costs will not be included in the determination of base rates in the FPL's next base rate proceeding if the Commission determines they were imprudent. Customers thereby remain protected against recovery of imprudent costs.

Q. OPC witness Schultz expresses concern that the SoBRA mechanism creates uncertainty regarding future rate increases because the cumulative 4,470 MW of solar and 1,200 MWs of battery storage set forth in the Settlement "appear to merely be targets." Does FPL have unbound discretion to install solar and battery projects under the SoBRA provision?

A. No. The 4,470 MW of solar and 1,200 MW of battery storage referenced in Paragraph 13(a) of the Proposed Settlement Agreement set the maximum amount of resources that can be the subject of SoBRAs. In other words, FPL cannot use the SoBRA mechanism to recover any incremental costs associated with solar or battery resources in excess of the megawatts identified in the Settlement's SoBRA provision.

Q. FEL witness Rábago asserts that the economic analyses used to support FPL's resource additions rely on the future imposition of carbon costs. Is this true?

A. I refer Mr. Rábago to FPL's response to Staff's Seventh Set of Interrogatories, No. 151, sponsored by FPL witness Whitley, which shows that FPL's 2026 and 2027 anticipated resource additions are economic regardless of whether carbon costs are ultimately assessed.

X. 2025 BATTERIES

Q. FEL witness Rábago objects to including the investment tax credits ("ITC") associated with the 2025 batteries as a funding source for the RSM. In addition to his objection to flow-through accounting, he states that the 2025 batteries "were never approved" and being installed during what should be a base rate freeze from FPL's last rate settlement. How do you respond?

A. I will not address Mr. Rábago's objection to flow-through accounting, as that has been previously rebutted. See Exhibit SRB-11. He correctly points out the unremarkable fact that 2025 batteries were not pre-approved. They were not required to be. They are, however, the subject of this proceeding. In fact, the approval of the 2025 batteries was specifically identified as Issue No. 23 in the Commission's Prehearing Order. The merit of these resources was addressed by FPL witness Whitley in connection with FPL's original petition.

I am puzzled by Mr. Rábago's objection to installing batteries during the current rate freeze. He does not – and cannot – allege that the rate freeze was violated in any way. Customer bills were not increased as a result of the installation. Base rates were frozen as required by the 2021 Rate Settlement.

XI. CAPITAL RECOVERY AND SCHERER PLANT

Q. What is the current approved depreciable life for Scherer Plant, and does the Proposed Settlement Agreement change this date?

A. The current approved depreciable life for Scherer Plant is 2047 as established in FPL's 2021 Rate Settlement. The Proposed Settlement Agreement does not change this retirement date for depreciation purposes. The 2047 depreciable life will continue to be used for purposes of calculating depreciation rates under the settlement, providing regulatory certainty and continuity with the Commission's prior approval.

Q. Is there any scenario under which Scherer Plant would retire during the next four years?

A. No. Under no scenario contemplated in this proceeding or by the plant's principal owner and operator – Georgia Power - would Scherer Plant retire during the next four years. The plant will continue to operate and provide service to customers well beyond this timeframe. The NSPs' concerns about immediate retirement impacts are therefore not applicable to the current situation. Furthermore, FPL will file a comprehensive depreciation study as part of its next base rate case, which is anticipated to occur in approximately four years. At that time, all depreciation parameters, including estimated service lives and net salvage rates, will be reviewed and updated based on the most current information available.

Q. NSPs have claimed that extending capital recovery schedules for early asset retirements to 20 years violates the matching principle. How do you respond to these allegations?

A. This claim fundamentally misunderstands the regulatory environment in which utilities operate. The matching principle in a regulated environment is not rigid; it allows for Commission discretion in balancing multiple factors including rate stability, intergenerational equity concerns, and the overall public interest. There is no Commission rule that dictates a specific capital recovery schedule period. Both 10 years and 20 years can be reasonable depending on the circumstances and the overall settlement context. This is exactly what occurred in FPL's 2021 Rate Settlement whereby the parties agreed to move capital recovery to 20 years, and the same principle applies here.

