

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170271-EI

(PETITION FOR RECOVERY OF  
COSTS ASSOCIATED WITH NAMED  
TROPICAL SYSTEMS DURING THE  
2015, 2016, AND 2017 HURRICANE  
SEASONS AND REPLENISHMENT OF  
STORM RESERVE SUBJECT TO FINAL  
TRUE-UP, TAMPA ELECTRIC  
COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 10

COMMISSIONERS  
PARTICIPATING: COMMISSIONER JULIE I. BROWN  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER ANDREW G. FAY

DATE: Thursday, March 1, 2018

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

REPORTED BY: DANA W. REEVES  
Court Reporter and  
Notary Public in and for  
the State of Florida at Large

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1 P R O C E E D I N G S

2 COMMISSIONER BROWN: All right. Good  
3 afternoon. We have one more agenda. We are back  
4 on the record here. We have one more item on the  
5 agenda and that would be Item 10, which is the TECO  
6 storm docket. And Staff.

7 MR. MOURING: Good afternoon, Commissioners.  
8 I'm Curt Mouring with Commission Staff. Item 10 is  
9 Tampa Electric Company's request to approve the --  
10 and to approve the implementation of an interim  
11 storm restoration recovery surcharge.

12 On December 28th, 2017, Tampa Electric Company  
13 filed a petition pursuant to its 2017 amended and  
14 restated settlement agreement to recover  
15 incremental storm restoration costs related to  
16 tropical storms that occurred in 2015, 2016 and  
17 2017, and to replenish its storm reserve. On  
18 January 30th of 2018, Tampa Electric filed an  
19 amended petition to reflect updated costs,  
20 calculations and interim storm cost recovery  
21 factors.

22 Also on January 30th of 2018, Tampa Electric  
23 also filed an unopposed motion to approve  
24 implementation stipulation addressing storm costs  
25 and tax cut issues signed by the signatories to

1 Tampa Electric's 2017 settlement agreement.

2 And on February 13th of 2018, Tampa Electric  
3 Company filed an amended implementation stipulation  
4 signed by the signatories to the original  
5 implementation stipulation. Several parties have  
6 expressed a desire to address the Commission on  
7 Item 10 in general and implementation stipulation  
8 in particular.

9 COMMISSIONER BROWN: Thank you, Mr. Mouring.  
10 And this is a panel, as the Chairman indicated, and  
11 we will start with Tampa Electric.

12 MR. WHALEN: Thank you. Good morning -- or  
13 good afternoon, Commissioners. I'm Jeff Whalen on  
14 behalf of Tampa Electric Company. Carlos Aldazabal  
15 is here with me. We'd like to thank the Public  
16 Counsel, the other consumer parties, and especially  
17 your Staff for bringing this important item to the  
18 Commission for consideration today.

19 The amended implementation stipulation that  
20 was referenced flows from the company's 2017  
21 agreement, which was approved by the Commission in  
22 November. It has two provisions that are relevant  
23 today. One relates to storm cost recovery and the  
24 second relates to tax savings. How those  
25 provisions will be implemented is the subject of

1 the amended implementation stipulation.

2 The bottom line of the implementation  
3 stipulation is simple. It avoids the need for the  
4 company to adjust base rates up in April and down  
5 in May. Without the amended implementation  
6 stipulation, Tampa Electric would be increasing  
7 base rates to collect a storm surcharge and then  
8 decreasing rates to reflect an estimate of the  
9 impact of tax reform. The stipulation, if  
10 approved, will avoid that undesirable price  
11 volatility. As part of the stipulation, the  
12 company will implement the tax savings provision in  
13 the 2017 agreement by foregoing the collection of  
14 the storm cost surcharges requested in its amended  
15 storm cost petition. The stipulation will give the  
16 customers full credit for virtually all of the  
17 estimated 2018 tax savings during calendar year  
18 2018, and the stipulation benefits customers by  
19 returning tax savings to them as quickly as  
20 possible, which is something we understand is very  
21 important to the consumer parties. It also paves  
22 the way for the full impact of tax reform to be  
23 reflected as a permanent reduction in base rates as  
24 of January 1, 2019.

