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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230019-EI

In re: Petition for recovery of costs
associated with names tropical systems
during the 2018-2022 hurricane seasons
and replenishment of storm reserve, by
Tampa Electric Company.

_____ /

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Wednesday, May 1, 2024

TIME: Commenced: 9:30 a.m.
Concluded: 10:15 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

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7 REHWINKEL, DEPUTY PUBLIC COUNSEL; MARY W. WESSLING,
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11 the Citizens of the State of Florida (OPC).

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14 appearing on behalf of Walmart, Inc., (Walmart).

15 MAJOR THOMPSON and RYAN SANDY, ESQUIRES, FPSC
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18 the Florida Public Service Commission (Staff).

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23 Service Commission.

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

2 CHAIRMAN LA ROSA: All right. Good morning,
3 everyone. Today is May 1st, happy May, of 2024.
4 This hearing is now called to order.

5 Staff, will you please read the notice?

6 MR. THOMPSON: Thank you, Mr. Chair.

7 Pursuant to notice, this time and place has
8 been set for a hearing in Docket No. 20230019
9 regarding a petition for recovery of costs
10 associated with named tropical systems during 2020
11 -- 2018 to 2022 hurricane seasons, and
12 replenishment of the storm reserve by Tampa
13 Electric.

14 The purpose of the hearing is set out more
15 fully in the notice.

16 CHAIRMAN LA ROSA: Thank you, staff.

17 Let's take appearances at this time, starting
18 with Tampa Electric.

19 MR. MEANS: Good morning, Commissioners.
20 Malcolm Means with the Ausley Law Firm appearing on
21 behalf of Tampa Electric. I would also like to
22 enter appearances for Jeff Wahlen and Virginia
23 Ponder with the Ausley firm.

24 CHAIRMAN LA ROSA: OPC.

25 MS. WESSLING: Good morning. Ali Wessling

1 with the Office of Public Counsel. And I would
2 also like to enter appearances for Walt Trierweiler
3 and Charles Rehwinkel.

4 CHAIRMAN LA ROSA: Thank you.
5 Walmart.

6 MS. EATON: Stephanie Eaton here on behalf of
7 Walmart.

8 CHAIRMAN LA ROSA: Thank you.
9 Commission staff.

10 MR. THOMPSON: Major Thompson and Ryan Sandy
11 on behalf of Commission staff.

12 CHAIRMAN LA ROSA: Thank you.

13 MS. HELTON: I am sorry. Mary Anne Helton
14 here as your Advisor, along with your General
15 Counsel, Keith Hetrick.

16 CHAIRMAN LA ROSA: Thank you.

17 Let's now move to preliminary matters. Staff,
18 are there any that we need to address before we
19 move into exhibits?

20 MR. THOMPSON: Just a few things, Mr. Chair.

21 Walmart filed a motion for reconsideration
22 yesterday requesting reconsideration of the
23 striking of Issue A. Walmart's motion also
24 addresses Issue 13, but it is staff's understanding
25 that the parties have come to an agreement to

1 modify the stipulation language, or at least a
2 clarification of the stipulation language.

3 Staff recommends that Issue 13 be addressed
4 later in the hearing. It would be appropriate at
5 this time to hear argument from the parties on the
6 motion for consideration of Issue A.

7 Staff notes that the standard of review for a
8 motion for reconsideration is whether a mistake of
9 fact or law was made in the striking of the issue.
10 And reargument is not appropriate for
11 reconsideration.

12 CHAIRMAN LA ROSA: Okay. Thank you. I know
13 there has been a few discussions even this morning.

14 So let's go to Walmart. Would you like to
15 speak on your motion?

16 MS. EATON: Yes, Commissioner. Thank you very
17 much.

18 Pursuant to Rule 25-22.0376, FAC, on April
19 30th, 2024, Walmart filed its motion for
20 reconsideration of the April 26th, 2024, prehearing
21 order, Order No. PSC-2024-0137-PHO-EI, that
22 Walmart's prefiled direct testimony and exhibits in
23 Issue A be stricken from this docket and not
24 submitted for consideration by the Commission in
25 today's hearing in this docket.

1 Walmart further moved for reconsideration of
2 Issue 13 to address how any refunds necessitated by
3 over-collection of storm costs from customers would
4 be handled.

5 We will begin -- and to the extent that the
6 parties are reaching a stipulation as to Issue 13,
7 I am going to limit my discussion today to the
8 Walmart contested Issue A. But if you have any
9 questions about what we raised in our motion as to
10 Issue 13, I am happy to address those. I am just
11 trying to be a little more efficient here.

12 CHAIRMAN LA ROSA: Thank you.

13 MS. EATON: I wanted to begin just by
14 reviewing the relevant issue that was discussed at
15 the prehearing.

16 As contained in the draft prehearing order
17 circulated at the prehearing on April 24th, 2024,
18 Walmart's contested Issue A was, quote, "should any
19 cost recovery approved in this docket be recovered
20 from demand-metered customers through the demand
21 charge," end quote.

22 TECO's position was, no. OPC had no position.
23 And staff had no position at this time.

24 And just for the record, Issue 13 read: If
25 applicable, how should any under-recovery or

1 over-recovery be handled?

2 And in regard to Issue 13, TECO said, quote,
3 "any under- or over-recovery will be recovered or
4 refunded through an adjustment to the Energy
5 Conservation Recovery Clause." OPC stated that OPC
6 is able to facilitate a Type 2 stipulation. Staff
7 had, quote, "no position at this time." And
8 Walmart's position was, quote, "takes no position
9 at this time, except to the extent cost recovery is
10 an aspect of this issue, in which case contested
11 Issue 1" -- which should have said contested Issue
12 A -- "addresses Walmart's position."

13 So now I want to turn briefly to the standard
14 of review on a motion for reconsideration.

15 As set forth in the Florida Supreme Court
16 opinion *Stewart Bonded Warehouse, Inc., versus*
17 *Bevis*, the appropriate standard of review in a
18 motion to reconsideration is whether the motion
19 identifies a point of fact or law which was
20 overlooked, or which the decision-maker failed to
21 consider in rendering its order.

22 The standard of review is also discussed in
23 *Diamond Cab Company versus King and Pangry versus*
24 *Qantas*.

25 As set forth more fully in Walmart's motion

1 for reconsideration, the following points of fact
2 and/or law were overlooked during the prehearing,
3 and to this, I am going to stick to Walmart's
4 contested Issue A and not get into my arguments on
5 Issue 13.

6 First, at the prehearing, staff referenced a
7 portion of the 2021 stipulation and settlement
8 agreement reached in TECO's 2021 base rate case,
9 Docket 20210034-EI. And I am just going to refer
10 to that as the 2021 settlement agreement for this
11 argument. However, not all the relevant portions
12 were discussed.

13 Having not anticipated staff's recommendation
14 that Walmart's issue and testimony were barred by
15 the terms of the 2021 settlement agreement, I did
16 not have the 2021 settlement agreement with me, or
17 have an opportunity to fully review it to address
18 the argument at the prehearing.

19 Having done so now -- and I have a copy of it
20 here if you would like to see it -- I would point
21 out that paragraph 8A of the 2021 settlement
22 agreement, beginning on page nine, has the
23 following terms:

24 First, it allows TECO to file a petition to
25 recover storm costs, as it has in this docket.

1 Further, it allows TECO to collect storm costs,
2 quote, on an interim basis subject to refund
3 following a hearing or a full opportunity for a
4 formal proceeding, end quote -- I mean, end
5 parenthesis -- 60 days following TECO's filed
6 petition and tariff.

7 It references energy charges in reference to
8 monthly residential bills. It provides for
9 recovery of storm restoration cost and
10 replenishment of the storm reserve, which TECO
11 seeks in this docket.

12 And it provides that -- and this is quoted --
13 "Parties to this 2021 agreement are not precluded
14 from participating in any such proceedings and
15 opposing the amount of Tampa Electric's claimed
16 costs (For example, and without limitation on
17 grounds that such claimed costs were not reasonable
18 or not prudently incurred) or whether the proposed
19 recovery is consistent with this paragraph eight,
20 but not the mechanism agreed to herein," end quote.

21 The example that was provided in parenthesis
22 in the foregoing sentence states without
23 limitation. And Walmart interprets this paragraph
24 8A to allow participation in this docket to address
25 the amount of TECO's cost charged to demand-metered

1 customers versus energy charges.

2 To the extent that TECO and Walmart interpret
3 the meaning of paragraph 8A of this 2021 settlement
4 agreement differently, further in the settlement
5 agreement is paragraph 17, around page 45. That
6 provides the, quote, "The parties agree to meet and
7 confer in an effort to resolve the dispute. To the
8 extent the parties cannot resolve any dispute
9 within 30 days, the matter may be submitted to the
10 Commission for resolution," end quote.

11 Walmart and TECO did confer as to Walmart's
12 contested A -- Issue A in this docket numerous
13 times before the prehearing. At no time did TECO
14 suggest that the 2021 settlement agreement
15 prevented Walmart from raising contested Issue A.
16 To the contrary, Walmart and TECO agreed to each
17 stipulate to the other party's direct and rebuttal
18 testimony and exhibits into the record, waive
19 objections and waive cross-examination. And that
20 was reported at the prehearing.

21 Staff's -- further, staff's recommendation is
22 also untimely. We would note that Walmart's
23 comments were initially filed in this docket on
24 March 7th, 2023, prior to TECO's collection of the
25 storm cost in this docket, and more than 13 months

1 before the prehearing. Had staff believed that the
2 issue was precluded by the 2021 settlement
3 agreement, or was filed in the wrong docket, then
4 staff and/or the other parties to the docket had 13
5 months to raise this issue with Walmart.

6 Staff itself has recommended denying a motion
7 to strike on the basis that the motion to strike
8 was untimely because it was filed 250 days after
9 the objection. That was the subject of the motion
10 to strike, which was in application for water and
11 wastewater service in Duval, Baker and Nassau
12 Counties by First Regional Utilities, Inc., Docket
13 No. 20190168-WS, and staff's memorandum filed
14 December 22nd, 2020.

15 I further want to point out some law that was
16 not discussed as to contested Issue A. The
17 Commission and Florida courts have interpreted
18 settlement agreements as contracts. And under
19 Florida law, if a contract is clear and
20 unambiguous, it must be construed to mean what the
21 language therein means. However, if the contract
22 is deemed to be ambiguous, a court will resort to
23 parol evidence in order to ascertain a party's
24 intent. And we emphasize it's the parties' intent
25 to the contract.

1 In this docket, the fact that none of the
2 parties to the 2021 settlement agreement
3 participating in this docket raised any issue
4 regarding Walmart's ability to raise its cost
5 recovery issue as a result of the 2021 settlement
6 agreement speaks to the settling parties' intent,
7 i.e., that it doesn't violate the 2021 settlement
8 agreement to raise the issue.

9 And finally, I would add that there is no
10 prejudice to the parties in this docket to allow
11 Walmart's contested Issue A testimony and exhibits
12 to remain in the record. And that is, again,
13 because neither OPC nor TECO objected to the
14 parties' agreed upon stipulation to enter all of
15 the parties' prefiled direct and rebuttal testimony
16 and exhibits into the record without objection or
17 cross-examination at the time of the prehearing,
18 which we stated on the record.

19 I have some additional points as to Issue 13.
20 But as I said, I am going to hold off on those
21 unless you all have some questions regarding those
22 points.

23 Thank you.

24 CHAIRMAN LA ROSA: Okay. Thank you.

25 Let's take this to the company. TECO, do you

1 have any thoughts or responses?

2 MR. MEANS: Yes. Thank you, Mr. Chairman.

3 I would like to begin by noting that Walmart
4 is one of Tampa Electric's valued customers, and
5 that we have a strong working relationship with
6 Walmart and its lawyers, and we appreciate their
7 professionalism. And it's unfortunately find
8 ourselves in a procedural dispute today. But just
9 in short, we think the Prehearing Officer got it
10 right.

11 The Commission previously decided in an order
12 issued last year that the surcharge should be
13 collected on an energy basis. And we think that
14 the issue of how future storm surcharges should be
15 collected is not before the Commission at this
16 time.

17 As for the true-up issue, Issue 13, we are
18 prepared to handle any refund through a clause that
19 is collected on an energy basis, like the fuel
20 clause or environmental clause. And we think that
21 will resolve Issue 13 and bring it back into a
22 position where it's stipulated.

23 And I will just leave it at that. Thank you.

24 CHAIRMAN LA ROSA: Thank you.

25 Staff, any -- any comments?

1 MR. THOMPSON: Three brief comments, Mr.
2 Chair.

3 One, to the point that staff was untimely with
4 any objection. I would note that the order
5 establishing procedure, which in this docket is PSC
6 202-3039-PCO-EI, the prehearing order specifically
7 allows Commission staff to have no position up
8 until the prehearing, or even the hearing.

9 As to whether or not the Commission is a party
10 to the settlement agreement that was referenced,
11 the 2021 settlement agreement; although, Commission
12 staff was not a party to that agreement, it is now
13 an order that has been adopted and promulgated by
14 the Commission.

15 And then finally to the rest of Walmart's
16 motion for reconsideration, staff's position is
17 that Walmart did not identify any mistake of law or
18 fact that would merit reconsideration.

19 As to Issue 13, staff's position is that
20 Walmart may withdraw its support for a stipulation
21 on that issue without need for reconsideration, but
22 we will need to clarify whether they still intend
23 to waive briefing.

24 CHAIRMAN LA ROSA: Okay. Can I come back to
25 Issue 13?

1 MR. THOMPSON: Absolutely. Yeah.

2 CHAIRMAN LA ROSA: All right. So,
3 Commissioners, any questions or thoughts on this
4 motion?

5 Commissioner Fay, you are recognized.

6 COMMISSIONER FAY: Thank you, Mr. Chairman.

7 And I just -- I have a question for staff.

8 So with these -- with the OEP and then
9 typically the process up to the prehearing order,
10 the Commission, as you pointed out, Mr. Thompson,
11 has the ability to essentially not take a position
12 up until that time period. There is no -- there is
13 no mandate to do so. And sometimes, depending, I
14 think, what comes into the record might impact what
15 the final recommendation says. So I think that's a
16 normal process, and I am good with that.