Q. NSP witness Schultz argues that extending recovery periods creates "intergenerational inequity." How do you respond to this characterization?

A. This argument ignores the fundamental reality of utility operations and customer benefits. Extending recovery periods enables a comprehensive four-year settlement agreement that provides rate certainty and avoids multiple costly rate proceedings. The Commission routinely exercises its discretion to approve recovery periods that balance multiple factors including rate impacts, customer benefits, and overall settlement objectives. This regulatory flexibility is not only permitted but essential for crafting comprehensive agreements that serve the public interest while ensuring utilities can recover prudently incurred costs.

Q. How do you respond to FEL witness Rábago's claims that future customers should not pay for assets that "never served them"?

A. Future customers receive tangible benefits from the replacement assets that are necessitated by the early retirement of previous assets. These customers also benefit from avoiding the costs and service disruptions that would have occurred if we had continued operating aging, less efficient, or less reliable equipment until its natural retirement date. The overall system improvements, enhanced reliability, and operational efficiencies that result from strategic asset replacements provide value that extends well beyond the original asset's planned life, justifying the extended recovery period.

XII. NON-SETTLING PARTIES' POSITION STATEMENT

Q. Please describe the NSPs' Position Statement regarding revenue requirements, ROE, and treatment of ITCs.

A. The NSPs have proposed significantly lower revenue requirements, a 10.60% midpoint ROE compared to FPL's Settlement which provides for a 10.95% midpoint ROE, and to change the ITC treatment from flow-through to normalization over a four-year arbitrary period. Their Position Statement would set FPL's base revenue increase at $867 million in 2026 and $403 million in 2027. The NSPs characterize their proposal as reasonable, but simple calculations show their positions would severely compromise FPL's financial integrity and ultimately harm customers.

Q. Do you agree the 10.60% ROE is reasonable?

A. No. For the reasons I already have described, and as further explained by FPL witness Coyne, an ROE of 10.60% is not reasonable. An ROE lower than what was approved for FPL in 2021 cannot be justified in view of the changes in market conditions since that time.

Q. Please explain why the NSPs' positions would compromise financial integrity.

A. The combination of the 2026 and 2027 revenue increases and the ITC normalization treatment would drive FPL into a position of earning just barely enough to stay above the bottom of the authorized range in both 2026 and 2027. For all of the reasons FPL has previously explained, it plans to undertake all of the investments and expects to incur the same level of expenses in 2026 and 2027 as filed in the original petition. Simple math shows that, even if one assumes that a 10.60% midpoint ROE were reasonable, which FPL disputes, FPL is projected to fall more than $480 million short of that midpoint in 2026 in light of the NSPs' position that the ITC associated with battery storage systems should be normalized over four years. FPL's ROE in that scenario would be 9.66%. That shortfall would carry into 2027 and then be compounded in that year, for a shortall of $529 million and a 9.64% ROE. This calculation is shown in Exhibit SRB-15. Thus, under the NSPs' Position Statement, over the next four years, FPL would earn nearly 20 basis points below the bottom of its current ROE range. As I have explained, this result is unreasonable based on changes in the market since the Commission ruled on FPL's last rate case.

This demonstrates that the NSPs' position is fundamentally flawed and would violate basic ratemaking principles that require utilities to have a reasonable opportunity to earn their authorized return. The NSPs' position essentially creates a regulatory promise that cannot be fulfilled, eschewing the regulatory compact and ultimately harms customers through impaired utility financial integrity.

Q. What does it mean for FPL's rates to be set at the bottom of its authorized ROE range?

A. Having rates set such that FPL would be earning at the very bottom of the authorized range is contrary to fundamental fairness and basic ratemaking principles. The Commission sets rates at the midpoint and provides a range to account for conditions that impact the business as well as efficiencies generated by the utility. The NSPs' position, by contrast, forces FPL to begin the rate period at the threshold of underearning.

