



June 5, 2024

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Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oaks Boulevard
Tallahassee, Florida 32399-0850

**Re: Docket 20240013-EG Commission review of numeric conservation goals
(Duke Energy Florida, LLC)**

Dear Mr. Teitzman:

Please find attached the intervenor testimony of witness Jeff Pollock provided on behalf of the Florida Industrial Power Users Group ("FIPUG").

Thank you for your assistance in filing this testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jon C. Moyle, Jr.', with a large, stylized flourish extending to the right.

Jon C. Moyle, Jr.

Attachment

cc: All Parties of Record (with attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Commission Review of Numeric
Conservation Goals (Duke Energy
Florida, LLC)**

**DOCKET NO. 20240013-EG
Filed: June 5, 2024**

**DIRECT TESTIMONY AND EXHIBITS OF
JEFFRY POLLOCK**

**ON BEHALF OF
THE FLORIDA INDUSTRIAL POWER USERS GROUP**



J . P O L L O C K
I N C O R P O R A T E D

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In re: Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC)	DOCKET NO. 20240013-EG Filed: June 5, 2024
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Table of Contents

LIST OF EXHIBITS ii
GLOSSARY OF ACRONYMS iii
DIRECT TESTIMONY OF JEFFRY POLLOCK 1
APPENDIX A.....16
APPENDIX B.....18
AFFIDAVIT OF JEFFRY POLLOCK.....27

LIST OF EXHIBITS

Exhibit	Description
JP-1	Trends in Generation Capital Costs
JP-2	Installed Cost of Generation Capacity Additions Since 2012
JP-3	CS & IS Monthly Incentive Reflecting Avoided Capital Costs

GLOSSARY OF ACRONYMS

Term	Definition
CCGT	Combined-Cycle Gas Turbine
CONE	Cost of New Entry
CS	Curtailed General Service
CT	Combustion Turbine
DEF or Company	Duke Energy Florida, LLC
DSM	Demand Side Management
EIA	Energy Information Administration
FIPUG	Florida Industrial Power Users Group
IS	Interruptible General Service
kW	Kilowatt
MISO	Midcontinent Independent System Operator, Inc.
MW	Megawatt(s)
UFR	Under-Frequency Relay

DIRECT TESTIMONY OF JEFFRY POLLOCK

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Jeffry Pollock; 14323 South Outer Forty Road, Suite 206N, St. Louis, MO 63017.

3 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

4 A I am an energy advisor and President of J. Pollock, Incorporated.

5 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

6 A I have a Bachelor of Science in electrical engineering and a Master of Business
7 Administration from Washington University. Since graduation, I have been engaged
8 in a variety of consulting assignments, including energy procurement and regulatory
9 matters in the United States and in several Canadian provinces. This includes
10 frequent appearances in rate cases and other regulatory proceedings before this
11 Commission. My qualifications are documented in **Appendix A**. A list of my
12 appearances is provided in **Appendix B** to this testimony.

13 **Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

14 A I am testifying on behalf of the Florida Industrial Power Users Group (FIPUG). FIPUG
15 members purchase electricity from Duke Energy Florida, LLC (DEF). They consume
16 significant quantities of electricity, often around-the-clock, and require a reliable
17 affordably-priced supply of electricity to power their operations. Therefore, FIPUG
18 members have a direct and substantial interest in the outcome of this proceeding.

19 **Q WHAT ISSUES DO YOU ADDRESS?**

20 A I am addressing DEF's proposed cost-effectiveness analyses for the Curtailable
21 General Service (CS) and Interruptible General Service (IS) programs.