17 Is it also consistent with Commission practice
18 where we essentially have no position on something
19 that would strike testimony and exhibits in the
20 record itself?

21 MS. CRAWFORD: I will be happy to address
22 that, Commissioner.

23 Although I appreciate the fact that Walmart
24 seems to focus on the fact that they were a party
25 to the agreement, as well as TECO and OPC, there

1 are also a number of other parties, signatories to
2 that agreement who are not present in this docket.

3 Regardless, once the Commission approved that
4 settlement agreement, it became an enforceable
5 order of the Commission. And I believe that the
6 Commissioners, and I think staff, as the advisers
7 to the Commission, could look at that settlement
8 and make a call about whether they believe an issue
9 is essentially barred because it has been addressed
10 already in a prior order, the stipulation.

11 That's what we are asserting here. So I don't
12 think there is anything improper or irregular, if
13 staff believes something is not relevant or
14 appropriate to a hearing, for staff to take a
15 position at the prehearing. And as we know, the
16 prehearing is the time where issues get finalized.
17 And either they are in or they are out. And
18 parties positions can change right up to the
19 prehearing, or even after if latitude is given.

20 So while I appreciate that staff may have made
21 a misstep in not getting sooner with Walmart about
22 its concerns about Issue A, I think staff's
23 position at the prehearing, I think the striking of
24 the issue, and I think our recommendation that the
25 motion for reconsideration should not be granted is

1 all very consistent with appropriate Commission and
2 staff practices.

3 COMMISSIONER FAY: Yeah, and I -- I mean, I am
4 always -- I always have some trepidation when we --
5 when we procedurally start talking about striking
6 certain things. But I think, to your point, it
7 seems like when we look at the timeline with all of
8 this, that sort of drives some of the disagreement
9 with Walmart and kind of how we ended up with where
10 we were. I mean, interpret this -- I mean, if I
11 was the Prehearing Officer and we were having that
12 discussion, and then that decision was made, at any
13 point in time, staff can provide their thoughts
14 and/or direction in that prehearing itself,
15 correct? I mean, there is no requirement for --

16 MS. CRAWFORD: Correct.

17 COMMISSIONER FAY: -- for that to be present
18 before that prehearing itself?

19 MS. CRAWFORD: Only to the extent that we are
20 help to help guide the process along. And, again,
21 that's where I think I may have stumbled in this
22 one not getting sooner with Ms. Eaton about our
23 concerns with that issue.

24 COMMISSIONER FAY: Yeah. And I appreciate
25 that acknowledgment. I mean, maybe the timeline is

1 not perfect by any means, but I think conceptually
2 I don't take an issue with it.

3 The reason I have so much heartburn with these
4 is, you know, the Prehearing Officer made a
5 position on this. That legal standard of mistake
6 of fact or law is a high burden to be overturned by
7 the Commission. And so although even if, you know,
8 a different Commissioner in that same seat were to
9 make a different decision, that's not our standard.
10 Our standard is that we -- we review this and think
11 that something was missed in that decision-making
12 process.

13 And I think sometimes, honestly, that can be
14 challenging as a -- as a Commission as a whole,
15 because the clarity as the basis of the decision of
16 the Prehearing Officer on what that decision was,
17 and why it is, will vary probably depending on the
18 issue and whoever is the Prehearing Officer. But I
19 think based on what's been presented here, I have
20 no basis to agree with a mistake of fact or law,
21 and so it's challenging for me to overturn it, as
22 much as I don't love kind of the posture we are in.

23 And it sounds like the parties communicated
24 consistently with this. And if there was a
25 resolution, as my friend Commissioner Clark always

1 tries to point out or find, then there would be one
2 in this case, and I am just not sure there is one
3 based on the posture that we are in at this point.

4 So I appreciate staff and the parties trying
5 to work this out and resolve it. And it sounds
6 like at least part of what was presented in the
7 motion for reconsideration was resolved. But for
8 me, it doesn't change that standard of review that
9 we -- we look at these motions of reconsideration.
10 And I think we have to be really cautious and
11 thoughtful when we start getting into the
12 relitigation of an issue or a decision. If we
13 start doing that on everything, it's -- it's very
14 concerning as to how our proceedings would go, and
15 the efficiency that might be incorporated in that
16 process.

17 So that's kind of where I stand, Mr. Chairman,
18 on it. I know there is probably more questions or
19 comments, and then at some point, you can let us
20 know how you would like to address the motion and
21 we can take it up.

22 CHAIRMAN LA ROSA: Thank you.

23 Commissioner Clark, you are recognized.

24 COMMISSIONER CLARK: Thank you, Mr. Chairman.

25 Just a couple of observations.

1 On the advice of counsel from earlier, I kind
2 of agree. I think thank you, Commissioner Fay, for
3 that analysis. But the bar does seem fairly high
4 for reconsideration, and it does not seem there was
5 a mistake made here in my assessment.

6 But I do have a question that gets kind of
7 over into the Issue 13. What is the resolution?
8 So -- so I assume that there is still an
9 opportunity to resolve the problem, and I assume
10 that comes with Walmart not agreeing to stipulate
11 to Item 13, and then they brief it and we vote on
12 it. Doesn't that resolve pretty much the whole
13 package?

14 MR. THOMPSON: Staff's understanding is that
15 A -- Issue A and Issue 13 are separate enough that
16 -- that the resolution of Issue 13 does not resolve
17 the Issue A, but I can let the parties speak to
18 that, and to whatever the clarifying --

19 COMMISSIONER CLARK: I would love for someone
20 specifically to segregate those two items for me in
21 relation to what the end result is.

22 MS. EATON: Well, I can try to do that for
23 you, Commissioner Clark.

24 Issue A was more broadly as to, on a
25 going-forward basis, TECO's collection of the storm

1 cost from demand-metered customers using energy
2 charges.

3 Issue 13 addressed, following TECO's true-up
4 in December, what happens with the money to be
5 collected after that, whether it's refunded or new
6 charges collected.

7 And at the prehearing, we had talked about the
8 collection of -- it's likely that there was
9 under-recovery, so TECO would be collecting
10 additional monies from customers, that that would
11 run through, I think, the energy conservation
12 clause, which is subject to demand charges for
13 demand-metered customers; which is, as you might
14 expect, perfectly fine with Walmart.

15 We didn't talk really at all at the prehearing
16 about the issue of what happens with a refund. We
17 tangentially talked about it, but really didn't
18 talk about it running back through the energy
19 conservation clause.

20 And immediately following the prehearing, I
21 followed up with Malcolm regarding, well, what
22 about the refund? If it was collected through an
23 energy charge, wouldn't it be refunded with an
24 energy charge?

25 But because of the way Issue 13 was left at

1 the prehearing, it would have all been done by a
2 demand charge for the demand-metered customers,
3 whether it was collecting more money or refunding
4 money. And so that is where, as we have discussed
5 with staff and TECO and OPC this morning, I believe
6 the parties are in agreement as to a stipulation on
7 Issue 13 on both the over-collected or
8 under-collected scenario.

9 And Malcolm can speak more to that.

10 MR. MEANS: That's correct, as far as the
11 resolution of Issue 13. Our position throughout
12 this process has been that we would handle the
13 true-up through the Energy Conservation Cost
14 Recovery Clause, but Ms. Eaton identified this
15 issue with the refund. And so we are willing to
16 handle any refund through one of the clauses that's
17 billed on an energy bases, like fuel or
18 environmental, so we are willing to do that to get
19 that issue stipulated.

20 COMMISSIONER CLARK: So your contention would
21 be that the settlement agreement does not give you
22 that -- gives you that option or doesn't give that
23 you option?

24 MR. MEANS: I don't believe the settlement
25 agreement specifies which clause through which we

1 have to process the true-up, if what's what you are
2 asking.

3 COMMISSIONER CLARK: Yes. Correct. Thank
4 you.

5 Thank you, Mr. Chairman.

6 CHAIRMAN LA ROSA: Commissioners, further --
7 further questions?

8 I also agree that is a high bar. And as I
9 looked through the decisions that were made, I
10 couldn't find mistakes either.

11 So if we don't have any further questions of
12 staff, I will ask, Commissioners, let's make a
13 decision on A, and what's being discussed, is there
14 a motion?

15 COMMISSIONER FAY: Mr. Chairman, I would move
16 that we deny the Issue A motion for
17 reconsideration.

18 CHAIRMAN LA ROSA: Hearing a motion, is there
19 a second?

20 COMMISSIONER GRAHAM: Second.

21 CHAIRMAN LA ROSA: Hearing a motion. Hearing
22 a second.

23 Commissioners, all those in favor, signify by
24 saying yay.

25 (Chorus of yays.)

1 COMMISSIONER LA ROSA: Opposed no.

2 (No response.)

3 CHAIRMAN LA ROSA: Show that the motion
4 passes.

5 So let's move on, staff, if -- can we finish
6 up preliminary matters?

7 MR. THOMPSON: Will do.

8 The parties are proposing Type 1 and Type 2
9 stipulations on all remaining issues. Staff
10 suggests that the proposed stipulations be taken up
11 after the parties have made their opening
12 statements.

13 Additionally, the parties have stipulated to
14 the prefiled testimony and exhibits of utility
15 witnesses Chip Whitworth and Richard Latta, as well
16 as staff witnesses Ron Mavrides and Carl Vinson.
17 Staff has conferred with each of the Commissioners'
18 offices and confirmed that they have no questions
19 for these witnesses and that may be excused from
20 this hearing. Staff recommends that their prefiled
21 testimony and corresponding prefiled exhibits
22 should be entered into the record in order of their
23 appearance per the prehearing order.

24 And that's all the preliminary matters that
25 staff had earmarked.

1 CHAIRMAN LA ROSA: All right. Do any of the
2 other parties have any preliminary matters that we
3 can address this morning?

4 Seeing none, staff let's move on, then, to
5 exhibits.

6 MR. THOMPSON: Staff has compiled a
7 comprehensive exhibit list, or CEL. Item 1 on the
8 list is the CEL itself. The prefiled exhibits
9 attached to the witnesses' testimony are labeled 2
10 through 6, and staff's hearing exhibits are 7
11 through 14. The list has been provided for the
12 parties, the Commissioners and the court reporter.

13 Staff requests that the CEL be marked for
14 identification purposes as Exhibit No. 1, and that
15 the other exhibits listed on the CEL be marked for
16 identification as set forth in the CEL.

17 CHAIRMAN LA ROSA: The exhibits are so then
18 marked.

19 (Whereupon, Exhibit Nos. 1-14 were marked for
20 identification.)

21 MR. THOMPSON: At this time, staff asks that
22 the CEL, marked as Exhibit No. 1, be entered into
23 the record.

24 CHAIRMAN LA ROSA: Are there any objections?
25 Hearing none, Exhibit 1, then, shall be entered.

1 (Whereupon, Exhibit No. 1 was received into
2 evidence.)

3 CHAIRMAN LA ROSA: Staff.

4 MR. THOMPSON: Staff recommends that the
5 prefiled exhibits be moved into the record
6 contemporaneously with each witnesses' prefiled
7 testimony. It is staff's understanding that the
8 parties do not object to the entry of the staff
9 hearing exhibits, which are Exhibits 7 through 14.
10 So staff asks that Exhibit Nos. 7 through 14 be
11 moved into the record as set forth in the CEL.

12 CHAIRMAN LA ROSA: Have all -- all the parties
13 had the opportunity to review the comprehensive
14 exhibit list?

15 MR. MEANS: Yes.

16 MS. WESSLING: Yes.

17 MS. EATON: Yes.

18 CHAIRMAN LA ROSA: Are there any objections to
19 the entry of Exhibits 7 through 14?

20 MR. MEANS: No objection.

21 CHAIRMAN LA ROSA: No objections?

22 MS. WESSLING: No objection.

23 CHAIRMAN LA ROSA: All right. Seeing no
24 objections here. Exhibits 7 through 14 shall be
25 entered, then, into the record.

1 (Whereupon, Exhibit Nos. 7-14 were received
2 into evidence.)

3 CHAIRMAN LA ROSA: Let's move on, then, to
4 opening statements.

5 Per the prehearing order, each party shall
6 have three minutes for opening statements. We will
7 start with TECO.

8 Tampa Electric Company, you are recognized.

9 MR. MEANS: Thank you, Mr. Chairman, and good
10 morning, Commissioners.

11 As you know, restoring service following a
12 major storm is one of the most complicated, most
13 important tasks that an electric utility
14 undertakes. Tampa Electric's goal is always to
15 restore service safely, quickly and efficiently.

16 The last time Tampa Electric came to you to
17 request recovery of storm restoration costs, the
18 docket was resolved by a settlement agreement the
19 company entered into with the Office of Public
20 Counsel. That 2019 storm settlement agreement set
21 out a series of future process improvements
22 designed to further improve the company's responses
23 to future storms. As we sit here today, I am happy
24 to report that these process improvements worked.

25 As a part of this proceeding, Tampa Electric

1 engaged an outside accounting firm to examine the
2 company's Hurricane Ian costs. In addition to this
3 outside examination, your staff also conducted an
4 audit of the company's storm costs, and the Office
5 of Public Counsel conducted discovery.

6 As you will see from the fully stipulated
7 posture of this docket, the parties agree that the
8 company followed the future process improvements,
9 and that those processes worked as intended.

10 To demonstrate its commitment to continuous
11 improvement in the area of storm restoration, Tampa
12 Electric has also agreed to follow additional
13 process improvements for storms. These
14 improvements incorporate lessons learned in best
15 practices since the 2019 storm settlement.

16 Based on the records in this proceeding, and
17 the parties' stipulations in this matter, we urge
18 to you to approve the company's reasonable and
19 prudent actual storm restoration costs.

20 Thank you.

21 CHAIRMAN LA ROSA: Thank you.

22 Office of Public Counsel.

23 MS. WESSLING: Thank you. And I will start by
24 just saying we confirm all of our positions as they
25 are laid out in the Prehearing Order, and also that

1 OPC has reviewed Tampa Electric's audit plan, audit
2 report and audit workpapers. And OPC further
3 conducted discovery involving a review of a
4 representative sample of invoices and cost
5 documentation.