Q. The NSPs' Position Statement anticipates a two-year rate term. Does this benefit customers?

A. A two-year rate proposal does not harm customers on its own accord. However, it is inferior to the four-year term contemplated under FPL's Settlement for the reasons I described earlier. Under the NSPs' two-year proposal, customers would face the uncertainty of another potentially contentious rate case beginning in 2028, if not earlier, creating regulatory uncertainty and potentially higher costs. The four-year term eliminates this near-term regulatory uncertainty and provides customers with clearer visibility into rates through 2029.

Q. The NSPs' Position Statement seemingly assumes that an optional one-time generation base rate adjustment ("GBRA") in 2028 or 2029 would be sufficient for FPL to remain out for the full four years. Do you agree?

A. No. Based on the analysis I described above, FPL would not be able to earn at the midpoint ROE in 2026 or 2027 and would be forced to return to the Commission for a general base rate increase much sooner than planned, making a GBRA in 2028 or 2029 unnecessary. GBRAs historically have been designed to keep intact a rate plan that was designed from inception to provide the utility a reasonable opportunity to earn at the midpoint. GBRAs were not intended to extend, let alone salvage, confiscatory rates.

Even if FPL was able to earn at the midpoint ROE, the GBRA contained in the NSPs' Position Statement would not be sufficient for FPL to avoid a general base rate increase before 2030. As seen in FPL witness Laney's Exhibit IL-13 (errata), even with a SoBRA in both 2028 and 2029, FPL was projected to fall below its midpoint ROE in both years without a non-cash mechanism.

Q. The NSPs' Position Statement includes a provision regarding changes in corporate income tax. Do you agree with their framework?

A. The NSPs appear to suggest that FPL's original petition did not include a provision for a corporate income tax change. This is not correct. My Exhibit SRB-8 and pages 60 to 63 of my direct testimony describe a tax law change provision that largely mimics the language included in FPL's 2021 Rate Settlement. The NSPs' Position Statement essentially adopts the same framework with one material exception: the Proposed

Settlement Agreement includes a provision that addresses impacts to the TAM based on changes in corporate income tax rates. This provision is an important component of the Proposed Settlement Agreement. Its absence from the NSPs' Position Statement presumably stems from their disagreement with the TAM and RSM, which, as I have explained, is crucial to keeping FPL's Settlement intact. For the reasons I have described, this omission renders the NSPs' tax change provision flawed and not in the best interest of customers.

Q. Does this conclude your settlement rebuttal testimony?

A. Yes.

FPL

Contentions Previously Rebutted

Non-Settlement Party Witness	Page, Line	Intervenor Contention	Previously Rebutted by FPL (Witness, Page, Line)
Karl Rabago: FEL	Page 24, lines 12-15	GSD-1EV and GSDL-1EV tariffs… "demonstrate FPL's overreach into the EV charging industry and risks subsidization from the general body of ratepayers for these programs that do not benefit FPL's customers and only benefit third-party developers."	Oliver: pg. 20, ln. 10 - pg. 21, ln. 16
Helmuth Schultz: OPC	Page 26, lines 1-3	"...FPL's attempts to include an increase of 315 employees over the 2024 actual average employee complement for planned complements of 9,382 in 2026, and 9,427 in 2027, while failing to provide any justification for the new positions…"	Buttress: pg. 5, ln. 7 - pg. 10, ln. 15
Helmuth Schultz: OPC	Page 26, lines 20-23	"...OPC identified with the filed case are that the incentive plans lack a true incentive to produce improved performance, and the Company could not explain how the incentive pool is actually determined."	Buttress: pg. 13, ln. 1 - pg. 36, ln. 15
Karl Rabago: FEL	Page 16, line 24; Page 17, lines 1-5	"If the general body of ratepayers is on the hook to pay for the 2025 NW FL batteries, they should receive the full benefits of the associated tax credits. That means the ITCs should be normalized over the same depreciable life as customers will be charged for the capital costs of the 2025 batteries, so that the ITCs reduce the revenue requirement in every year of their depreciation."	Laney: pg. 36, ln. 1 - pg. 37 ln. 21
Mackenzie Marcelin: FEL	Page 15, lines 3-9	"The SIP Proposal increases FPL's minimum bill to $30, the same as was proposed in FPL's as-filed case...FPL did not provide any support for this increase in the SIP Proposal, and this again represents how the SIP Proposal does not represent all customer classes."	Cohen: pg. 14, ln. 12 - pg. 16, ln. 3
Helmuth Schultz: OPC	Page 26, lines 9-11	"...undercapitalization caused by a major shift in payroll from capital to expense was not justified in FPL's direct testimony or rebuttal."	Buttress: pg. 10, ln. 18 - pg. 12, ln. 22