1 Q ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

2 A Yes. I am sponsoring Exhibits JP-1 through JP-3.

3 Q ARE YOU ACCEPTING DEF'S POSITIONS ON THE ISSUES NOT ADDRESSED IN
4 YOUR DIRECT TESTIMONY?

5 A No. One should not interpret the fact that I do not address every issue raised by DEF
6 as support of its proposals.

7 Q PLEASE SUMMARIZE YOUR TESTIMONY.

8 A Although this proceeding is not a rate case, DEF is using this proceeding to reduce
9 the CS and IS Demand Credits by 25% and 40%, respectively. As discussed later,
10 the proposed reductions are based on a false premise that the CS and IS programs
11 will not defer any capacity until 2029. The proposed reductions ignore the fact that the
12 existence of these programs is long-standing and have resulted in DEF being able to
13 avoid installing an additional 466 megawatts (MW) of generation capacity. Valuing the
14 CS and IS programs at the avoided cost of combustion turbine (CT) peaking capacity
15 would justify Demand Credits of at least \$9.00.

16 Q WHAT IS THE CURTAILABLE SERVICE PROGRAM?

17 A The CS program is a series of rate schedules under which customers agree to curtail
18 load at DEF's direction. The curtailment conditions in the CS tariffs are as follows:

19 Curtailable service under this rate schedule is not subject to curtailment during
20 any time period for economic reasons. Curtailable service under this rate
21 schedule is subject to curtailment during any time period that electric power
22 and energy delivered hereunder from the Company's available generating
23 resources is required to a) maintain service to the Company's firm power

1 customers and firm power sales commitments or b) supply emergency
2 interchange service to another utility for its firm load obligations only.¹

3 **Q WHAT IS THE INTERRUPTIBLE SERVICE PROGRAM?**

4 A The IS program is a series of rate schedules under which customers agree to allow
5 DEF to curtail the customer's load at DEF's direction. The curtailment conditions in
6 the CS tariffs are as follows:

7 Interruptible service under this rate schedule is not subject to interruption
8 during any time period for economic reasons. Interruptible service under this
9 rate schedule is subject to interruption during any time period that electric
10 power and energy delivered hereunder from the Company's available
11 generating resources is required to a) maintain service to the Company's firm
12 power customers and firm power sales commitments or b) supply emergency
13 interchange service to another utility for its firm load obligations only.²

14 **Q ARE THERE ANY OTHER REQUIREMENTS UNDER THE INTERRUPTIBLE**
15 **SERVICE PROGRAM?**

16 A Yes. As previously stated, DEF has the ability to curtail an IS customer's load. This
17 is because DEF requires an IS customer to have under-frequency relays (UFRs).
18 UFRs can be triggered by DEF to immediately curtail an IS customer's load. This is
19 in stark contrast to Curtailable Service, in which the customer is responsible for
20 curtailing load.

¹ Duke Energy Tariff, Rate Schedule CS-2, Curtailable General Service, Twenty-Ninth Revised Sheet No. 6.235. The same provisions are also applicable to the other Curtailable Rate Schedules – CS-3, CST-2, and CST-3.

² *Id.*, Rate Schedule IS-2, Interruptible General Service, Thirtieth Revised Sheet No. 6.255. The same provisions are also applicable to Rate Schedule IST-2.

1 **Q DOES ALLOWING DEF TO CURTAIL AN INTERRUPTIBLE CUSTOMER'S LOAD**
2 **PROVIDE ADDITIONAL VALUE?**

3 A Yes. UFRs provide a faster response to curtailments. When DEF triggers an UFR,
4 the customer's load is immediately removed from the system. By contrast, self-
5 curtailment may not occur instantly, though customers will respond as necessary to
6 avoid a significant compliance penalty.

7 **Q WHAT ARE THE BENEFITS OF THE CURTAILABLE AND INTERRUPTIBLE**
8 **PROGRAMS?**

9 A CS and IS customers may be physically curtailed due to a capacity shortage or
10 emergency anywhere in Peninsular Florida. By allowing load to be curtailed when
11 resources are needed to maintain system reliability (that is, when there are insufficient
12 resources to meet customer demand), DEF can maintain service to customers on
13 other rates that take firm service. For this reason, DEF removes both CS and IS loads
14 in assessing resource adequacy. Thus, both the CS and IS programs provide
15 participants a lower quality of service than firm power because each can be interrupted
16 as described above.