6 After conducting this review and cooperatively
7 meeting with Tampa Electric and their outside
8 auditors, the OPC determined that the company has
9 materially complied with the 2019 settlement, and
10 that the audit was well designed and executed.

11 Tampa Electric has also demonstrated that it
12 maintains a practice of working to continuously
13 improve its stewardship of resources that it
14 acquires for restoring service after severe weather
15 events.

16 OPC would also like to thank Carl Vinson and
17 his team for their thorough review of audit and
18 costs. This level of review, now and in the
19 future, can provide further assurance to customers
20 that these Commission-approved processes will mean
21 that these kinds of restoration costs are prudently
22 incurred.

23 Based on the entirety of the circumstances,
24 Tampa Electric's petition meets the burden of proof
25 established by the 2019 settlement and other

1 applicable laws. As a result of the due diligence
2 performed by OPC and the cooperation from Tampa
3 Electric in this matter, OPC is in support of Tampa
4 Electric's commitment to an ongoing continuous
5 storm restoration process improvement plan so that
6 current and future customers only pay for prudent
7 cost-effective restoration costs incurred due to
8 extreme weather events.

9 Thank you.

10 CHAIRMAN LA ROSA: Thank you.

11 Walmart.

12 MS. EATON: Walmart operates three --

13 CHAIRMAN LA ROSA: Your microphone might be
14 off.

15 MS. EATON: Oh, I am sorry. Good morning,
16 Stephanie Eaton again.

17 Walmart operates 386 retail units, nine
18 distribution centers, two fulfillment centers, and
19 employs over 119,000 associates in Florida. In
20 fiscal year ending 2023, Walmart purchased over
21 \$8.2 billion worth of goods and services from
22 Florida based suppliers, supplying over 71,000
23 supplier jobs.

24 In TECO's service territory, Walmart has --
25 excuse me -- Walmart has 36 retail stores and one

1 distribution center. Walmart consumes more than
2 138.6 million kilowatt hours from TECO annually,
3 primarily taking service from TECO as
4 demand-metered customer.

5 As an electric service that significantly
6 operating cost of its facilities, including the
7 facilities taking service from TECO specifically,
8 Walmart filed a petition to intervene in this
9 docket on March 6th, 2023, and the following day,
10 Walmart filed its written comments.

11 Walmart has filed testimony in numerous
12 matters handled by this commission, such as rate
13 cases, community solar cases, energy conservation
14 goal cases and storm protection plan matters. And
15 some of that testimony was filed by Lisa V. Perry,
16 its director utility partnership's regulatory.

17 Ms. Perry previously submitted testimony in
18 Florida Dockets 20200067-EI, 20200069-EI,
19 20200070-EI, 20200071-EI, 20210010-EI, and
20 20200010-EI, and 202210-EI, each of which was
21 considered by this commission as part of the
22 totality of information presented in each docket.

23 Walmart appreciates the opportunity to appear
24 before this commission to present information
25 relevant to its electric service for the

1 Commission's consideration in rendering its
2 decisions that impact all customers of a given
3 utility.

4 Walmart further appreciates the service that
5 TECO has provided, and its willingness to work with
6 Walmart as to Issue 13.

7 Thank you.

8 CHAIRMAN LA ROSA: Thank you to the parties.

9 Let's move on to witness testimony.

10 MR. THOMPSON: As mentioned in the preliminary
11 matters, all parties have stipulated to the entry
12 of testimony for the two utility witness and the
13 two staff witnesses, they waived cross-examination
14 and waived briefing.

15 Staff requests that the testimonies for
16 witnesses Whitworth, Latta, Mavrides and Vinson be
17 entered into the record at this time. And also
18 request admission of those witnesses' prefiled
19 exhibits, which are listed as 2, 3 and 6 on the
20 CEL.

21 CHAIRMAN LA ROSA: Are there any objections?

22 MR. MEANS: No objection.

23 MS. EATON: No objections.

24 MS. WESSLING: No objection.

25 CHAIRMAN LA ROSA: Thank you.

1 Hearing none, the prefiled testimony and
2 exhibits of those witnesses is moved into the
3 record as though read.

4 Staff, let's move on to the issue.

5 (Whereupon, prefiled direct testimony of Chip
6 S. Whitworth was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230019-EI

IN RE: PETITION OF TAMPA ELECTRIC
COMPANY FOR RECOVERY OF COSTS
ASSOCIATED WITH NAMED TROPICAL SYSTEMS
DURING THE 2018 - 2022 HURRICANE SEASONS AND
REPLENISHMENT OF STORM RESERVE

DIRECT TESTIMONY AND EXHIBIT

OF

CHIP S. WHITWORTH

FILED: SEPTEMBER 29, 2023

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **CHIP S. WHITWORTH**

5
6 **I. INTRODUCTION**

7 **Q.** Please state your name, address, occupation and employer.

8
9 **A.** My name is Chip S. Whitworth. My business address is 702
10 N. Franklin Street, Tampa, Florida 33602. I am employed
11 by Tampa Electric Company ("Tampa Electric" or "the
12 company") as Vice President, Electric Delivery.

13
14 **Q.** Please describe your duties and responsibilities in that
15 position.

16
17 **A.** I have responsibility for all aspects of Electric Delivery
18 which include Safety; Environmental Compliance; Customer
19 Reliability; Transmission and Distribution Grid and
20 Energy Control Center; Transmission, Substation, and
21 Distribution Engineering and Construction; Storm
22 Protection Plan ("SPP"); Asset Management; Meter
23 Operations; Operational Technology ("OT"); Lighting
24 Operations; Telecommunications; Meter Operations; and
25 Fleet Operations. I provide direct leadership to all the

1 company's Electric Delivery Directors and lead a team of
2 approximately 1,050 team members.

3
4 My duties and responsibilities include the oversight of
5 all functions within Tampa Electric's Electric Delivery
6 Department including the planning, engineering,
7 operation, maintenance, and restoration of the
8 transmission, distribution and substation systems;
9 operation of the distribution and energy control centers;
10 administration of tariffs and compliance; execution of
11 the company's Transmission and Distribution ("T&D")
12 strategic solutions including advanced metering
13 infrastructure ("AMI"), outdoor and streetlight LED
14 conversion project, and advanced distribution management
15 system; line clearance activities; and fleet and
16 equipment. In addition, I am responsible for the safe,
17 timely, and efficient implementation of Tampa Electric's
18 storm restoration plan.

19
20 **Q.** Please describe your educational background and
21 professional experience.

22
23 **A.** I graduated from The University of South Florida with a
24 Bachelor of Science in Civil/Structural Engineering
25 ("BSCE") and a Master of Business Administration ("MBA").

1 I have more than 26 years of experience in the energy
2 industry, all of which has been at Tampa Electric. Prior
3 to becoming Vice President of Electric Delivery at Tampa
4 Electric in 2022, I held the position of Vice President
5 of Safety beginning in 2021. Prior to taking that role,
6 my work experience included approximately 24 years in
7 Electric Delivery and Energy Supply where I worked as an
8 engineer and held various engineering and operations
9 leadership positions.

10

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

12

13 **A.** The purpose of my direct testimony is to 1) describe Tampa
14 Electric's Disaster Preparedness and Recovery Plan; 2)
15 describe Tampa Electric's storm restoration process for
16 the named storms during the 2018 - 2022 storm seasons,
17 including the implementation of the contracting, vendor
18 engagement, travel and work policies components of the
19 storm restoration cost process improvements agreed to in
20 the 2019 Storm Cost Settlement Agreement, approved in
21 Order No. PSC-2019-0234-AS-EI, on June 14, 2019; and 3)
22 describe the storm restoration costs incurred for the
23 named storms during the 2018 - 2022 storm seasons.

24

25 **Q.** Are you sponsoring any exhibits in this proceeding?

1 **A.** Yes, I am. Exhibit No. CSW-1, consisting of one document
2 entitled "Tampa Electric Company's Total Restoration
3 Costs by Storm" was prepared under my direction and
4 supervision. This exhibit details the necessary and
5 prudent restoration costs Tampa Electric incurred in
6 restoring the electrical system during the seven named
7 tropical storms ("TS") covered in this proceeding by
8 function and category. In parallel, the testimony of
9 witness Richard J. Latta provides the calculation of Tampa
10 Electric's recoverable storm restoration costs.

11

12 **II. TAMPA ELECTRIC'S DISASTER PREPAREDNESS AND RECOVERY PLAN**

13 **Q.** What is the objective of Tampa Electric's Disaster
14 Preparedness and Recovery Plan?

15

16 **A.** The objective of Tampa Electric's Disaster Preparedness
17 and Recovery Plan is to restore power safely, efficiently,
18 and effectively to customers as quickly and practically
19 as possible during and following a severe weather event.
20 This is accomplished in accordance with all regulatory,
21 legislative, and industry rules, including those of the
22 Occupational Safety and Health Administration ("OSHA").
23 It is accomplished in close coordination with all
24 applicable local, regional, state, and federal
25 governmental agencies. It is also accomplished according

1 to a well-established and always improving plan.
2 Facilities, equipment, and critical customers are
3 restored using both a predetermined prioritization
4 process and a methodology to restore the largest number
5 of customers as quickly as possible. The plan is readily
6 scalable to the size and impacts of the event, and
7 employees are regularly trained in their roles within the
8 plan.

9
10 The scale of the implementation of the plan ranges from
11 using only internal resources, to using both internal
12 resources and local contractor resources, up to and
13 including the opening of multiple incident bases and base
14 camps and acquiring resources from regional mutual aid
15 groups ("RMAG") across the country, as well as affiliates
16 and non-RMAG contractor resources.

17
18 **Q.** Please describe the key components of Tampa Electric's
19 Disaster Preparedness and Recovery Plan?

20
21 **A.** Tampa Electric's Disaster Preparedness and Recovery Plan
22 consists of a standard management hierarchy and set of
23 procedures for managing temporary events of any size called
24 an incident command structure ("ICS"). ICS includes
25 procedures to select and form temporary management

1 hierarchies to manage and control funds, personnel,
2 facilities, resources, and communications. It is designed
3 to be used or applied from the time an event is anticipated,
4 until the requirement for additional management and
5 operations no longer exists. ICS provides logistical and
6 administrative support to operational staff, allowing them
7 to focus on addressing the event. It is cost effective by
8 avoiding duplication of efforts and maximizing utilization
9 of available resources.

10
11 As a nationally recognized standardized approach to the
12 command, control, and coordination of emergency response,
13 ICS provides for a common terminology and clear
14 communications within which responders from multiple
15 agencies, public and/or private, can be effective. One of
16 its strengths is the ability to expand or contract in scope
17 to meet the needs of the event to which it is applied. As
18 ICS is standardized nationally and utilized by virtually
19 all first responders in the company's service territory, it
20 allows for effective and efficient coordination of response
21 to events between Tampa Electric and the first responders
22 of the communities the company serves.

23
24 **Q.** Please explain the function of ICS as it relates to Tampa
25 Electric's Disaster Preparedness and Recovery Plan.

1 **A.** ICS consists of five major functional areas: Command,
2 Operations, Planning, Logistics, and Finance.

3
4 **Command (or Command Staff):** The Command area is where the
5 event objectives, strategies, and priorities are set and
6 overall responsibility for the event resides. For small
7 events, the Incident Commander may be the only position
8 staffed. Other command level positions include Public
9 Information Officer (normally Corporate Communications),
10 Safety, and representatives from other major groups such as
11 Environmental, Energy Supply, Emergency Management,
12 Business Continuity, Customer Experience, and Human
13 Resources. The Incident Commander has overall
14 responsibility for managing the incident.

15
16 **Operations:** This functional area is responsible for
17 developing and implementing tactics to restore power to the
18 electric system. Operations is led and staffed by
19 individuals with the greatest tactical expertise in dealing
20 with the problem at hand. Tactical response resources
21 including crews, equipment, and material are organized,
22 assigned, and supervised by the Operations section.

23
24 **Planning:** This Planning area is responsible for collecting,
25 evaluating, and displaying event intelligence and

1 information. The group also prepares and documents Incident
2 Action Plans, tracks resources assigned to the event,
3 maintains event documentation, and develops plans for
4 demobilization.

5
6 **Logistics:** The Logistics group is responsible for ensuring
7 that there are adequate personnel, supplies and equipment
8 resources to support the restoration activities. Logistics
9 is responsible for all services and support needs,
10 including:

- 11 • Ordering, obtaining, maintaining, and accounting for
- 12 essential personnel, equipment, and material;
- 13 • Providing communication planning and resources;
- 14 • Setting up food services for responders;
- 15 • Setting up and maintaining event facilities such as
- 16 incident bases and housing;
- 17 • Providing support transportation; and
- 18 • Providing medical services to event personnel.

19
20 **Finance:** The Finance group handles storm financial
21 management and is responsible for the following items:

- 22 • Contract negotiation and monitoring;
- 23 • Timekeeping;
- 24 • Cost analysis;
- 25 • Compensation for injury or damage to property; and

- Documentation for reimbursement (under mutual aid agreements and assistance agreements).

1
2
3
4 **Q.** Does Tampa Electric periodically update its Disaster Preparedness and Recovery Plan?

5
6
7 **A.** Yes, the company updates the plan on an annual basis. Each year Tampa Electric's Corporate Emergency Management revises the plan based on newly identified improvements, organizational changes, or changes to personnel.

8
9
10
11
12 **Q.** What has Tampa Electric done to harden its electrical systems to reduce outage restoration costs?