Non-Settlement Party Witness	Page, Line	Intervenor Contention	Previously Rebutted by FPL (Witness, Page, Line)
John Thomas Herndon: FAIR, OPC, FEL	Page 15, lines 4-16	"The midpoint ROE provided by the SIPs' Proposed Settlement, even though reduced from FPL's original request (of 11.90 percent), is still - at 10.95 percent - excessive by objective standards and would therefore result in excessive revenues for FPL and excessive - unfair, unjust, and unreasonable - rates being charged to FPL's customer. Specifically, it is 45 basis points greater than any ROE approved, whether in a settlement or a litigated outcome, by any public utility commission or public service commission in the United States over the past two years. It is also 45 basis points greater than the highest ROEs approved in the southeastern U.S. in recent years. This excessive ROE alone would result in excess revenues of approximately $225 million per year starting in 2026 when compared to the highest ROE approved anywhere else in the U.S., and probably more (due to sales growth) than $900 million over the life of the SIPs' Proposed Settlement."	Bores: pg. 26, ln. 1 - pg. 27, ln. 23 Coyne: pg. 9, ln. 13 - pg. 12, ln. 16 Coyne: pg. 17, ln. 17 - pg. 20, ln. 8
Helmuth Schultz: OPC	Page 34 lines 5-7	"The SIPP does not appear to make any adjustment to the 10.95% ROE to account for the lower risk as a result of allowing FPL to have an RSM."	Bores: pg. 30, ln. 1 - pg. 33 ln. 14 (addresses similar contention as to the TAM non-cash mechanism) Coyne: pg. 53, ln. 14 - pg. 57, ln. 6 (addresses various risk factors that justify FPL's proposed ROE)
Zayne Smith: FAIR, OPC, FEL	Page 12, lines 11-16	"SIPs' Proposed Settlement would allow FPL to use, through its proposed TAM, up to $ 1.155 billion of money paid by its customers to cover FPL's future tax liabilities to enhance FPL's earnings, with future customers then effectively forced (through accounting amortization of the funds used by FPL) to cover the repayment of their money that FPL plans to use over the next four years."	Bores: pg. 31, ln. 2-21 Bores: pg. 34, ln. 14 - pg. 41, ln. 5 Laney: pg. 41, ln. 1 - pg. 42, ln. 9 Laney: pg. 49, ln. 1-10
Helmuth Schultz: OPC	Page 32 lines 8-10	"Essentially, this RSM allows FPL to adjust its earnings for a favorable appearance for shareholders at a cost to customers."	Bores: pg. 31, ln. 1 - pg. 41, ln. 5 (addresses similar contention as to the TAM non-cash mechanism)
Helmuth Schultz: OPC	Page 32 lines 15-23	"...assuming that FPL were to legitimately record an achieved operational earned return at or near the midpoint in the normal course of business, and then decide to utilize the RSM to artificially raise that return from the operationally-achieved midpoint up to the high point of the range, FPL would be squandering a credit due to customers (in the case of the AOM sharing benefits) or require them to be collected again from customers (in the case of the DTLs). Clearly that needless shift of dollars to improve the return for shareholders and enhancing stock value deprives customers of revenue requirement reductions due them now and in the future."	Bores: pg. 31, ln. 1 - pg. 41, ln. 5 (addresses similar contention as to the TAM non-cash mechanism)