17 **Q ARE THERE ANY FACTORS UNIQUE TO DEF'S CURTAILABLE AND**
18 **INTERRUPTIBLE PROGRAMS?**

19 A As compared to similar non-firm service options offered in other states, the CS and IS
20 programs offer unparalleled flexibility to DEF and other Florida utilities. There are no
21 limitations on the frequency and duration of curtailments, and curtailments may occur
22 at any time during the year. Further, CS and IS curtailments may occur at times when
23 there is a capacity shortage anywhere in the state of Florida. Thus, CS and IS loads

1 are available 24x7 for deployment if needed by DEF, or by other Florida utilities, to
2 maintain service to firm (retail and wholesale) customers.

3 **Q HOW ARE CS AND IS CUSTOMERS COMPENSATED FOR THE CAPACITY THEY**
4 **PROVIDE DEF?**

5 A CS and IS customers pay for electricity under the rates, terms, and conditions of the
6 Commission-approved rate schedules, which include both base rate charges and
7 other charges under the various Commission-approved cost-recovery mechanisms.
8 In exchange for an agreement to curtail load, CS and IS customers receive Demand
9 Credits. Currently, the CS and IS Demand Credits are \$7.72 per kilowatt (kW) of On-
10 Peak Demand.

11 **Q YOU PREVIOUSLY DESCRIBED HOW DEF PROVIDES NON-FIRM SERVICE**
12 **UNDER RATES CS AND IS. APPROXIMATELY HOW MUCH NON-FIRM LOAD IS**
13 **SERVED UNDER THESE TARIFF OPTIONS?**

14 A The service provided under the CS and IS tariff options account for approximately 402
15 MW and 388 MW of load in the summer and winter months, respectively.³

16 **Q ARE THE CURTAILABLE AND INTERRUPTIBLE SERVICE RATES THE ONLY**
17 **NON-FIRM RATE OPTIONS OFFERED BY DEF?**

18 A No. DEF provides approximately 2,630 MW and 1,960 MW of non-firm load in the
19 winter and summer months, respectively.⁴ Thus, there are other load management
20 programs besides CS and IS. This includes Load Management, Conservation, and
21 Other Demand Reductions – which are either dispatchable or non-dispatchable.

³ DEF 2024 Ten-Year Site Plan at 2-15 and 2-18 (Apr. 2024).

⁴ *Id.*

1 **Q DOES DEF INCLUDE NON-FIRM LOAD IN ASSESSING RESOURCE ADEQUACY?**

2 A No, as previously explained, DEF removes the CS and IS load when assessing
3 adequacy. As stated in its 2024 Ten-Year Site Plan:

4 ***Reliability Criteria***

5 ***Utilities require a margin of generating capacity above the firm demands***
6 ***of their customers in order to provide reliable service.*** Periodic scheduled
7 outages are required to perform maintenance and inspections of generating
8 plant equipment. At any given time during the year, some capacity may be out
9 of service due to unanticipated equipment failures resulting in forced outages
10 of generation units. Adequate reserve capacity must be available to
11 accommodate these outages and to compensate for higher than projected
12 peak demand due to forecast uncertainty and abnormal weather. In addition,
13 some capacity must be available for operating reserves to maintain the balance
14 between supply and demand on a moment-to-moment basis.

15 DEF plans its resources in a manner consistent with utility industry planning
16 practices and employs both deterministic and probabilistic reliability criteria in
17 the resource planning process. A Reserve Margin criterion is used as a
18 deterministic measure of DEF's ability to meet its forecasted seasonal peak
19 load with firm capacity. DEF plans its resources to satisfy a minimum 20%
20 Reserve Margin criterion.⁵ (emphasis added)

21 Hence, non-firm (*i.e.*, Interruptible, Load Management, Conservation, and Other
22 Demand Reductions) loads are removed in determining the net firm demand that DEF
23 is obligated to serve.