13
14
15 **A.** Prior to 2020, Tampa Electric submitted a "Storm Hardening Plan" to the Commission every three years. These plans included storm hardening activities such as equipment inspections and vegetation management. In 2020 and in 2022, Tampa Electric submitted Storm Protection Plans ("SPP") that included the prior Storm Hardening Plan activities as well as new hardening programs. The company's current SPP consists of the following programs:

- Vegetation Management
- Distribution Lateral Undergrounding
- Transmission Asset Upgrades

- 1 • Distribution Overhead Feeder Hardening
- 2 • Substation Extreme Weather Hardening
- 3 • Infrastructure Inspections
- 4 • Legacy Storm Hardening Plan Initiatives
 - 5 ○ Geographical Information System ("GIS")
 - 6 ○ Post-Storm Data Collection
 - 7 ○ Outage Data - Overhead and Underground Systems
 - 8 ○ Increase Coordination with Local Governments
 - 9 ○ Collaborative Research
 - 10 ○ Disaster Preparedness and Recovery Plan
 - 11 ○ Distribution Pole Replacements

12
13 Additional information about these programs can be found
14 in Tampa Electric's Commission-approved 2022-2031 SPP.

15
16 **Q.** Have the company's storm hardening efforts resulted in
17 greater resiliency during extreme weather?

18
19 **A.** Yes, Tampa Electric's storm hardening efforts are
20 resulting in increased resiliency. For example, Tampa
21 Electric converted 116 laterals from overhead to
22 underground service prior to Hurricane Ian. During that
23 storm, there were zero outages on the converted
24 underground laterals.

25

1 Q. What other steps does Tampa Electric take to prepare for
2 each storm season?

3
4 A. Tampa Electric regularly takes a number of steps each
5 year to prepare the company and team members for each
6 storm season, including implementing the company's storm
7 hardening plan; mock storm exercises; communication with
8 local, county, and state emergency response centers;
9 implementation of the company's vegetation management
10 plan; increasing inventory levels for T&D equipment that
11 has the potential to be damaged; and implementation of
12 new technologies to make storm management and execution
13 more efficient.

14
15 Q. Would you provide some examples of things that the company
16 has done recently to improve its Disaster Preparedness
17 and Recovery Plan?

18
19 A. Following Hurricane Ian, Electric Delivery compiled a
20 list of action items. Two of those action items serve as
21 good examples of recent plan improvements. First, the
22 Distribution Engineering and Operations team ("DEO")
23 worked closely with the Distribution Control Center
24 ("DCC") to develop a new process for communication and
25 managing workflow. These teams established a working

1 group to redesign their workflow. The DCC and DEO drilled
2 on the new process over half a dozen times before the
3 2023 storm season to ensure the process was integrated.
4 All levels of the organization participated in the mock
5 storm events. Second, the company re-evaluated how it
6 utilizes foreign restoration crews. Historically, Tampa
7 Electric's plan called for deploying restoration crews
8 beginning on the second or third day after a storm. After
9 Hurricane Ian, the company improved logistics and
10 operational processes to use the foreign crews on the
11 first day following a storm. This change required
12 additional processes for circuit isolation that were
13 developed by DEO and the DCC and incorporated into company
14 training.

15
16 **Q.** How does Tampa Electric respond when a storm threatens
17 its service territory?

18
19 **A.** Tampa Electric begins storm response by closely
20 monitoring weather forecasts. Tampa Electric subscribes
21 to a paid weather forecasting service and monitors the
22 National Weather Service. The company's Electric Delivery
23 Emergency Manager provides daily updates on weather
24 forecasts throughout the year. During the hurricane
25 season, potential storms are identified as early as 10 or

1 more days ahead of potential impacts to peninsular Florida
2 and the company's service area. If a storm has the
3 potential to threaten Florida and the company's service
4 area, the Electric Delivery Incident Commander will
5 initiate calls with the Electric Delivery Operations
6 team. When a storm is five to seven days away, the
7 Electric Delivery Incident Commander will initiate full
8 or partial Electric Delivery Incident Command Structure,
9 depending on the storm's intensity, forecasted track, and
10 estimated impacts. The Incident Commander also schedules
11 daily or twice daily calls using the established pre-
12 storm agenda. The primary focus of this process is to
13 engage the key process owners in Emergency Management and
14 Mutual Assistance; Safety; Environmental; Customer
15 Experience; Human Resources; Corporate Communications;
16 Energy Supply; Electric Delivery; Logistics Support;
17 Transmission, Substation and Distribution Operations;
18 Transmission and Distribution Control Center; Planning;
19 and Finance. Initial activities include storm modeling
20 and assessing the need for restoration resources based on
21 the weather forecasts. If forecasts for impacts continue
22 to hold, all other areas of the company are quickly
23 activated to execute their responsibilities within the
24 plan. Depending on the size and potential impacts of the
25 storm, the Electric Delivery Incident Commander will

1 recommend to the Corporate Incident Commander, Tampa
2 Electric's Chief Executive Officer ("CEO"), whether
3 Corporate ICS should be initiated.

4
5 **Q.** Has Tampa Electric had previous opportunities to exercise
6 its Disaster Preparedness and Recovery Plan?

7
8 **A.** Yes. The company exercised the Disaster Preparedness and
9 Recovery Plan at various levels for each of the storms
10 that are the subject of this proceeding. In addition,
11 Tampa Electric exercises the plan each year prior to
12 hurricane season by conducting training, preparation, and
13 mock storm exercises.

14
15 **Q.** How does Tampa Electric ensure that its Disaster
16 Preparedness and Recovery Plan is consistently followed?

17
18 **A.** Tampa Electric ensures that the company's Disaster
19 Preparedness and Recovery Plan is consistently followed
20 through annual training and preparation and mock storm
21 exercises, incorporating updates and changes from lessons
22 learned after an event, as well as having a well-defined
23 Emergency Management and Incident Response Plan where
24 internal resources understand and have been trained on
25 their roles and responsibilities. The plan is reviewed

1 and updated annually. Everyone that fills a role in the
2 plan is notified and trained. In most cases, there are
3 primary personnel and backup personnel for each role
4 within the plan. All plan documentation is readily
5 accessible by all employees through the company's
6 intranet.

7
8 **Q.** How does Tampa Electric assess its restoration workload
9 requirements?

10
11 **A.** Tampa Electric assesses its restoration workload
12 requirements for storm events through two primary
13 methods. The first is through storm modeling, where the
14 specific attributes of the forecasted weather are modeled
15 based on a history of storm impacts from other events.
16 The modeling is specific to each one of the company's
17 service areas. Based on the projected number of customer
18 outages and the damage expected, the company estimates
19 the manhours necessary to repair the damage and restore
20 power and establishes restoration targets. Smaller storm
21 events may have targets that range between 24 and 48
22 hours. Restoration targets for larger events may be driven
23 by availability of external resources and other practical
24 limitations within logistics or operations. Once Tampa
25 Electric establishes restoration targets, the company

1 assesses internal resource availability of both field
2 employees and native contractors, primarily in the areas
3 of damage assessment, line clearance, and T&D line
4 workers, against the needed workhours to complete the
5 work. If the resource requirement is greater than the
6 internal availability, then Tampa Electric will acquire
7 external or foreign resources.

8
9 The second method for determining workload requirements
10 is through damage assessment. After the storm, the company
11 sends out damage assessors to T&D circuits, gathers damage
12 information, and returns that information to Tampa
13 Electric's Planning section. With that information and
14 information on actual outage counts from the company's
15 outage management systems, the company can adjust the
16 resource requirement predictions from the modeling and
17 develop a more accurate Estimated Time of Restoration
18 ("ETR"). For large storms, the damage assessment process
19 may require 24 to 48 hours before enough information is
20 available to estimate ETR.

21
22 **Q.** How are external or foreign resources acquired?

23
24 **A.** A foreign crew resource is a work crew supplied by a third
25 party (not the native utility or a native contractor)

1 that is contracted to work on emergency or storm
2 restoration activities for the native utility. As
3 explained above, Tampa Electric carefully assesses its
4 workload requirements prior to arrival of a named storm.
5 If the company determines that additional resources are
6 necessary to meet this workload, requests aid from the
7 Southeastern Electric Exchange ("SEE") and non-SEE
8 companies.

9
10 **Q.** What types of foreign crew resources does Tampa Electric
11 utilize?

12
13 **A.** Depending on the projected and actual needs for additional
14 assistance, Tampa Electric acquires and utilizes foreign
15 crew resources that perform T&D line work, tree trimming,
16 damage assessment, substation repair, Incident Base
17 Management, and base camp infrastructure. Specialized
18 equipment is also acquired, as needed.

19
20 **III. 2019 Storm Cost Settlement and Storm Restoration Process**

21 **Q.** Please describe the terms of the 2019 Storm Cost
22 Settlement Agreement.

23
24 **A.** As part of the 2019 Storm Cost Settlement Agreement, Tampa
25 Electric was able to recover \$91 million in storm

1 restoration costs and replenish the company's storm reserve
2 by using the company's tax savings associated with the Tax
3 Cuts and Jobs Act of 2017. In the settlement agreement,
4 Tampa Electric also agreed to several future process
5 improvements covering a broad range of storm cost recovery
6 issues. These improvements can be broadly grouped into two
7 categories: (1) Contracting and Vendor Engagement, Travel,
8 and Work Policies; and (2) Cost Documentation, Auditing,
9 and Regulatory Recovery Process.

10
11 **Q.** What are the Contracting and Vendor Engagement, Travel,
12 and Work policies included in the settlement?

13
14 **A.** Tampa Electric agreed to apply certain policies and
15 expectations to foreign crews retained by the company.
16 For example, these include a billing start point policy;
17 a travel time billing policy; a pace of travel policy;
18 and a requirement for GPS tracking of foreign crews. These
19 policies are intended to ensure that the company is
20 charged appropriately as foreign crews travel to the
21 company's service area.

22
23 **Q.** Did Tampa Electric implement the future process
24 improvements?

25

1 **A.** Yes, the Contracting and Vendor engagement, Travel, and
2 Work policies in the settlement agreement future process
3 improvements were implemented and applied to the named
4 storm events (2018 - 2022) included in this proceeding.
5 As explained in the pre-filed direct testimony of witness
6 Richard J. Latta in this docket, the company also
7 implemented and applied the cost documentation, auditing,
8 and regulatory recovery policies of the 2019 Storm Cost
9 Settlement Agreement.

10
11 **Q.** When did Tampa Electric implement the Contracting and
12 Vendor Engagement, Travel, and Work Policies?

13
14 **A.** Tampa Electric began implementing the process
15 improvements immediately after Hurricane Irma and has
16 continued to enhance our practices associated with
17 foreign crews through each named storm beginning with
18 Hurricane Dorian. Tampa Electric also developed rate
19 schedules with conditions that track the process
20 improvements. To date, Tampa Electric has agreed-upon
21 rate schedules with 51 separate foreign contractors that
22 may be called on during a storm. As a result, Tampa
23 Electric already has a list of potential foreign
24 contractor partners who have agreed to terms consistent
25 with the process improvements, even before a named storm

1 approaches the company's service area.

2

3 **IV. NAMED STORMS**

4 **TS ALBERTO**

5 **Q.** Please provide an overview of TS Alberto, Tampa Electric's
6 actions and response to the storm, and how it impacted
7 Tampa Electric's service territory.

8

9 **A.** TS Alberto originated as a subtropical cyclone on May 25,
10 2018 near the Yucatan Peninsula in Central America. The
11 storm strengthened as it entered the Gulf of Mexico and
12 was upgraded to a tropical storm before ultimately making
13 landfall near Laguna Beach, Florida on May 29, 2018. The
14 storm had minimal impact on the Tampa Electric service
15 territory.

16

17 **Q.** What costs did Tampa Electric incur because of TS Alberto?

18

19 **A.** Due to TS Alberto's projected path, Tampa Electric did not
20 activate ICS. Tampa Electric addressed outages as they
21 came in, similar to the day-to-day outage process. A total
22 of 5,987 Tampa Electric customers experienced outages as
23 a result of TS Alberto. Tampa Electric incurred \$43,133
24 in costs for overtime worked by IBEW-member line crews to
25 restore these customers.

1 **HURRICANE DORIAN**

2 **Q.** Please provide an overview of Hurricane Dorian, Tampa
3 Electric's actions and response to the storm, and how it
4 impacted Tampa Electric's service territory.

5
6 **A.** Hurricane Dorian originated on August 19, 2019 as a
7 tropical wave over western Africa. The storm continued to
8 organize and was classified as Tropical Depression Five
9 on Saturday, August 24, 2019. The storm made landfall on
10 Saint Lucia as TS Dorian on August 27, 2019 and then
11 entered the Caribbean Sea.

12
13 Hurricane Dorian intensified into a Category 1 hurricane
14 on August 28, 2019 and made landfall in the U.S. Virgin
15 Islands, and later that day, Governor DeSantis issued a
16 state of emergency for all 26 counties in Florida. Tampa
17 Electric activated ICS and began internal preparations
18 for Hurricane Dorian on August 28, and on August 29, the
19 company requested mutual assistance through SEE. The
20 company asked for mutual assistance resources to be in
21 position by August 31, 2019. Tampa Electric requested
22 1,257 foreign distribution line resources, 364 foreign
23 line clearance resources, and 146 native contract
24 resources.

25

1 By September 1, 2019, Hurricane Dorian had intensified
2 into Category 5 status and made landfall in the Bahamas.
3 The storm then weakened into a Category 2 hurricane and
4 moved north along the east coast of Florida. Tampa
5 Electric released the requested mutual aid resources on
6 August 31, 2019 and returned to normal operations on the
7 same day. Out of the foreign resources requested by Tampa
8 Electric, only the 364 foreign line clearance resources
9 were ultimately used. Hurricane Dorian had minimal impact
10 to the Tampa Electric service territory. For this storm,
11 Tampa Electric followed each of the applicable process
12 improvements that were in place during the preparation
13 for Hurricane Dorian.

14
15 **Q.** What costs did Tampa Electric incur as a result of
16 Hurricane Dorian?

17
18 **A.** Tampa Electric incurred \$9,006,413 in costs associated
19 with its request for mutual aid and the retention of
20 foreign distribution line crews and foreign line
21 clearance resources in preparation for a Category 5
22 hurricane.

23
24 **TS NESTOR**

25 **Q.** Please provide an overview of TS Nestor, Tampa Electric's

1 actions and response to the storm, and how it impacted
2 Tampa Electric's service territory.