Non-Settlement Party Witness	Page, Line	Intervenor Contention	Previously Rebutted by FPL (Witness, Page, Line)
John Thomas Herndon: FAIR, OPC, FEL	Page 8, lines 12-18 Page 10, lines 17-19	[TAM] "would allow FPL to use its proposed Tax Adjustment Mechanism to achieve grossly excessive earnings" and "TAM would allow FPL to unjustly take money paid in by its customers to cover future FPL tax obligations to enhance FPL's earnings and then effectively force future FPL customers to pay back the money that FPL used."	Bores: pg. 31, ln. 2-21 Bores: pg. 34, ln. 14 - pg. 41, ln. 5 Laney: pg. 41, ln. 1 - pg. 42, ln. 9 Laney: pg. 49, ln. 1-10
Karl Rabago: FEL	Page 16, lines 13-16	"FPL acknowledges that all deferred tax funds that FPL spends will have to be recovered by customers in the future, so by appropriating those funds for a different use, FPL's customers are subject to a double-recovery of the deferred tax liabilities."	Laney pg. 49, ln. 1-10
John Thomas Herndon: FAIR, OPC, FEL	Page 18, line 16 - Page 19, line 2 Page 22, lines 4-7	"By approving any given midpoint in combination with the TAM, the Commission would effectively be giving FPL a license to over-earn and overcharge its customers by up to 100 basis points. To be clear, if the Commission authorizes an ROE of 10.95 percent and allows FPL to use the RSM including the deferred tax liabilities that were part of FPL's originally proposed TAM, the Commission will be giving FPL an effective license to overcharge its customers by $500 million per year, and probably more than that when considering FPL's likely sales growth." "This would give FPL the opportunity to earn up to $2 billion in excessive earnings over the term of the SIPs' Proposed Settlement as compared to the defined fair and reasonable midpoint ROE."	Bores: pg. 31, ln. 2-21 Bores: pg. 34, ln. 14 - pg. 41, ln. 5
John Thomas Herndon: FAIR, OPC, FEL	Page 19, lines 10-16	[Devlin] "states that FPL used the RSAM from the 2021 settlement to achieve approximately $1.46 billion in increased earnings, and that FPL achieved earnings approximately $1.54 billion above the approved midpoint ROE from January 2022 through the time Mr. Devlin's testimony in this case was filed. This demonstrates that FPL did not need the RSAM to earn the fair and reasonable midpoint ROEs approved by the Commission in the 2021 settlement."	Bores: pg. 31, ln. 1 - pg. 41, ln. 5 Laney: pg. 47, ln. 3 - pg. 48, ln. 19
John Thomas Herndon: FAIR, OPC, FEL	Page 19, lines 18-20; Page 21, line 13-19	"FPL intends to use the RSM/TAM in the same way that FPL has used the RSAM since January 2022." "First, FPL does not need the ability to use the RSM and the components thereof, including the TAM's deferred tax liabilities as proposed in the SIPs' Proposed Settlement, in order to earn a reasonable return and to realize all the benefits its claims the RSM/TAM would provide. And second, FPL intends to use the RSM/TAM to maximize its earnings up to and including achieving ROEs at or near the top of its range. "	Bores: pg. 31, ln. 1 - pg. 41, ln. 5
Mackenzie Marcelin: FEL	Page 13, lines 12-15	"The SIP agreement also takes the deferred tax liabilities that customers have already paid to FPL and uses them to allow FPL to stay at the top of its allowed range (11.95%) and requires that FPL's customers pay those deferred tax liabilities back to FPL, including in 2030."	Bores: pg. 31, ln. 2-21 Bores: pg. 34, ln. 14 - pg. 41, ln. 5 Laney: pg. 41, ln. 1 - pg. 42, ln. 9 Laney: pg. 49, ln. 1-10