24 **Q DOES THE FACT THAT CURTAILMENTS OF NON-FIRM LOAD HAVE BEEN**
25 **INFREQUENT LESSEN THE VALUE OF THIS LOAD TO DEF'S FIRM**
26 **CUSTOMERS?**

27 A No. Non-firm load is no different than a generating unit that is held in reserve until the
28 capacity is deployed to meet system demand or respond to outages of either
29 generation or transmission.

⁵ *Id.* at 3-46.

1 **Q WILL NON-FIRM LOAD BE MORE BENEFICIAL IN THE FUTURE THAN IN THE**
2 **PAST?**

3 A Yes. As DEF has chosen to increasingly rely on weather-sensitive, intermittent solar
4 generation, the ability to call on non-firm load will increase in value.

5 **Q HOW IS DEF PROPOSING TO CHANGE THE DEMAND CREDITS?**

6 A DEF is proposing to reduce the CS Demand Credit from \$7.72 to \$5.82 per kW, a 25%
7 reduction. The IS Demand Credit would be reduced from \$7.72 to \$4.62 per kW, a
8 40% reduction.

9 **Q WHY IS DEF PROPOSING TO REDUCE THE CS AND IS DEMAND CREDITS BY**
10 **25% AND 40%, RESPECTIVELY?**

11 A DEF provided no explanation or documentation to support the proposed decrease to
12 \$5.82 and \$4.62 per kW for CS and IS Demand Credits, respectively. Based on a
13 review of DEF's Application, it would appear that the proposed 25% and 40%
14 reductions are somehow derived from updated cost-effectiveness tests. My
15 understanding is that cost-effectiveness tests measure the benefits provided by the
16 CS and IS programs based on the cost of avoided generation capacity relative to the
17 costs of the programs, which are comprised primarily of the CS and IS Demand Credits
18 that DEF is proposing to reduce in this (non-rate case) proceeding.

19 **Q HAS DEF PROVIDED THE NECESSARY DOCUMENTATION SUPPORTING THE**
20 **SIGNIFICANT REDUCTIONS IN THE CS AND IS DEMAND CREDITS?**

21 A No. When asked to supply detailed workpapers, DEF produced non-functional EXCEL
22 workbooks, mostly comprised of values (rather than formulas that reveal how the
23 calculations were made) without supporting documentation. The paucity of evidence
24 supplied by DEF is revealed by the fact that the significant reductions DEF is proposing

1 in the CS and IS Demand Credits are described in a single sentence on page 22 of
2 the Direct Testimony of Tim Duff. Further, DEF provided no discussion of the
3 proposed changes in its pending rate case, and it declined to provide supporting
4 documents, including quantifying the bill impacts on CS and IS customers.

5 **Q HOW WOULD 25% AND 40% REDUCTIONS IN THE CS AND IS DEMAND**
6 **CREDITS IMPACT BASE RATES CHARGED TO THESE CUSTOMERS?**

7 A The proposed reductions would generate additional revenue of \$21.1 million from CS
8 and IS customers. Further, DEF has ignored the \$21.1 million increase due to the
9 lower Demand Credits in the pending rate case and, therefore, this increase would be
10 in addition to the \$22.9 million (30%) base revenue increases that DEF is proposing
11 to implement in 2025. Not only would the combined rate increases violate the
12 principals of gradualism, they would have a deleterious impact on the cost
13 competitiveness and sustainability of the affected customers.

14 **Q HAVE YOU REVIEWED DEF'S COST-EFFECTIVENESS TESTS FOR THE**
15 **CURTAILABLE AND INTERRUPTIBLE PROGRAMS?**

16 A Yes. DEF's cost-effectiveness tests appear to assume that the existing CS and IS
17 programs provide zero benefits to customers until 2029. Further, the benefits that DEF
18 attributes to the CS and IS programs for the years 2029 and beyond are based on the
19 assumed cost of a CT peaking unit on an existing (*i.e.*, "Brownfield") DEF plant site.
20 According to DEF, the installed capital cost of a 2029 CT would be \$735 per kW in
21 2023 dollars.⁶ However, because DEF wrongly assumes a negative Generator Cost
22 Escalation Rate (-1.09%) from 2023 to 2032, the actual installed capital cost in 2029

⁶ Direct Testimony of Tim Duff, Exhibit TD-4.