25 The stipulation promotes transparency and

1           accountability through two separate dockets, one  
2           for the effect of tax savings and tax reform and  
3           the other for storm cost recovery. The Commission  
4           has set a final hearing in this docket on the  
5           company's recoverable storm cost for September 12th  
6           and 13th and the company will be filing its final  
7           tax savings petition in mid-May and will request an  
8           evidentiary hearing on that petition.

9           The Commission has an open Docket 20180045 for  
10          that purpose. The two dockets and hearings will  
11          give the Commission and the parties a full and  
12          complete opportunity to review the company's storm  
13          cost and tax savings with the true-up of the final  
14          net approved amounts to be addressed in 2019  
15          through a clause. The amended implementation  
16          stipulation is joined by all of the parties to our  
17          2017 agreement, and that includes customers from  
18          all of the company's customer classes. We believe  
19          it's in the public interest and ask that you  
20          approve it.

21          Procedurally, once any questions have been  
22          answered, the company requests that the Commission  
23          approve the Staff recommendation on issue No. 1 and  
24          then, following a motion and second, approve the  
25          amended implementation stipulation.

1           If those two items are approved, I will  
2           withdraw the tariffs associated with the company's  
3           amended storm petition, which will make Issue 2 in  
4           Staff recommendation moot. We'd be happy to answer  
5           any questions you may have.

6           COMMISSIONER BROWN: Thank you. And we'll  
7           just go down the line and see if any of the other  
8           parties would like to address the Commission,  
9           starting with Office of Public Counsel.

10          MS. PONDER: Thank you. Good afternoon.  
11          Virginia Ponder with the Office of Public Counsel;  
12          and the Public Counsel supports and agrees with the  
13          comments made by Mr. Whalen.

14          As he indicated, a September hearing is  
15          currently scheduled for a determination of Tampa  
16          Electric's recoverable storm cost and another  
17          hearing will be scheduled to address the proper  
18          amount of Tampa Electric's tax savings. We would  
19          just like to reiterate the importance of keeping  
20          the determination of recoverable storm costs and  
21          the determination of tax savings in two separate  
22          proceedings, as each involves distinct legal and  
23          factual issues.

24          Additionally, by not combining the tax savings  
25          and recoverable storm cost determinations into a

1 single hearing, it will ensure transparency and  
2 allow the public, in a definitive and verifiable  
3 way to fully appreciate both the exact tax savings  
4 the ratepayers are entitled to recover and the  
5 finalized storm cost.

6 We appreciate the cooperation of Tampa  
7 Electric. Additionally, we'd like to thank Staff  
8 for working diligently to get this on the agenda.

9 COMMISSIONER BROWN: Thank you. Retail  
10 Federation. Schef -- Mr. Wright.

11 MR. WRIGHT: Thank you, Commissioner Brown.  
12 Good morning. Schef Wright on behalf of the  
13 Florida Retail Federation. Very briefly. First,  
14 thanks to the Staff. Thanks to all the parties,  
15 Tampa Electric and my colleagues up here and those  
16 absent for helping pull this together. We agree  
17 with the comments made by Tampa Electric and your  
18 Public Counsel.

19 This is a very good stipulation. If approved,  
20 and we urge you to approve it, customer's rates  
21 won't change until after this Commission finally  
22 approves storm cost pursuant to hearings scheduled  
23 to be held later this year. And then when the  
24 finally-Commission-approved storm costs are fully  
25 amortized, rates will decline. So customers will

1 see unchanged rates and then a rate reduction to  
2 reflect the effects of the tax act.