Non-Settlement Party Witness	Page, Line	Intervenor Contention	Previously Rebutted by FPL (Witness, Page, Line)
Karl Rabago: FEL	Page 26, lines 8-9	"...the 2027 batteries are not economic and there has been no demonstrated need for them…"	Whitley: pg. 12, ln. 1-15 Whitley: pg. 14, ln. 11 - pg. 15, ln. 2 Whitley: pg. 20, ln. 14 - pg. 21, ln. 2 Whitley: pg. 25, ln. 7-20; Whitley: pg. 27, ln. 3-16 Whitley: pg. 31, ln. 11-19 Olson: pg. 33, ln. 1 - pg. 34, ln. 17
Helmuth Schultz: OPC	Page 36 lines 15-18	…"the Company did not provide any support in either its petition, filing or in its rebuttal to justify an increase of $80 million. It is not appropriate that increases in the Storm Damage Reserve be passed on to customers when the Company has not provided any evidence to meet the burden of proof requirement."	Bores: pg. 43, ln. 2 - pg. 45, ln. 3

FPL

Alignment of Non-Settling Parties with Proposed Settlement

LINE	TOPIC	ELEMENTS OF NON-SETTLING PARTIES' POSITION STATEMENT THAT ALIGN WITH FPL PROPOSED SETTLEMENT AGREEMENT
1	EV Programs (excluding "Make-Ready" program)	- GLD-1EV and GSLD-1EV Riders are permanent - RS-1EV and RS-2EV - UEV rate: increase to \$0.45/kWh in 2026, \$0.47/kWh in 2027, \$0.48/kWh in 2028, and \$0.49 in 2029. No new investment to public fast charging - CEVCS-1: continue as a pilot program - no changes - New permanent (non-pilot) GSLD-2EV Rider to allow for demand greater than 2,000 kW
2	Charging Infrastructure	FPL commits not to initiate further new investment in or construction of new FPL-owned public fast-charging infrastructure during the term of the Settlement Agreement, but will complete any ongoing construction of FPL-owned public fast charging infrastructure that was initiated prior to the term for a total of not more than 585 FPL-owned ports
3	Storm Cost Recovery Mechanism	Surcharge: \$5/1,000 kWh Reserve: \$300 million
4	Solar and Battery Base Rate Adjustments (SoBRA)	As originally filed with three modifications: - 1,192 MW of solar additions subject to SoBRA in 2027 - CPVRR benefit for solar within 10 years and cost-benefit ratio of 1.15 to 1 - Clarifies that land costs are excluded
5	Long Duration Battery Storage Pilot	\$78 million for two 10 MW batteries (100 MWh)
6	Vandolah	FPL will not exclusively use the capacity from Vandolah to serve data center or hyperscaler customers
7	Natural Gas Hedging	FPL will not enter into any new financial natural gas hedging contracts during the four-year term
8	Disconnection Policy	No disconnection for nonpayment if the forecasted temperature is 95 degrees or higher for the day or if a heat advisory is in effect. No disconnection if the forecasted temperature is 32 degrees or lower
9	Payment Assistance Contribution	Funding of \$15 million for low-income payment assistance based on United Way ALICE criteria
10	Cost of Service Methodology	Maintains the cost of service methodology that was approved in FPL's 2021 rate case settlement agreement of 12CP and 1/13th for Production, and 12CP for Transmission
11	Dismantlement Study	Consistent with As-Filed case, and that the next dismantlement study aligns with the filing of the company's next general base rate increase
12	Equity Ratio	59.60%