1 would be lower.⁷ It is unlikely that inflation would remain negative for eight years for
2 the vast majority of goods and services, and inflation is one of the reasons that DEF
3 is seeking to increase rates. Therefore, it is inappropriate for DEF to assume a
4 negative Generator Cost Escalation Rate.

5 **Q ARE DEF'S COST-EFFECTIVENESS ANALYSES OF THE CS AND IS PROGRAMS**
6 **VALID?**

7 A No. First, DEF's analyses misconstrue the role of cost-effectiveness tests in setting
8 rates. Further, as discussed later, both the concept of and assumptions used in DEF's
9 cost-effectiveness tests are flawed.

10 **Q HOW ARE DEF'S COST-EFFECTIVENESS TESTS CONCEPTUALLY FLAWED?**

11 A Determining the reasonableness of a rate should not be conflated with the
12 determination of whether a particular demand side management (DSM) or load
13 management program is cost-effective and should be offered or expanded. The
14 former is a ratemaking issue, while the latter is a resource planning issue. DEF's
15 comparison of apples and oranges misses the mark.

16 **Q HOW IS RESOURCE PLANNING DIFFERENT FROM RATEMAKING?**

17 A Resource planning is, by definition, forward looking; whereas ratemaking reflects
18 known past decisions and costs that have mostly been incurred in the past, as well as
19 the projected additional costs for the test year.

⁷ *Id.*

1 Specifically, resource planning identifies the range of options that can allow a
2 utility to meet its future needs at the lowest reasonable cost. In the context of non-firm
3 service, resource planning can help determine if in the future it is cost-effective to
4 implement, expand, or close a particular option to new business. Importantly, resource
5 planning does not determine what the rates should be for those resources. The
6 determination of rates for those resources is more appropriately handled in a base rate
7 case.

8 Ratemaking addresses the recovery of costs associated with the utility's
9 existing resources, which include both supply side and demand-side resources, after
10 the Commission has determined that the resource is both prudent and reasonable.
11 The costs of those resources are known and recoverable in rates. Importantly, the
12 costs eligible for recovery in rates are not adjusted, even if the resource is no longer
13 cost-effective. For example, if an existing combined-cycle gas turbine (CCGT) is no
14 longer cost-effective because it can no longer compete with other resource options,
15 the utility is still allowed to recover those costs in rates because the Commission has
16 deemed them to be prudent and reasonable.

17 Similarly, when used in the context of evaluating non-firm service, the
18 reasonableness of any non-firm rate can be assessed by determining whether the
19 utility has actually avoided constructing new capacity and quantifying the costs
20 associated with this avoided capacity. If the Commission determines that a non-firm
21 rate option is no longer providing benefits to the general body of ratepayers, it can
22 require the utility to close the rate to new business.

1 **Q DO THE COMMISSION'S RULES ADDRESS COST-EFFECTIVENESS TESTS IN**
2 **GENERAL?**

3 A Yes. Cost-effectiveness is addressed in the Commission's Rule on Non-Firm Electric
4 Service.⁸ Specifically:

5 Purpose. The purposes of this rule are: to define the character of non-firm
6 electric service and various types thereof; to require a procedure for
7 determining a utility's maximum level of non-firm load; and to establish other
8 minimum terms and conditions for the provision of non-firm electric service.