3
4 **A.** TS Nestor originated as an area of low pressure near the
5 coast of Central America on October 10, 2019. The storm
6 moved roughly northeast over the Gulf of Mexico, where it
7 strengthened due to warm temperatures, and was upgraded
8 to a tropical storm on October 18, 2019. The storm lost
9 strength and made landfall on October 19, 2019 as a post-
10 tropical storm.

11
12 TS Nestor had minimal impact on Tampa Electric's service
13 territory, and Tampa Electric followed each of the
14 applicable process improvements that were in place during
15 preparations of TS Nestor.

16
17 **Q.** What costs did Tampa Electric incur as a result of TS
18 Nestor?

19
20 **A.** Due to TS Nestor's projected path, Tampa Electric did not
21 activate ICS. Tampa Electric addressed outages as they
22 came in, similar to the day-to-day outage process. A total
23 of 14,566 customers experienced outages as a result of TS
24 Nestor. As such, Tampa Electric incurred \$63,850 in costs
25 related to IBEW overtime.

1 **TS ETA**

2 **Q.** Please provide an overview of TS Eta, Tampa Electric's
3 actions and response to the storm, and how it impacted
4 Tampa Electric's service territory.

5
6 **A.** TS Eta originated as a tropical wave off the west coast
7 of Africa around October 22, 2020. The storm moved
8 westward across the Atlantic Ocean and was upgraded to a
9 tropical storm on November 1, 2020. The storm strengthened
10 into a hurricane on November 2 as it passed near Grand
11 Cayman. The storm tracked along the coast of Central
12 America for several days before ultimately making a third
13 landfall in the Florida Keys on November 9, 2020. After
14 making landfall in the Florida Keys, TS Eta then turned
15 westward into the Gulf of Mexico, making landfall again
16 in Tarpon Springs as a tropical storm.

17
18 Tampa Electric did not activate ICS for TS Eta, and there
19 was minimal impact to the Tampa Electric service
20 territory. Tampa Electric followed each of the applicable
21 process improvements that were in place during
22 preparations for TS Eta.

23
24 **Q.** What costs did Tampa Electric incur as a result of TS
25 Eta?

1 **A.** Due to TS Eta's projected path, Tampa Electric did not
2 activate ICS. Tampa Electric addressed outages as they
3 came in, similar to the day-to-day outage process. Tampa
4 Electric incurred costs totaling \$761,388 associated with
5 overtime, native contractor services, and line clearance
6 with 42,059 customers experiencing an outage.

7
8 **HURRICANE ELSA**

9 **Q.** Please provide an overview of Hurricane Elsa, Tampa
10 Electric's actions and response to the storm, and how it
11 impacted Tampa Electric's service territory.

12
13 **A.** Hurricane Elsa originated as a tropical wave off the west
14 coast of Africa on June 27, 2021. On June 30th, the
15 National Hurricane Center ("NHC") labeled the storm
16 Potential Tropical Cyclone Five. The storm strengthened
17 to tropical storm status by July 1, 2021 as it tracked
18 near Barbados, and developed into a Category 1 hurricane
19 on July 2, 2021. That same day, Governor DeSantis declared
20 a state of emergency for 15 counties in Florida, including
21 Hillsborough, Pasco, and Pinellas Counties.

22
23 Tampa Electric activated ICS and began preparations for
24 Hurricane Elsa on July 4, 2021 and requested mutual
25 assistance through the SEE. The company asked foreign

1 crews to be staged by July 6, 2021. Tampa Electric was
2 able to secure four foreign distribution companies.

3

4 Hurricane Elsa made landfall in Taylor County, Florida on
5 July 7, 2021. Approximately 22,000 Tampa Electric
6 customers lost power as the storm moved through the
7 company's service area. Foreign crews were released on
8 July 9, 2021.

9

10 Hurricane Elsa had minimal to moderate impact to the Tampa
11 Electric service territory, and Tampa Electric released
12 all foreign resources without utilizing them for storm
13 restoration. Tampa Electric followed each of the process
14 improvements during preparations for, and during recovery
15 from, Hurricane Elsa.

16

17 **Q.** What costs did Tampa Electric incur as a result of
18 Hurricane Elsa?

19

20 **A.** Due to Hurricane Elsa's projected path, Tampa Electric
21 incurred costs totaling \$2,001,012 associated with
22 securing the foreign distribution resources.

23

24 **HURRICANE IAN**

25 **Q.** Please provide an overview of Hurricane Ian, Tampa

1 Electric's actions and response to the storm, and how it
2 impacted Tampa Electric's service territory.

3
4 **A.** Hurricane Ian originated as Tropical Depression Nine,
5 which formed early in the morning of Friday, September
6 23, 2022 as an area of low pressure in the central
7 Caribbean Sea north of the island of Curacao. On September
8 23, 2022, the NHC reclassified the storm to TS Ian. On
9 September 24, 2022, Governor DeSantis declared a state of
10 emergency for the state of Florida.

11
12 Tampa Electric activated ICS and began preparations for
13 the storm on September 25, 2022 and requested mutual
14 assistance through SEE. Tampa Electric requested the
15 crews to arrive by September 28, 2022. Tampa Electric
16 opened base camps and three additional incident bases in-
17 its service territory to assist the 191 native line worker
18 resources and 2,411 foreign line worker resources
19 (including support) that supported Tampa Electric's
20 restoration efforts.

21
22 The NHC classified the storm as a hurricane on Monday,
23 September 26, 2022, and the storm continued to strengthen
24 as it tracked over the northwest Caribbean. On Tuesday,
25 September 27th, Hurricane Ian passed over Cuba into the

1 southeastern Gulf of Mexico. At this time the NHC expected
2 the storm to turn northward.

3
4 The storm reached Category 4 strength on September 28,
5 2022 before making landfall on Cayo Costa in southwest
6 Florida. The storm caused catastrophic storm surge and
7 heavy flooding as it tracked north-northeast. The storm
8 passed over Tampa Electric's service area on September
9 29, 2022, and approximately 256,000 customers were
10 without power.

11
12 The company issued its first ETR on September 30, 2022
13 and estimated the vast majority of customers would be
14 restored by midnight on October 2, 2022. By 6:00 a.m. on
15 October 2, 2022, 90 percent of the customers affected by
16 Hurricane Ian had been restored. Tampa Electric returned
17 to normal operations on October 4, 2022.

18
19 Hurricane Ian had a significant impact on Tampa Electric's
20 service territory. Tampa Electric replaced 256
21 distribution poles, 21 transmission poles, and over
22 102,000 feet of primary overhead wire and almost 34,000
23 feet of secondary and service wire because of the storm.
24 Tampa Electric incurred \$130,665,934 in costs. Tampa
25 Electric followed each of the process improvements during

1 preparations for, and recovery from, Hurricane Ian.
2

3 The estimated damage due to Hurricane Ian triggered the
4 outside audit requirement in the 2019 Storm Cost
5 Settlement Agreement. Tampa Electric submitted the report
6 of the third-party, independent auditor for Hurricane Ian
7 costs in this docket on July 28, 2023.
8

9 **HURRICANE NICOLE**

10 **Q.** Please provide an overview of Hurricane Nicole, Tampa
11 Electric's actions and response to the storm, and how it
12 impacted Tampa Electric's service territory.
13

14 **A.** Hurricane Nicole originated as a low-pressure system that
15 developed near Puerto Rico on November 4, 2022. The storm
16 continued to strengthen over the next few days and the
17 NHC classified the storm as Subtropical Storm Nicole on
18 November 7, 2022. Later that day, Governor DeSantis issued
19 a state of emergency for 34 counties in Florida. On
20 November 9th, Hurricane Nicole strengthened to Category 1
21 as it made landfall on Grand Bahama. On November 10, 2022,
22 Hurricane Nicole made landfall in Vero Beach, Florida and
23 continued to move across Florida bringing heavy rains and
24 high winds. It then re-emerged into the Gulf of Mexico
25 near Tampa.

1 Tampa Electric followed each of the process improvements
2 during preparations for, and recovery from, Hurricane
3 Nicole.

4
5 **Q.** What costs did Tampa Electric incur because of Hurricane
6 Nicole?

7
8 **A.** Tampa Electric did not activate ICS for Hurricane Nicole.
9 The company did, however, utilize native contract
10 resources to assist with outages as they came in, similar
11 to the day-to-day outage process. Tampa Electric incurred
12 costs totaling \$2,110,448 associated with 101,485
13 customer outages.

14
15 **ARCOS**

16 **Q.** Please provide an overview of the costs associated with
17 ARCOS?

18
19 **A.** As part of the settlement agreement process improvements,
20 Tampa Electric was required to establish a policy under
21 which vendor crews would be tracked "to the maximum extent
22 possible" using GPS software such as ARCOS. Tampa Electric
23 began implementation of the ARCOS application in 2019.
24 ARCOS is utilized to track foreign resources as they
25 travel to the state, local crews working on restoration,

1 and damage assessment crews in the field.

2

3 The consumer party signatories to the 2019 Storm Cost
4 Settlement Agreement agreed that they would support the
5 company's request to recover "start-up costs for the new
6 procedures required under the" agreement. Tampa Electric
7 charged \$359,000 associated with implementing the ARCOS
8 system to the storm reserve beginning in 2019.

9

10 **V. TOTAL STORM RESTORATION COSTS**

11 **Q.** What is Tampa Electric's total storm restoration cost
12 incurred for the named storms from 2018 through 2022
13 discussed above?

14

15 **A.** The total storm restoration costs for the named storms
16 from 2018 through 2022 is \$145,408,695.

17

18 **VI. SUMMARY**

19 **Q.** What were the total storm restoration costs incurred by
20 Tampa Electric in connection with each of the named storms
21 you have described?

22

23 **A.** Tampa Electric incurred prudent restoration costs by the
24 seven named tropical storms and the costs to implement
25 the ARCOS system in the amount of \$145,408,695. This total

1 includes the interest provision on the storm balance that
2 exceeded the company's storm reserve.

3

4 **Q.** Do you consider Tampa Electric's restoration plan and its
5 execution for these seven named tropical storms in this
6 proceeding to be effective?

7

8 **A.** Yes, I am confident that the execution of Tampa Electric's
9 Disaster Preparedness and Recovery Plan resulted in a
10 response that was very effective in performing
11 restoration in each of the seven named tropical storms.

12

13 **Q.** Please summarize your testimony.

14

15 **A.** Throughout my testimony, I described Tampa Electric's
16 Disaster Preparedness and Recovery Plan and the storm
17 restoration process for the named storms during the 2018
18 through 2022 storm seasons. I further explained the
19 implementation of the storm restoration process
20 improvements, and lastly, I discussed the storm
21 restoration costs for the named storms during the 2018
22 through 2022 storm season.

23

24 **Q.** Does this conclude your direct testimony?

25

1 **A.** Yes.

2

3

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1 (Whereupon, prefiled direct testimony of
2 Richard J. Latta was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

20230019-EI

IN RE: PETITION OF TAMPA ELECTRIC
COMPANY FOR RECOVERY OF COSTS
ASSOCIATED WITH NAMED TROPICAL SYSTEMS
DURING THE 2018 - 2022 HURRICANE SEASONS AND
REPLENISHMENT OF STORM RESERVE

DIRECT TESTIMONY AND EXHIBIT
OF

RICHARD J. LATTA

FILED: SEPTEMBER 29, 2023

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

RICHARD J. LATTA

I. INTRODUCTION

Q. Please state your name, address, occupation and employer.

A. My name is Richard J. Latta. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the Company") in the Finance Department as Utility Controller.

Q. Please describe your duties and responsibilities in that position.

A. My duties and responsibilities include maintaining the financial books and records of the company and for the determination and implementation of accounting policies and practices for Tampa Electric. I am also responsible for budgeting activities within the company, which includes business planning, as well as general accounting, regulatory accounting, plant accounting, regulatory tax accounting, and financial reporting.

1 Q. Please describe your educational background and
2 professional experience.

3
4 A. I graduated from the University of South Florida in 2005
5 with a Bachelor of Science degree in Accounting and a
6 Master of Accountancy in 2007. I am a Certified Public
7 Accountant in the State of Florida. I joined Tampa
8 Electric in 2001 as a Customer Service Representative.
9 Upon completion of my Accounting degree, I joined Tampa
10 Electric's Accounting Department in 2005 as a Financial
11 Reporting Accountant working on the Conservation and
12 Environmental clauses. I held and expanded my roles within
13 Tampa Electric's Accounting Department until I moved to
14 TECO Services Inc. in 2014 as a Corporate Accounting
15 Manager. I returned to Tampa Electric's Accounting
16 Department in 2017 as the Director of Financial Reporting.
17 I am currently the Controller of Tampa Electric and have
18 held this role since July 2021.

19
20 Q. What is the purpose of your direct testimony?

21
22 A. The purpose of my direct testimony is to 1) describe the
23 process improvements related to cost documentation,
24 auditing, and regulatory recovery requirements agreed to
25 in the 2019 Storm Settlement, 2) to present the actual

1 storm costs by storm, function and cost category, and 3)
2 to describe the customer impacts of the total actual
3 incremental storm restoration costs on the storm
4 surcharge.

5
6 **Q.** Are you sponsoring any exhibits in this proceeding?
7

8 **A.** Yes, I am. Exhibit No. RJL-1, consisting of 3 documents.
9 Documents No. 1 entitled "Tampa Electric's Total
10 Restoration Costs by Storm and Cost Category" and Document
11 No. 2 entitled "Tampa Electric's Incremental Recoverable
12 Restoration Costs by Storm and Function" were prepared
13 under my direction and supervision. These documents
14 detail the company's total storm costs by detailed
15 category and by function, which support the necessary and
16 prudent restoration costs Tampa Electric incurred in
17 restoring the company's electrical systems in the seven
18 named tropical storms ("TS") in this proceeding. Document
19 No. 3 is Pricewaterhouse Coopers ("PwC")'s Audit Report
20 filed in this docket on July 28, 2023.
21

22 **II. TAMPA ELECTRIC'S 2019 STORM COST SETTLEMENT**

23 **Q.** What is the 2019 Storm Cost Settlement?
24

25 **A.** Tampa Electric last filed for recovery of storm restoration

1 costs in 2017, when the company filed a petition seeking
2 recovery of costs incurred in the 2015, 2016, and 2017
3 hurricane seasons and replenishment of the company's storm
4 reserve. The Commission approved an interim storm surcharge
5 in March of 2018. The amount of this surcharge was
6 calculated to recover storm restoration costs and replenish
7 the storm reserve to the targeted balance of \$55.9M. The
8 company's 2017 storm cost recovery docket was ultimately
9 resolved in 2019 when the Commission approved a Storm Cost
10 Settlement Agreement entered into by Tampa Electric and the
11 intervenors in that docket.