Line	Revenue Requirement - Settlement vs. As Filed ($ Millions)	Incremental 2026	Incremental 2027	Cumulative 2026 - 2029
1	**Revenue Requirement - As Filed**	**1,545**	**927**	**8,961**
2	*Less:* Settlement Items			
3	Lower ROE: 10.95% vs. 11.90%	(485)	(36)	(2,046)
4	Scherer - Depreciation Life 2047 vs. 2035 [1]	(7)	(0)	(27)
5	Capital Recovery - 20 years vs. 10 years[1]	(9)	(3)	(45)
6	Land - Remove Projected Acquisitions and add Land Sale[2]	(11)	(18)	(99)
7	Asset Optimization - ***not guaranteed*** [3]	(72)	-	(287)
8	Remove 2027 Solar[4]	-	(61)	(183)
9	Additional Cash Concessions[5]	(16)	(104)	(378)
10	**Revenue Requirement - Settlement [6]**	**945**	**705**	**5,895**
11	**Revenue Requirement - Settlement vs. As Filed *(Line 10 - Line 1)***	**(600)**	**(222)**	**(3,066)**
12	**Revenue Requirement - Settlement as % of As Filed *(Line 11 / Line 1)***	**(39%)**	**(24%)**	**(34%)**
				Cumulative
13	**Settlement Rate Stabilization Mechanism (RSM) (after-tax)**			**2026 - 2029**
14	**RSM Need:**			
15	Tax Adjustment Mechanism - at 10.95% ROE[7]			1,598
16	Additional Cash Concessions (after-tax)[8]			283
17	**RSM Need**			**1,881**
18	**Settlement RSM:**			
19	Deferred Tax Liability[9]			1,155
20	2025 Battery Investment Tax Credit[10]			143
21	Carryover RSAM[11]			[redacted]
22	**Settlement RSM**			[redacted]
23	**RSM Excess / (Deficiency) to Mid-Point ROE (after-tax) *(Line 22 - Line 17)***			[redacted]

[1] FPL witness Bores's settlement testimony

[2] Assumes FPL does not exercise in 2026 the purchase options on the properties currently controlled via purchase options (excluding Duda Property) per Paragraph 23 in the Settlement Agreement

[3] FPL's response to FEL's 16th Set, Interrogatory No. 193

[4] FPL's response to Staff's 24th Set, Interrogatory No. 525, Attachment No. 1 of 1, Tab 2 of 11

[5] Cash concessions included in the settlement revenue increases impacting the non-cash need over the settlement period

[6] Settlement Agreement Paragraphs 4(a) and 4(b)

[7] FPL's response to Staff's 29th Set, Interrogatory No. 585, Attachment No. 1

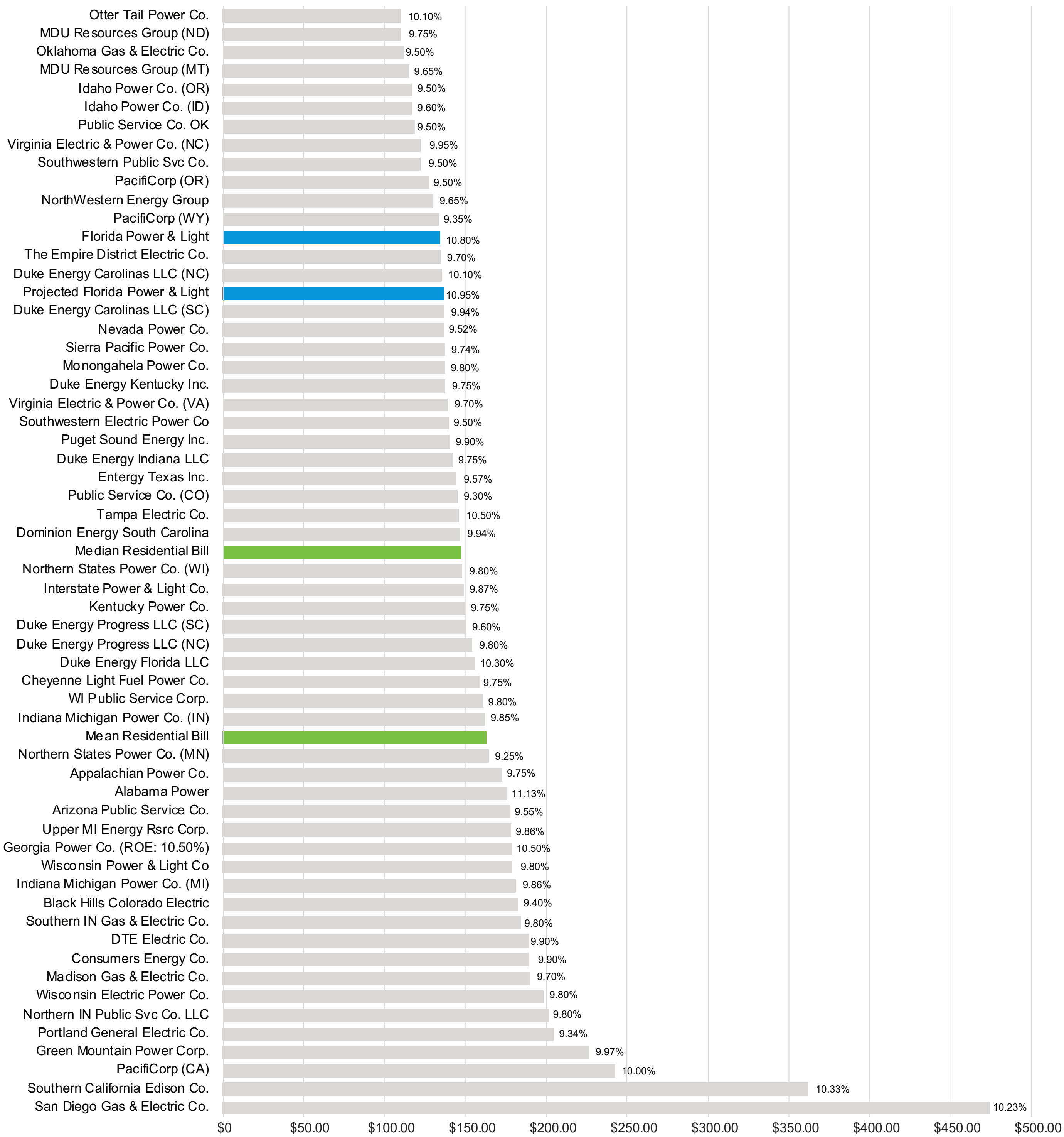
[8] After-tax amount; - Line 9 * 0.74655