9 **Q HOW IS COST-EFFECTIVENESS DEFINED?**

10 A Cost-effectiveness is defined as follows:

11 (c) "Cost effective" in the context of non-firm service shall be based on avoided
12 costs. It shall be defined as the net economic deferral or avoidance of
13 additional production plant construction by the utility or in other measurable
14 economic benefits in excess of all relevant costs accruing to the utility's general
15 body of ratepayers.⁹

16 **Q HOW ARE COST-EFFECTIVENESS TESTS USED?**

17 A Cost-effectiveness tests are used in the conservation goals dockets to determine the
18 maximum level of non-firm load; specifically, whether a new DSM or load management
19 program should be implemented and/or whether an existing program should either be
20 expanded or closed to new business. Importantly, cost-effectiveness tests should not
21 be used to set rates because they cannot measure the benefits of the capacity that
22 has been avoided by the presence of the CS and IS programs.

⁸ Fla. Admin. Code Rule 25-6.0438(2).

⁹ Fla. Admin. Code Rule 25-6-0438(3)(c).

1 **Q HOW ARE DEF'S COST-EFFECTIVENESS TEST ASSUMPTIONS FLAWED?**

2 A As previously stated, DEF is assuming that CT capital costs will be 1.09% per year
3 lower in 2029 as compared to the 2023 (base year) cost. However, there is no
4 evidence of declining CT capital costs. The evidence clearly demonstrates that CT
5 capital costs are increasing, not decreasing.

6 For example, **Exhibit JP-1** shows trends in the installed costs of CT generating
7 units as compiled in two publicly available sources: (1) the Energy Information
8 Administration's (EIA's) Annual Energy Outlook reports (the orange bars) and (2) the
9 cost-of-new entry (CONE) prices published by MISO in its annual Planning Resource
10 Auctions (the blue bars). The CONE prices shown reflect the increased cost to
11 construct a new CT in MISO local resource Zone 9, which includes Louisiana,
12 Mississippi and Texas (along the Gulf Coast). As can be seen, the projected installed
13 costs of a CT (as measured by the EIA and MISO) have recently trended upward.

14 Thus, there is no discernable decline as indicated in Mr. Duff's avoided unit
15 assumptions.

16 **Q HAVE DEF'S GENERATION CAPITAL COSTS DECLINED?**

17 A No. This is shown in **Exhibit JP-2**, which is a history of DEF's capacity additions from
18 2004 through 2023. With the exception of Bartow, the installed cost per kW of capacity
19 additions over the past 20 years has increased. This historical trend invalidates DEF's
20 new cost-effectiveness analyses, which assume a negative Generator Cost Escalation
21 Rate from 2023 to 2032.

1 **Q DOES DEF'S PROPOSAL TO REDUCE THE CS AND IS DEMAND CREDITS BY**
2 **25% AND 40%, RESPECTIVELY, RAISE ANY OTHER CONCERNS?**

3 A Yes. Very large reductions in the Demand Credits could have adverse consequences.
4 For example, changes such as these could motivate customers to reduce or shut down
5 their operations. Another unintended consequence could be that customers switch
6 from non-firm to firm service. Any such adverse reaction could adversely impact DEFs'
7 future generation plans and its remaining customers.

8 **Q IS THERE ANY REASON TO BELIEVE THAT CUSTOMERS WOULD CONTINUE**
9 **THEIR PARTICIPATION IN THE CS AND IS PROGRAMS IF THE DEMAND**
10 **CREDITS ARE REDUCED BY 25% AND 40%, RESPECTIVELY?**

11 A No. Non-firm service is not cost-free or risk-free. As previously stated, curtailments
12 can occur at any time when capacity is insufficient throughout Peninsular Florida, not
13 just in DEF's service territory. Thus, IS and CS participants take on risk and have to
14 incur costs to be able to safely curtail load when notified.

15 For example, IS customers had to invest in UFRs that allow DEF to
16 immediately curtail their entire load as a prerequisite to qualifying for non-firm service
17 under the IS rate schedule. This is in addition to any behind-the-meter investments
18 and protocols that allow the customer to safely shut down production and mining
19 processes.

20 Reducing the incentive payments as DEF is proposing could substantially
21 change customers' assessments of the risks and benefits of the programs. If the
22 participants believe that the benefits of remaining on non-firm service will be
23 substantially reduced and are no longer justified by the risks, as DEF is proposing in
24 this case, they may decide to either curtail or shut-down operations or, if it is more
25 cost-effective, convert to firm service.