12
13 **Q.** Please describe the terms of the 2019 Storm Cost
14 Settlement Agreement.

15
16 **A.** As part of the 2019 Storm Settlement Agreement, Tampa
17 Electric was able to recover \$91 million in storm
18 restoration costs and replenish the company's storm reserve
19 by using the company's tax savings associated with the Tax
20 Cuts and Jobs Act of 2017. Additionally, Tampa Electric
21 agreed to several process improvements covering a broad
22 range of storm cost recovery issues (collectively the
23 "Process Improvements"). These improvements can be broadly
24 grouped into two categories - (1) Contracting and Vendor
25 Engagement, Travel, and Work Policies; and (2) Cost

1 Documentation, Auditing, and Regulatory Recovery Process.
2 The company agreed to make a "good faith effort" to
3 implement as many of the Process Improvements as possible
4 for the 2019 hurricane season and to fully implement them
5 by the 2020 hurricane season.

6

7 **Q.** What are the Cost Documentation, Auditing, and Regulatory
8 Recovery Process Improvements agreed to in the 2019 Storm
9 Cost Settlement Agreement?

10

11 **A.** As part of the 2019 Storm Cost Settlement Agreement, Tampa
12 Electric agreed to implement Process Improvements
13 surrounding storm cost documentation, to engage an
14 independent auditor to "examine" the company's processes,
15 and to follow an agreed upon regulatory recovery process.
16 Other process improvements are described in the testimony
17 of Tampa Electric witness Chip Whitworth.

18

19 **Q.** When did Tampa Electric implement these Process
20 Improvements?

21

22 **A.** Tampa Electric was able to fully implement the storm cost
23 documentation Process Improvements beginning in 2019 and
24 continues to standardize and improve the process for each
25 storm.

1 **III. PROCESS IMPROVEMENTS RELATED TO COST DOCUMENTATION,**
2 **AUDITING, AND REGULATORY RECOVERY REQUIREMENTS**

3
4 **Q.** What is the Storm Cost Documentation Requirement that you
5 previously mentioned as a component of the Process
6 Improvements?

7
8 **A.** For each named tropical storm, Tampa Electric is required
9 to maintain appropriate documentation, including the
10 following:

- 11 • A summary identifying each vendor and corresponding
12 information such as billing, point of origin,
13 distance traveled, etc.;
- 14 • A contractor review showing the results of the
15 company's internal review that contains the detail
16 listed on a storm audit narrative, including all
17 exceptions;
- 18 • A summary of expenses; and
- 19 • Costs identified by storm and cost category,
20 including but not limited to Base Payroll and fringe;
21 Overtime Payroll and fringe; Contractor Cost for
22 line restoration; Line Clearing Contractor Costs;
23 Logistics/Other.

24
25 **Q.** Did Tampa Electric follow this procedure for the 2018 -

1 2022 storms?

2

3 **A.** Yes, Tampa Electric followed this requirement for the 2018
4 - 2022 storms with the exception of Alberto, which
5 predated the 2019 Storm Cost Settlement Agreement.

6

7 **Q.** Please explain the Audit Requirement that was mentioned
8 as part of the Process Improvements.

9

10 **A.** Under this provision, Tampa Electric is required to engage
11 an independent outside audit firm to conduct an audit of
12 the recoverable costs for the first named storm where
13 damage claims exceed 50 percent of the company's full
14 authorized storm reserve amount or \$40 million, whichever
15 is greater. The audit is intended to validate that any
16 and all storm costs paid were allowable, legitimate,
17 accurate and incurred during an appropriate recovery
18 period. The audit is also intended to ensure that only
19 actual and approved storm costs are recovered in rates.
20 The settlement states that the auditor should be able to
21 evaluate the adequacy and effectiveness of the company's
22 internal controls governing the vendor procurement
23 process. The settlement also states that audit activities
24 should include:

- 25
- Interviews with key personnel;

- 1 • A review of operating policies and procedures;
- 2 • A review of the relevant documents, such as executed
- 3 contracts, labor and equipment rates, established
- 4 workday hours, overtime and double time;
- 5 • A comparison between vendor employee rosters and
- 6 approved timesheets and expense receipts;
- 7 • An inspection and comparison of paid invoices to
- 8 submitted expense receipts and submitted timesheets;
- 9 and
- 10 • Recalculated costs and a reconciliation of paid
- 11 invoices against overall vendor invoice summaries.

12

13 **Q.** Is an audit the appropriate engagement for this type of

14 compliance work?

15

16 **A.** After careful consideration and discussions with the

17 audit firm, Tampa Electric determined that an

18 "examination" was the appropriate type of engagement for

19 this compliance work. An examination engagement is one in

20 which a practitioner is engaged by a client to issue a

21 report of findings based on specific procedures performed

22 on subject matter. The client engages the practitioner to

23 assist specified parties in evaluating subject matter or

24 an assertion as a result of a need for evaluation. In

25 contrast, an audit is a comprehensive examination of the

1 financial report of an organization as presented in the
2 annual report and performed by someone independent of that
3 organization. The purpose of an audit is to form a view
4 on whether the information presented in the financial
5 report, taken as a whole, reflects the financial position
6 of the organization at a given date.

7
8 **Q.** When was this requirement triggered?

9
10 **A.** This requirement was triggered with Hurricane Ian, which
11 affected the Tampa Electric service territory on
12 September 28, 2022. Information related to Tampa
13 Electric's preparations for and response to Hurricane Ian
14 can be found in Tampa Electric witness Chip Whitworth's
15 testimony.

16
17 **Q.** Did Tampa Electric engage an outside audit firm for the
18 audit of its recoverable costs associated with Hurricane
19 Ian?

20
21 **A.** Yes. Tampa Electric engaged PwC for an independent
22 examination of the company's determination of recoverable
23 storm restoration costs and compliance with the
24 requirements of the 2019 Storm Cost Settlement Agreement.
25 PwC is not the company's annual independent financial

1 statement auditor required for public companies, which
2 creates additional independence over this engagement.

3

4 **Q.** What is the status of the examination?

5

6 **A.** The examination engagement took approximately 8 weeks to
7 complete. The scope of the examination was to review all
8 incremental storm restoration costs recognized as of June
9 30, 2023 for costs incurred for the period from September
10 25, 2022 through December 1, 2022. The examination report
11 was completed on July 26, 2023. Tampa Electric filed its
12 Report in this docket on July 28, 2023.

13

14 **Q.** What were the results of the examination?

15

16 **A.** Upon conclusion of the examination, PwC asserts that Tampa
17 Electric maintained the appropriate documentation to
18 support Hurricane Ian Incremental Storm Restoration
19 Costs, as well as maintained internal controls over the
20 process based on the criteria set forth in the 2019 Storm
21 Cost Settlement.

22

23 **Q.** Is a copy of the examination report included in your
24 exhibit?

25

1 **A.** Yes, Tampa Electric is filing a copy of the examination
2 report as Exhibit No. RJL, Document No. 3.

3
4 **Q.** What are the components of the Regulatory Recovery Process
5 agreed to in the 2019 Storm Cost Settlement Agreement?

6
7 **A.** As part of the settlement agreement, the company agreed
8 to provide supporting documentation, to seek cost
9 recovery for initial process implementation costs, and to
10 follow the Incremental Cost Methodology outlined in Rule
11 25-6.0143, F.A.C. and the settlement agreement Addendum.

12
13 **Q.** What is the Provision of Supporting Documentation
14 requirement you previously mentioned?

15
16 **A.** In addition to the storm cost documentation requirement,
17 Tampa Electric is required to provide the supporting
18 documentation to Intervenors in response to an agreed,
19 standardized discovery request.

20
21 **Q.** Did Tampa Electric comply with this requirement?

22
23 **A.** The Office of Public Counsel issued its First Request for
24 Production of Documents, totaling 36 requests, and its
25 First Set of Interrogatories, totaling 27

1 interrogatories, on March 3, 2023. These requests were
2 held in abeyance until after the independent auditor
3 completed the examination and the company filed the report
4 in this docket. Tampa Electric will provide the necessary
5 documentation if the Office of Public Counsel renews the
6 paused discovery requests.

7
8 **Q.** What is the Cost Recovery for Initial Process
9 Implementation Provision that is referenced above as part
10 of the Process Improvements?

11
12 **A.** Tampa Electric incurred costs to implement the new
13 procedures that were required under these processes. As
14 a result, the intervenors agreed that they would not
15 object and would support the recovery of these startup
16 costs.

17
18 **Q.** Is Tampa Electric seeking costs for process
19 implementation?

20
21 **A.** Yes, Tampa Electric is seeking costs for ARCOS, a form of
22 GPS software, and the examination (audit). The costs
23 associated with ARCOS and the examination are \$397,518
24 and \$359,000, respectively. Information related to ARCOS
25 can be found in Witness Whitworth's testimony. Tampa

1 Electric is not, however, seeking to recover base payroll
2 for employees needed to implement the Process
3 Improvements in the 2019 Storm Cost Settlement Agreement.
4

5 **Q.** What is the Incremental Cost Methodology outlined in Rule
6 25-6.0143, F.A.C.?
7

8 **A.** Per Rule 25-6.0143, Tampa Electric must utilize the
9 Incremental Cost and Capitalization Approach methodology
10 ("ICCA") for determining the costs to be charged to cover
11 storm related damages. This rule also outlines the types
12 of storm related costs charged to the storm reserve, such
13 as contract labor, payroll, fuel costs, vegetation
14 management, and logistics.
15

16 **Q.** What is the Incremental Cost Methodology Addendum and how
17 does it differ from what is proposed in F.A.C 25-6.0143?
18

19 **A.** The Incremental Cost Methodology Addendum is part of the
20 2019 Storm Cost Settlement. It further prescribes the
21 treatment for storm cost by charge categories specific to
22 the company. The Incremental Cost Methodology Addendum
23 also outlines what additional actions Tampa Electric must
24 take in each of the following areas:

- 25
- Base Payroll and fringe;

- 1 • Overtime payroll and fringe;
- 2 • T&D Non-vegetation Management Contractor costs;
- 3 • T&D Vegetation Management Costs;
- 4 • Logistics/Other Costs and
- 5 • Capitalized Costs.

6
7 Finally, the Incremental Cost Methodology Addendum
8 requires Tampa Electric to provide written testimony that
9 details how incremental costs and non-incremental costs
10 were determined in accordance with the Incremental Cost
11 Methodology Addendum and Rule 25-6.0143. Notably, the
12 Consumer Parties agreed in the 2019 Storm Cost Settlement
13 Agreement that the Incremental Cost Methodology Addendum
14 is a reasonable approach to identifying incremental storm
15 costs.

16
17 **Q.** Did Tampa Electric employ the Incremental Cost
18 Methodology Addendum for each of the seven storms listed
19 in the 2018 - 2022 period?

20
21 **A.** Yes, with one exception. Tampa Electric did not implement
22 this methodology for Tropical Storm Alberto in 2018
23 because that storm predated the 2019 Storm Cost
24 Settlement.

25

1 Q. How did Tampa Electric determine whether costs were
2 incremental or non-incremental?

3

4 A. Tampa Electric determined whether costs were incremental
5 or non-incremental using the ICCA methodology set forth
6 in Rule 25-6.0143 and the Incremental Cost Methodology
7 Addendum included in the 2019 Storm Cost Settlement.
8 Incremental storm costs were only charged to the storm
9 reserve when they were greater than the calculated monthly
10 average of the applicable costs charged to operation and
11 maintenance expense for the same month in the three
12 previous calendar years. For supplemental details of the
13 methodology used, see the Examination Report in Document
14 No. 3 of Exhibit No. RJL-1.

15

16 **STORM COSTS**

17 Q. What are the total storm restoration costs incurred by
18 Tampa Electric in the 2018 through 2022 storm seasons?

19

20 A. As referenced in Witness Whitworth's testimony, the total
21 storm restoration costs are \$145,408,695.

22

23 Q. What is the amount of storm restoration costs that Tampa
24 Electric is not seeking recovery for through this
25 proceeding?

1 **A.** During the 2018 through 2022 storm seasons, Tampa Electric
2 incurred \$5.5 million in non-incremental O&M and \$4.8
3 million in capital that were not charged to the storm
4 reserve. As a result, the company is not seeking recovery
5 of these costs through this proceeding.

6
7 **Q.** Based on the application of Rule 25-6.0143 and the process
8 improvements, what were the incremental recoverable storm
9 restoration costs incurred by Tampa Electric in the 2018
10 through 2022 storm seasons?

11
12 **A.** After applying the process improvements, as shown on
13 Document No. 2 of my exhibit, the prudently incurred,
14 incremental recoverable storm restoration costs were
15 \$135,099,098.

16
17 **Q.** What were the incremental storm restoration costs by
18 storm?

19
20 **A.** As referenced in Document No. 1 of Exhibit No. RJL-1, the
21 prudently incurred incremental restoration costs by storm
22 are as follows:

- 23 TS Alberto - \$1,944
24 Hurricane Dorian - \$7,499,858
25 TS Nestor - \$8,282

1 TS Eta - \$729,515
2 Hurricane Elsa - \$1,874,575
3 Hurricane Ian - \$122,985,112
4 Hurricane Nicole - \$1,243,293
5 Exanimation (Audit) costs - \$359,000
6 ARCOS Costs - \$397,518
7

8 **Q.** What were the incremental storm restoration costs by
9 function?