3 It's important to stress what Ms. Ponder said  
4 and that is this will all be very transparent.  
5 Customers will know what the storm costs were as  
6 determined by you. Customers will know what the  
7 tax savings are as approved by you when those  
8 changes go into effect. Accordingly, we urge you  
9 to approve the stipulation. Thank you.

10 COMMISSIONER BROWN: Thank you. Mr. Moyle  
11 with FIPUG.

12 MR. MOYLE: Thank you, Madam Chair. We echo  
13 the comments the other parties have made when we  
14 appeared before you, I think before Commissioner  
15 Fay was seated. In the generic docket that looked  
16 at tax reform we said a couple of things that are  
17 important polestars. One is accountable and  
18 transparency and then secondly that the benefits of  
19 tax reform flow back to consumers as quickly as  
20 possible.

21 In our discussions, we didn't think it made a  
22 lot of sense to have an increase followed by a  
23 decrease, kind of in a whips-all fashion as was  
24 pointed out by TECO. So this proposal that's  
25 before you prevents that. But very importantly to

1 FIPUG members and other consumers, after the  
2 holiday season of 2018, the benefits of the tax  
3 reform will be realized and consumers will see a  
4 rate decrease, so we want to applaud that and thank  
5 TECO and the other parties and Staff for moving  
6 this forward. We think it's a good step in the  
7 right direction. I would urge your favorable  
8 consideration of it.

9 COMMISSIONER BROWN: Thank you. And before we  
10 move to Commissioners for questions or discussion,  
11 I just want to note that there were two other  
12 parties who are not here today who were signatories  
13 to the settlement agreement, that's the Hospital  
14 and FEA. Is anybody here to represent anything in  
15 support?

16 MR. WHALEN: No. They indicated to us they  
17 would not be here, but they still support the  
18 agreement.

19 COMMISSIONER BROWN: Okay. Thank you. All  
20 right. Commissioners. Commissioner Polmann.

21 COMMISSIONER POLMANN: Thank you, Madam  
22 Chairman. Point of clarification, if the  
23 Commission approves Issue 1 and then the  
24 stipulation, I understand Utility would withdraw,  
25 or Issue 2 would become moot, withdraw, whatever

1 the right procedure is. What happens to issue No.  
2 3? Is that also --

3 COMMISSIONER BROWN: We vote on it.

4 MS. BROWNLESS: You vote on issue No. 3, sir.

5 COMMISSIONER POLMANN: Okay. Thank you. So a  
6 couple questions, one or two questions, covering  
7 all of the issues. Comments were already  
8 addressed -- the likelihood at the end of the day  
9 that the effects for the customer, that the  
10 customer would realize, is there would be an  
11 increase in the bill for storm cost recovery, but a  
12 decrease from the effect of the tax reform, but  
13 because of the process of going through both of  
14 those, what would the customer see and when?  
15 Although on the bill this is all going to be  
16 postponed if we move forward as contemplated today.  
17 So when will they receive information?

18 MR. WHALEN: Well, we'll be communicating with  
19 the customers, but by virtue of the amended  
20 implementation stipulation agreement, base rates  
21 will remain constant through the end of this year,  
22 subject to our petition for the first SOBRA, which  
23 is a September event. And then because all of the  
24 tax savings will have been used to offset the storm  
25 cost recovery by the end of December, the permanent

1 effect of the tax reform act will be reflected with  
2 the base rate decrease effective with billing  
3 cycles on the first of January. So setting aside  
4 the first SOBRA petition, rates will be constant  
5 through the rest of the year and then they will go  
6 down for the effect of tax reform January 1 of '19.

7 COMMISSIONER POLMANN: Okay. Now, the word  
8 transparency I heard here, will you be  
9 communicating through newsletters or bill inserts  
10 or what do you anticipate, just so that the  
11 customers are aware that we're in process and  
12 there's a lot of media attention to the storm issue  
13 and the tax issue and so forth? Could you  
14 elaborate on that notice --

15 MR. ALDAZABAL: Yes, Commissioners. We'll be  
16 sending out notices in November for the base rate  
17 increase in January. However, we will be issuing  
18 releases on the outcomes of both the storm cost  
19 recovery hearings and the tax reform hearings that  
20 we have later this year, and the resulting impacts  
21 on customer rates at that time.