[9] Settlement Agreement Paragraph 21(a)(i)

[10] FPL's response to FEL's 15th Set, Interrogatory No. 185

[11] Late-filed exhibit to deposition of Scott Bores on 9/5/2025

ROE/1,000 kWh Bill Position



1. Includes all utilities identified in NSP witness Herndon's Exhibit JTH-4. Georgia Power (ROE approved in 2025) and Alabama Power (formula rate reported in 2024) also are included.
2. Bill Source: Winter 2025 EEI Typical 1,000 kWh Residential Customer Bills (except Madison Gas & Electric and Gerogia Power, which are based on last reported bill – Summer 2024). Projected FPL bill represents FPL witness Cohen's Exhibit TCC-12.
3. ROE Source: S&P Global Market Intelligence (same ROE source identified in JTH-4).

($ Millions)

Line	Description		2026		2027
1	**Revenue Requirement - As Filed**	**$**	**1,545**	**$**	**927**
2	Four-Year Amortization of 2026 and 2027 Battery ITC [1]	$	508	$	(427)
3	Four-Year Amortization of 2025 Battery ITC[2]	$	(42)	$	-
4	**Revenue Requirement - Adjusted**	**$**	**2,010**	**$**	**501**
5	Lower ROE: 10.60% vs. 11.90%[3]	$	(663)	$	(49)
6	2026 Revenue Shortfall Impact to 2027	$	-	$	480
7	**Revenue Requirement - Revised at 10.60% ROE[4]**	**$**	**1,347**	**$**	**932**
8	**Non-Signatories Settlement Proposal**	**$**	**867**	**$**	**403**
9	**Revenue Shortfall to 10.60% Mid-Point ROE[5]**	**$**	**480**	**$**	**529**
10	**Non-Signatories Settlement Proposal - Implied ROE**		**9.66%**		**9.64%**

[1] Investment tax credits associated with the 2026 and 2027 battery storage projects amortized over the 2026 - 2029 period

[2] FPL's response to FEL's 15th Set, Interrogatory No. 185 amortized over 4 years

[3] FPL's response to Walmart's 1st Set, Interrogatory No. 2, adjusted to a 10.60% ROE

[4] Sum Lines 4 through 6

[5] Line 9 = Line 7 - Line 8; will carry over and impact 2027 revenue requirements