10
11 **A.** As referenced in Document No. 2 of Exhibit No. RJL-1, the
12 prudently incurred incremental restoration costs by
13 function are \$135,099,098
14

15 **Q.** What were the incremental recoverable storm restoration
16 costs by cost category?
17

18 **A.** Please refer to Document No. 1 of Exhibit No. RJL-1, for
19 the prudently incurred incremental recoverable storm
20 restoration costs by cost category.
21

22 **Q.** Please explain the difference between the amount
23 requested for the interim storm restoration surcharge of
24 \$130,880,964, filed in this docket on January 23, 2023
25 and the total recoverable incremental cost amount of

1 \$135,099,098.

2

3 **A.** The difference between the amount requested in this docket
4 filed on January 23, 2023, and the amount reflected in my
5 testimony are driven by interest calculated on the
6 deferred debit balance, the examination fee referenced
7 above, and outstanding invoices not yet finalized. Tampa
8 Electric will account for any variance related to these
9 outstanding invoices and amend its testimony and exhibits
10 in this proceeding to reflect an adjusted recoverable
11 incremental amount if necessary.

12

13 **Q.** How will Tampa Electric determine the final over/under
14 recovery related to Storm Surcharge and what is Tampa
15 Electric's proposal to refund or charge customers for any
16 excess or shortfall?

17

18 **A.** Upon expiration of the storm surcharge, Tampa Electric
19 will file with the Commission a report that outlines the
20 total amount recovered through the storm surcharge and
21 any excess or shortfall will be recovered through the
22 energy conservation cost recovery clause, with interest
23 applied at the 30- day commercial paper rate.

24

25

1 **CUSTOMER IMPACTS**

2 **Q.** What is the customer impact for the incremental storm
3 restoration costs to be collected?

4
5 **A.** On August 16, 2023, Tampa Electric filed a Supplemental
6 Petition in this docket. Through this Supplemental
7 Petition, the company proposed to adjust its existing
8 storm surcharge factors to account for the additional \$4.2
9 million incurred for storm restoration, compared to the
10 amount included in the January filing. Tampa Electric also
11 requested authority to adjust its storm surcharge from
12 \$10.22 per 1,000 kWh per to \$2.19 per 1,000 kWh for a
13 typical residential customer starting in January 2024.
14 Tampa Electric originally proposed, and the Commission
15 approved, a 12-month recovery period from April 2023
16 through March 2024. Through the Supplemental Petition,
17 Tampa Electric proposed to modify the recovery period to
18 collect the estimated un-recovered costs as of December
19 31, 2023 from January 2024 through December 2024. By
20 spreading the recovery of the storm cost through 2024,
21 Tampa Electric is reducing the impact on customers' bills.

22
23 **SUMMARY**

24 **Q.** Please summarize your testimony.
25

1 **A.** My testimony: 1) described the Process Improvements
2 related to cost documentation, auditing, and regulatory
3 recovery requirements agreed to in the 2019 Storm
4 Settlement; 2) presented the actual storm costs by storm,
5 function and cost category; and 3) described the customer
6 impacts of the total actual incremental storm restoration
7 costs on the storm surcharge.

8
9 In summary, Tampa Electric is proposing to reduce its
10 Storm Surcharge beginning in the first billing cycle in
11 January 2024 to \$2.19 per 1,000 kWh for a typical
12 residential customer based on incremental storm
13 restoration costs of \$135,099,098.

14
15 **Q.** Does this conclude your direct testimony?

16
17 **A.** Yes.

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1 (Whereupon, prefiled direct testimony of Ron
2 Mavrides was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230019-EI - Petition for recovery of costs associated with named tropical systems during the 2018-2022 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company.

WITNESS: Direct Testimony of Ron Mavrides appearing on behalf of the Staff of the Florida Public Service Commission

DATE FILED: March 1, 2024

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
COMMISSION STAFF
DIRECT TESTIMONY OF RON MAVRIDES
DOCKET NO. 20230019-EI
FEBRUARY 29, 2024

Q. Please state your name and business address.

A. My name is Ron Mavrides. My business address is 14507 Brentwood Drive, Tampa, FL, 33618.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst III. I have been employed by the Commission since October 2007.

Q. Please give a brief description of your educational background and professional experience.

A. I received a Bachelor of Science Degree in accounting from the University of Central Florida in 1990. I am also a Certified Management Accountant, a Certified Internal Auditor and a Certified Government Auditing Professional. I have worked for the FPSC for 16 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. My responsibilities consist of planning and conducting utility audits of manual and automated accounting systems for historical and forecasted data.

Q. Have you previously presented testimony before this Commission?

A. Yes. I presented testimony in numerous dockets before this Commission. Those dockets include Docket Nos. 20090001-EI and 20110001-EI and I filed testimony in the

1 Nuclear Cost Recovery Clause Docket Nos. 20140009-EI, 20150009-EI, 20160009-EI, and
2 20170009-EI.

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

4 A. The purpose of my testimony is to sponsor staff's Auditor Report of Tampa Electric
5 Company, which addresses the Utility's filing in Docket No. 20230019-EI. An Auditor's
6 Report was issued in the Docket 20230019-EI. This report is filed with my testimony and is
7 identified as Exhibit RM-1.

8 **Q. Was this audit prepared by you or under your direction?**

9 A. Yes. It was prepared by me and under my direction.

10 **Q. Please describe the objectives of the audit and the procedures performed during**
11 **the audit?**

12 A. The objectives and procedures are listed in the Objectives and Procedures section of
13 the attached Exhibit RM-1 pages 4 of 8 through 6 of 8.

14 **Q. Please review the audit findings in this audit report.**

15 A. There were no audit findings.

16 **Q. Does that conclude your testimony?**

17 A. Yes.

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1 (Whereupon, prefiled direct testimony of Carl
2 Vinson was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230019-EI - Petition for recovery of costs associated with named tropical systems during the 2018-2022 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company.

WITNESS: Direct Testimony of Carl Vinson appearing on behalf of the Staff of the Florida Public Service Commission

DATE FILED: March 1, 2024

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF CARL VINSON

DOCKET NO. 20230019-EI

FEBRUARY 29, 2024

Q. Please state your name and business address.

A. My name is Carl Vinson. My business address is 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Q. By whom are you presently employed?

A. I am employed by the Florida Public Service Commission (Commission) as the supervisor of the Performance Analysis Section within the Office of Auditing and Performance Analysis.

Q. Please describe your current responsibilities.

A. I oversee a team of five auditors who perform management or operational audits of Commission-regulated utilities. These audits focus on issues such as effectiveness of management and company practices, compliance with internal procedures, adequacy of internal controls, and regulatory compliance.

Q. Briefly describe your educational and professional background.

A. In 1980, I received a Bachelor of Business Administration Degree in Finance from Stetson University in DeLand, Florida. In 1984, I joined the consulting firm of Ben Johnson Associates, Inc. The firm served public service commissions and offices of public counsel around the U.S. in utility rate cases and other regulatory dockets.

In 1989, I joined the Commission staff and have served 34 years performing and supervising management and operational audits of regulated electric, gas, water, and

1 telecommunications utilities.

2 **Q. Have you presented testimony before this Commission or any other regulatory**
3 **agency?**

4 A. Yes. In the Commission’s Nuclear Cost Recovery Clause Dockets No. 20080009-EI,
5 20090009-EI, 20150009-EI, and 20170009-EI, I filed testimony presenting operational audit
6 reports regarding Florida Power & Light Company and Duke Energy Florida, LLC that
7 evaluated project management internal controls over their nuclear plant extended uprates and
8 the construction of proposed new nuclear units. In the Nuclear Cost Recovery Clause Dockets
9 for the years 2010-2014 and 2016, I also directed and supervised the preparation of similar
10 audits filed as staff testimony.

11 In 2020, I filed testimony regarding the Hurricane Michael storm cost management and
12 payment processing practices of Duke Energy Florida-LLC, Gulf Power Company, and
13 Florida Public Utility Company in Docket Numbers 20190110-EI, 20190038-EI, and
14 20190156-EI, respectively.

15 In February 2024 I filed testimony in Docket No. 20240001-EI regarding my
16 management audit of FPL Nuclear Operations.

17 **Q. Are you sponsoring any exhibits in this docket?**

18 A. No.

19 **Q. Please describe the purpose of your testimony in this docket.**

20 A. My testimony in this docket addresses Issue 2 regarding compliance by Tampa Electric
21 Company (Tampa Electric) with the terms of its 2019 Storm Cost Settlement, approved by
22 Order No. PSC-2019-0234-AS-EI.

23 **Q. Please describe the scope of your review and describe the methods used in your**
24 **analysis.**

25 A. The scope of my review included evaluation of the following:

- 1 • Tampa Electric’s compliance with the 2019 Storm Cost Settlement’s process
- 2 improvements related to Contracting and Vendor Engagement, Travel, and Work
- 3 Policies.
- 4 • Tampa Electric’s efforts to control its restoration and recovery costs from
- 5 Hurricanes Dorian, Elsa, Ian, and Nicole, and Tropical Storms Alberto, Nestor,
- 6 and Eta (the 2018-2022 Named Storms.)
- 7 • Adequacy of the examination by PricewaterhouseCoopers (PwC) of Tampa
- 8 Electric’s invoice review process for the 2018-2022 Named Storms costs.

9 **Q. Please describe your process and methodology in performing this review.**

10 **A.** My review centered on evaluating Tampa Electric’s compliance with the process
11 improvements agreed to in the 2019 Storm Cost Settlement. I issued data requests and
12 reviewed Tampa Electric’s responses regarding its implementation of the process
13 improvements. I also researched Tampa Electric’s implementation of the process
14 improvements by reviewing the work papers prepared by PwC in its evaluation of Tampa
15 Electric’s storm cost recovery processes and procedures. Finally, I evaluated Tampa Electric’s
16 efforts to control the costs of restoration and recovery by reviewing the testimony of Tampa
17 Electric witnesses Whitworth and Latta.

18 **Q. What conclusions did you reach through your review?**

19 **A.** Based upon the information reviewed, I have made the following conclusions:

- 20 • Tampa Electric has complied with the 2019 Storm Cost Settlement’s process
- 21 improvements related to Contracting and Vendor Engagement, Travel, and Work
- 22 Policies.
- 23 • PwC’s evaluation of Tampa Electric’s invoice processing was adequate and
- 24 appropriate, and complied with the requirements of the 2019 Storm Cost
- 25 Settlement.

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- Tampa Electric has made appropriate efforts to minimize restoration and recovery costs through its processes for acquisition and deployment of contractors and Tampa Electric personnel.

Q. Does this complete your testimony?

A. Yes.

1 (Whereupon, Exhibit Nos. 2-3 & 6 were received
2 into evidence.)

3 MR. THOMPSON: The parties have proposed in
4 writing a number of Type 1 stipulations in which
5 all parties are in agreement, and Type 2
6 stipulations in which one or more parties are in
7 agreement, and the remaining parties do not object.

8 There are Type 1 stipulations to Issues 1
9 through 12 and 14. And there are Type 2
10 stipulations to Issues 13 and Issue B.

11 It would be appropriate at this time for the
12 parties to speak to the revised stipulation
13 language of Issue 13.

14 CHAIRMAN LA ROSA: Parties.

15 MR. MEANS: Thank you, Mr. Chairman. I'm
16 happy to do that.

17 So on Issue 13, we would propose an adjustment
18 to the current Type 2 stipulation to say that any
19 under-recovery would be recovered through an
20 adjustment to the Energy Conservation Cost Recovery
21 Clause. And the over-recovery would be refunded
22 through a clause billed on an energy basis, like
23 the fuel clause or the environmental clause.

24 MS. EATON: That is fine with Walmart. We are
25 in agreement with that. So I think we would have a

1 Type 1 Stipulation on Issue 13.

2 CHAIRMAN LA ROSA: Staff, I am just going to
3 throw it back to you real quick. Is that clear,
4 and is that okay?

5 MR. THOMPSON: With a Type 1 Stipulation, we
6 also need OPC to agree it's a Type 1.

7 MS. WESSLING: On Issue 13, OPC maintains the
8 facilitation of a Type 2 stipulation.

9 MR. THOMPSON: So it would have to be a Type 2
10 stipulation no matter what.

11 CHAIRMAN LA ROSA: Okay. So I'll -- let's
12 bring it back, then, to -- unless the parties have
13 any other -- any other comments. I am watching
14 staff huddle together --

15 MR. THOMPSON: I'm sorry.

16 CHAIRMAN LA ROSA: -- ask for clarification --

17 MR. MEANS: Mr. Chairman, I think staff might
18 be looking for clarification which clause --

19 MS. CRAWFORD: Correct.

20 MR. MEANS: -- to pin it down to one. We can
21 just agree to the Environmental Cost Recovery
22 Clause.

23 CHAIRMAN LA ROSA: Okay. We are good? Staff
24 is good with that?

25 Okay. Then let's -- Commissioners, let's

1 bring it back to us. This is our opportunity to --
2 for questions to talk with the parties and, of
3 course, ask staff for any further clarifications.

4 Are there any questions or discussion?

5 Commissioner Fay, you are recognized.

6 COMMISSIONER FAY: Thank you, Mr. Chairman. I
7 apologize. Just one quick question.

8 So based on the prehearing order, the Type 2
9 stipulation is the Energy Conservation Cost
10 Recovery Clause, and we are saying we will take
11 this in the Environment Recovery Clause, is that
12 correct?

13 MR. MEANS: I believe the stipulation would be
14 that any under-recovery would be collected through
15 the Conservation Cost Recovery Clause, because that
16 clause is billed on a demand basis for
17 demand-metered customers. Any refund would be
18 refunded through the Environmental Clause, because
19 that clause is billed on an energy basis. And Ms.
20 Eaton's position is that the refund should be
21 returned in the same way it was collected through
22 the interim charge, which was an energy basis, and
23 I will let Ms. Eaton confirm if that's correct.