22 COMMISSIONER POLMANN: Okay. Is our action  
23 here today newsworthy or is it confusing?

24 MR. ALDAZABAL: We are planning on issuing a  
25 press release related to this, so it is newsworthy.

1           COMMISSIONER POLMANN: Okay. Okay. Very  
2 good. Thank you.

3           COMMISSIONER BROWN: Thank you, Commissioner  
4 Polmann. I think this is just awesome. So commend  
5 the parties for bringing those forth to us. We did  
6 anticipate it if there were going to be changes  
7 when we approved the settlement agreement, but it's  
8 good work here.

9           Commissioner Fay, would you like to speak?

10          COMMISSIONER FAY: Just really quick, Madam  
11 Chair. When you're in charge, things seem to go  
12 very well here, so.

13          COMMISSIONER BROWN: Oh, you are sweet. Music  
14 to my ears.

15          COMMISSIONER FAY: No, thank you. I agree  
16 with the comments that were said and I know  
17 probably there's a better time for the discussion  
18 as it goes down the road, but I noticed that, you  
19 know, in January 30, 2018, there was an amended  
20 petition filed based on those amounts and as I'm  
21 learning more about how those things are calculated  
22 and brought forward, I'd just be curious to see how  
23 those changes came about. Thank you.

24          COMMISSIONER BROWN: And, with that, we are  
25 ripe for a motion if there are no other comments or

1 responses. Anything further here? We are ripe for  
2 a motion on Issue 1.

3 COMMISSIONER POLMANN: I would move the Staff  
4 recommendation on Issue 1.

5 COMMISSIONER BROWN: All in favor say aye.  
6 (Chorus of ayes.)

7 COMMISSIONER BROWN: Passes. Now we will go  
8 to the amended implementation stipulation, correct?  
9 Yes. So move?

10 COMMISSIONER POLMANN: I would move approval  
11 of the amended stipulation and all the other words  
12 that are appropriate.

13 COMMISSIONER BROWN: Implementation  
14 stipulation. And there's a second?

15 COMMISSIONER FAY: Second.

16 COMMISSIONER BROWN: All those in favor, say  
17 aye.

18 (Chorus of ayes.)

19 COMMISSIONER BROWN: It passes. Therefore  
20 item -- Issue 2 is moot. So we'll go to Issue 3,  
21 which is a docket --

22 MS. BROWNLESS: Excuse me. TECO has to  
23 withdraw their tariff.

24 MR. WHALEN: I think it's my turn to withdraw  
25 the --

1 COMMISSIONER BROWN: It is your turn.

2 MR. WHALEN: -- associated with the storm  
3 surcharge petition and we formally withdraw those.

4 COMMISSIONER BROWN: It is noted for the  
5 record. And now we're on to Issue 3 to close the  
6 docket.

7 COMMISSIONER POLMANN: I move approval of  
8 Issue 3.

9 COMMISSIONER BROWN: Is there a second?

10 COMMISSIONER FAY: Second.

11 COMMISSIONER BROWN: All those in favor, say  
12 aye.

13 (Chorus of ayes.)

14 COMMISSIONER BROWN: The item passes and, with  
15 that recognition, I believe that we cover all  
16 matters and if there are no other items here to  
17 discuss, this agenda conference is adjourned.

18 We will be meeting in the IA room in how many  
19 minutes?

20 MR. BEAZ: Five minutes, I think the Chairman  
21 said.

22 COMMISSIONER BROWN: Five minutes. See you  
23 there.

24 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 12th day of March, 2018.



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DANA W. REEVES  
NOTARY PUBLIC  
COMMISSION #FF968527  
EXPIRES MARCH 22, 2020