24 MS. EATON: That is correct.

25 COMMISSIONER FAY: Okay. Great.

1 And then OPC has --

2 MS. WESSLING: We just, again, facilitate a
3 Type 2 on that one.

4 COMMISSIONER FAY: Okay.

5 CHAIRMAN LA ROSA: Commissioner Fay, real
6 quick. Staff, are you okay with that?

7 MR. THOMPSON: That's fine with staff.

8 CHAIRMAN LA ROSA: I am sorry. Go ahead.

9 COMMISSIONER FAY: No, I am.

10 CHAIRMAN LA ROSA: Good?

11 All right. Commissioners, any further
12 questions or discussion?

13 Seeing no further discussions and no further
14 debate, is there a motion?

15 MS. EATON: Can I say one thing?

16 I believe that at some point, I don't know
17 when, maybe now, we were going to just proffer the
18 testimony of Ms. Perry into the record.

19 CHAIRMAN LA ROSA: That would be -- now would
20 be a good time, as I was asking for a motion.

21 So let's --

22 MS. EATON: Sure.

23 CHAIRMAN LA ROSA: -- let's go ahead and start
24 that, if that's what you are desire is.

25 Staff?

1 MS. CRAWFORD: I think it would be appropriate
2 before a vote is taken on the stipulated motions,
3 just to make sure the record is abundantly clear,
4 if the parties wish to proffer into the record the
5 Walmart witness, and I believe they had two
6 exhibits.

7 MS. EATON: Yes.

8 MS. CRAWFORD: And then in that case, I
9 believe TECO would probably proffer the rebuttal
10 testimony as well.

11 MR. MEANS: That's correct.

12 MS. CRAWFORD: I think it would be appropriate
13 to go ahead and recognize that at this time.

14 CHAIRMAN LA ROSA: Before stipulated issues,
15 of course?

16 MS. CRAWFORD: Yes.

17 CHAIRMAN LA ROSA: Okay. Then, yeah, let's do
18 that.

19 MS. EATON: Okay. Thank you very much. Sorry
20 for the confusion there.

21 CHAIRMAN LA ROSA: No. No. No. All good.
22 Moving parts.

23 MS. EATON: At this time, Walmart would like
24 to proffer its contested Issue A as, well as the
25 prefiled direct testimony of Lisa V. Perry, dated

1 February 16th, 2024, as well as her two exhibits,
2 LVP-1 and LVP-2 into the record.

3 CHAIRMAN LA ROSA: Yeah, so noted.

4 MS. EATON: Thank you.

5 (Whereupon, the proffered prefiled direct
6 testimony of Lisa V. Perry was inserted.)

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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for recovery of costs : DOCKET NO. 20230019-EI
associated with named tropical storm :
systems during the 2019-2022 hurricane :
seasons and replenishment of storm reserve, :
by Tampa Electric Company : Filed: February 16, 2024

DIRECT TESTIMONY AND EXHIBITS OF

LISA V. PERRY

ON BEHALF OF

WALMART INC.

FEBRUARY 16, 2024

Table of Contents

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II. Purpose of Testimony and Summary of Recommendations..... 3

Exhibits

Exhibit LVP-1: Witness Qualifications Statement

Exhibit LVP-2: Comments of Walmart Inc., Docket No. 20230019-EI (March 7, 2023)

1 **I. Introduction**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
3 **OCCUPATION.**

4 A. My name is Lisa V. Perry. My business address is 2608 SE J Street,
5 Bentonville, Arkansas 72716-0550. I am employed by Walmart Inc.
6 ("Walmart") as Director, Utility Partnerships - Regulatory.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

8 A. I am testifying on behalf of Walmart Inc.

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. I received a J.D. in 1999 and a L.L.M. in Taxation in 2000 from the University of
11 Florida Levin College of Law. From 2001 to 2019, I was in private practice with
12 an emphasis from 2007 to 2019 in Energy Law. My practice included representing
13 a large commercial client before the utility regulatory commissions in Colorado,
14 Texas, New Mexico, Arkansas, and Louisiana in matters ranging from general rate
15 cases to renewable energy programs. I joined the energy department at Walmart in
16 September 2019 as Senior Manager, Energy Services. My Witness Qualifications
17 Statement is attached as Exhibit LVP-1.

18 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
19 **FLORIDA PUBLIC SERVICE COMMISSION ("COMMISSION")?**

20 A. Yes; I submitted testimony in Docket Nos. 20200067-EI, 202000069-EI,
21 202000070-EI, 202000071-EI, 20210010-EI, and 20220010-EI.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER**
2 **STATE REGULATORY COMMISSIONS?**

3 A. Yes, I have submitted testimony with state regulatory commissions for Arkansas,
4 Colorado, Connecticut, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana,
5 Maryland, Michigan, New York, Ohio, Oklahoma, South Carolina, Texas,
6 Virginia, and Wyoming. I have also provided legal representation for customer
7 stakeholders before the state regulatory commissions for Colorado, Texas,
8 Arkansas, Louisiana, and New Mexico in the cases listed under "Commission
9 Dockets" in Exhibit LVP-1.

10 **Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?**

11 A. Yes. I am sponsoring the Exhibits listed in the Table of Contents.

12 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN**
13 **FLORIDA.**

14 A. Walmart operates 386 retail units, nine distribution centers, two fulfillment centers,
15 and employs over 119,000 associated in Florida. In fiscal year ending 2023,
16 Walmart purchased \$8.2 billion worth of goods and services from Florida-based
17 suppliers, supporting over 71,000 supplier jobs.¹

¹ <https://corporate.walmart.com/about/location-facts/united-states/florida>

1 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE**
2 **SERVICE TERRITORY FOR TAMPA ELECTRIC COMPANY ("COMPANY"**
3 **OR "TECO")**

4 A. Walmart has 36 retail stores, one distribution center, and related facilities that take
5 service from TECO. On an annual basis, Walmart consumes more than 138.6
6 million kWh from the Company.

7
8 **II. Purpose of Testimony and Summary of Recommendations**

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to respond to the Company's *Supplemental Petition*
11 *of Tampa Electric Company for Recovery of Costs Associated with Named Tropical*
12 *Systems During the 2018-2022 Hurricane Seasons and Replenishment of Storm*
13 *Reserve* filed on August 16, 2023, and its *Petition of Tampa Electric Company for*
14 *Approval of Actual Storm Restoration Costs Associated with named Tropical*
15 *Systems During the 2018-2022 Hurricane Seasons and Associated True-Up*
16 *Mechanism* filed on September 29, 2023.

17 **Q. DID WALMART FILE COMMENTS IN THIS DOCKET?**

18 A. Yes, Walmart filed Comments on March 7, 2023, attached to this Testimony as
19 Exhibit LVP-2.

20 **Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE**
21 **COMMISSION.**

22 A. Walmart incorporates by reference its recommendations in its March 7, 2023,
23 Comments as if fully set forth herein. Specifically, Walmart recommends that any

Direct Testimony of Lisa V. Perry
Florida Public Service Commission Docket No. 20230019-EI

1 cost recovery approved in this Docket should be recovered from demand-metered
2 customers through the demand charge, *i.e.*, on a \$/kW basis, and not through the
3 energy charge, or on a \$/kWh basis, as proposed by the Company.

4 **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR**
5 **POSITION ADVOCATED BY TECO OR OTHER PARTIES INDICATE**
6 **WALMART'S SUPPORT?**

7 A. No. The fact that an issue is not addressed herein or in related filings should not be
8 construed as an endorsement of, agreement with, or consent to any filed position.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.

1 (Whereupon, Exhibit Nos. 4-5 were marked for
2 identification.)

3 MR. MEANS: And, Mr. Chairman, we would also
4 like to proffer the rebuttal testimony of Jordan
5 Williams that Tampa Electric filed on the contested
6 issue.

7 Thank you.

8 CHAIRMAN LA ROSA: So noted.

9 (Whereupon, the proffered prefiled direct
10 testimony of Jordan M. Williams was inserted.)

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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20230019-EI

**IN RE: PETITION OF TAMPA ELECTRIC
COMPANY FOR RECOVERY OF COSTS
ASSOCIATED WITH NAMED TROPICAL SYSTEMS
DURING THE 2018 - 2022 HURRICANE SEASONS AND
REPLENISHMENT OF STORM RESERVE**

**REBUTTAL TESTIMONY
OF
JORDAN M. WILLIAMS**

TAMPA ELECTRIC COMPANY
DOCKET NO. 20230019-EI
FILED: 03/28/2024

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **JORDAN M. WILLIAMS**

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Jordan M. Williams. My business address is
9 702 North Franklin Street, Tampa, Florida 33602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") in the Regulatory Affairs Department as
12 Director, Pricing & Financial Analysis.

13
14 **Q.** Please describe your duties and responsibilities in that
15 position.

16
17 **A.** My present responsibilities include regulatory oversight
18 of Tampa Electric's Cost-of-Service Study, retail base
19 rate design, tariff administration, Federal Open Access
20 Tariff formula rate updates, state and federal policy and
21 compliance; regulatory filings and representation at the
22 Florida Public Service Commission ("FPSC" or
23 "Commission") and the Federal Energy Regulatory
24 Commission regarding rates; service programs; and
25 compliance-related matters.

1 Q. Please provide a brief outline of your educational
2 background and business experience.

3
4 A. I received a Bachelor of Arts in Economics and a Bachelor
5 of Science in Business Administration from Florida
6 Southern College in 2011. I received a Master of Arts in
7 Economics from the University of South Florida in 2014.

8
9 I joined Tampa Electric in 2011 as an Energy Accounting
10 and Billing Analyst. In 2014, I joined Tampa Electric's
11 Regulatory Affairs Department as a Forecast Analyst. In
12 2020, I transitioned to another Emera Inc. affiliate named
13 Peoples Gas System Inc., formerly Peoples Gas System, as
14 Manager, Regulatory Rates. In 2022, I rejoined Tampa
15 Electric's Regulatory Affairs Department as Senior
16 Manager, Pricing & Financial Analysis. In 2023, I was
17 promoted to my current role as Director, Pricing and
18 Financial Analysis.

19
20 Q. What is the purpose of your rebuttal testimony?

21
22 A. The purpose of my rebuttal testimony is to respond to Ms.
23 Lisa Perry's testimony, provided on behalf of Walmart Inc.
24 on February 16, 2024.

25

1 **Q.** Beginning on page 3 of her testimony, Ms. Perry states
2 that "Walmart recommends that any cost recovery approved
3 in this Docket should be recovered from demand-metered
4 customers through the demand charge, i.e., on a \$/kW
5 basis, and not through the energy charge, or on a \$/kWh
6 basis, as proposed by the Company." Do you agree with
7 this recommendation?

8
9 **A.** No. This Commission should not adopt this recommendation
10 for two main reasons.

11
12 First, implementing a dollar per kilowatt ("\$/kW") charge
13 for some customers at this stage of the proceeding would
14 be impractical. The FPSC has already entered two orders
15 in this case, Order Nos. PSC-2023-0116-PCO-EI and PSC-
16 2023-0351-PCO-EI, approving interim cost recovery in this
17 Docket on a dollar per kilowatt-hour ("\$/kWh") basis.
18 Tampa Electric began recovering storm restoration costs
19 from its customers beginning with the first cycle of April
20 2023 on a \$/kWh basis. Tampa Electric has over 17,000
21 demand-metered customers; switching the cost recovery for
22 these customers to a \$/kW basis would result in more than
23 200,000 bills being reversed and rebilled which would
24 heavily constrain Tampa Electric's resources and could
25 ultimately result in confused and unhappy customers.

1 Second, the FPSC has a long-standing history of approving
2 the recovery of a utility's storm restoration costs via
3 the energy charge, on a \$/kWh basis. This practice goes
4 back at least 17 years. Some examples of this are in Order
5 Nos.:

- 6 (1) PSC-2023-0116-PCO-EI
- 7 (2) PSC-2023-0375-PCO-EI
- 8 (3) PSC-2023-0110-PCO-EI
- 9 (4) PSC-06-1062-TRF-EI
- 10 (5) PSC-06-0772-PAA-EI

11
12 Switching to a \$/kw charge for some customers would
13 represent a significant departure from established
14 Commission practice.

15
16 **Q.** If Tampa Electric is already recovering storm restoration
17 costs from customers, why is this docket still open?

18
19 **A.** In Order No. PSC-2023-0351-PCO-EI, the Commission ordered
20 that Docket No. 20230019-EI should remain open to complete
21 a final reconciliation between Tampa Electric's actual
22 recoverable storm restoration costs and the amount
23 collected through the interim storm restoration recovery
24 charge, and to determine whether a refund or additional
25 charge is warranted. This docket does not remain open to

1 debate cost recovery methodology.

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

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5 **A.** Yes, it does.

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1 CHAIRMAN LA ROSA: Staff, are we -- are we
2 okay to move on?

3 MR. THOMPSON: We are.

4 CHAIRMAN LA ROSA: Let's -- all right, let's
5 bring it back to us, Commissioners.

6 Any further discussion?

7 Seeing no further suggestion, is there a
8 motion?

9 COMMISSIONER CLARK: I will move to approve --
10 to approve the proposed stipulations, Mr. Chairman.

11 CHAIRMAN LA ROSA: I got a motion, is there a
12 second?

13 COMMISSIONER GRAHAM: Second.

14 CHAIRMAN LA ROSA: Hearing a second.

15 All those in favor signify by saying yay.

16 (Chorus of yays.)

17 COMMISSIONER LA ROSA: Opposed no.

18 (No response.)

19 CHAIRMAN LA ROSA: Show that the motion
20 passes.

21 Okay. Then let's move on to any additional
22 matters. Are there any, staff, that need to be
23 addressed it at this time?

24 MR. THOMPSON: None from staff.

25 CHAIRMAN LA ROSA: Okay. Parties, any

1 additional matters that you would like to discuss?

2 Okay. So I believe I am okay to adjourn at
3 this point.

4 All right. Thank you all. I know, again,
5 like I said, there as a lot of moving parts this
6 morning, but I think we got to the point where we
7 needed to be. So, again, thank you all for -- we
8 can see that this meeting is now adjourned.

9 MS. EATON: Thank you.

10 MR. MEANS: Thank you.

11 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

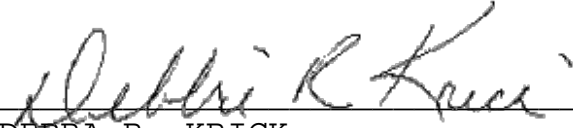
STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, 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 15th day of May, 2024.


DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024