1 Q WHAT WOULD HAVE HAPPENED IF ALL CURTAILABLE AND INTERRUPTIBLE
2 CUSTOMERS HAD CHOSEN FIRM SERVICE RATHER THAN NON-FIRM
3 SERVICE?

4 A Keeping in mind that non-firm load is not considered at all in resource planning, DEF
5 would have had to install 100% of this as additional capacity to serve the IS and CS
6 loads plus another 20% reserve margin. So, 388 MW of CS and IS non-firm load in
7 the winter months would require DEF to install an additional 466 MW of capacity.

8 If that additional 466 MW of capacity had been installed over the period 2004
9 through 2023, DEF would have incurred an average installed cost for this additional
10 capacity of about \$870 per kW (\$712 per kW excluding solar capacity), as shown in
11 **Exhibit JP-2**.

12 Using \$712 per kW as the average installed cost of incremental capacity, the
13 annual cost avoided by a transmission-level customer taking non-firm service was
14 approximately \$9.08 per kW per month. The \$9.08 per kW per month avoided capacity
15 cost is derived on page 1 of **Exhibit JP-3**. It is based on DEF's test-year carrying
16 charges. This is significantly higher than the current \$7.72 per kW Demand Credit.

17 Q THE \$712 PER KW AVOIDED CAPITAL COST ASSUMES THAT DEF WOULD
18 HAVE INSTALLED THE SAME MIX OF THERMAL GENERATION TO PROVIDE
19 FIRM SERVICE TO CS AND IS CUSTOMERS. WHAT IF DEF HAD INSTALLED
20 COMBUSTION TURBINES INSTEAD OF CCGTS?

21 A **Exhibit JP-3**, page 2 quantifies the avoided cost of non-firm capacity had DEF
22 installed CTs during this period to firm-up the CS and IS loads. As can be seen, the
23 corresponding annual revenue requirement avoided by a transmission-level customer
24 taking non-firm service was \$9.15 per kW per month. This amount is also significantly
25 higher than the current \$7.72 per kW CS and IS Demand Credits.

1 Q HAVE THE CS AND IS PROGRAMS PROVIDED (AND WILL CONTINUE TO
2 PROVIDE) BENEFITS TO THE GENERAL BODY OF DEF CUSTOMERS?

3 A Yes. The capacity costs avoided by providing non-firm service under the CS and IS
4 rate schedules exceed the incentive payments to these customers. Hence, from a
5 ratemaking perspective, both the CS and IS programs are cost-effective.

6 Q WHAT DO YOU RECOMMEND?

7 A The Commission should reject DEF's proposal to drastically reduce the CS and IS
8 Demand Credits.

9 Q DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

10 A Yes.

APPENDIX A

Qualifications of Jeffry Pollock

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Jeffry Pollock. My business mailing address is 14323 South Outer Forty Road, Suite
3 206-N, Town and Country, Missouri 63017.

4 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5 A I am an energy advisor and President of J. Pollock, Incorporated.

6 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

7 A I have a Bachelor of Science Degree in Electrical Engineering and a Master's Degree
8 in Business Administration from Washington University. I have also completed a Utility
9 Finance and Accounting course.

10 Upon graduation in June 1975, I joined Drazen-Brubaker & Associates, Inc.
11 (DBA). DBA was incorporated in 1972 assuming the utility rate and economic
12 consulting activities of Drazen Associates, Inc., active since 1937. From April 1995 to
13 November 2004, I was a managing principal at Brubaker & Associates (BAI).

14 During my career, I have been engaged in a wide range of consulting
15 assignments including energy and regulatory matters in both the United States and
16 several Canadian provinces. This includes preparing financial and economic studies
17 of investor-owned, cooperative and municipal utilities on revenue requirements, cost
18 of service and rate design, tariff review and analysis, conducting site evaluations,
19 advising clients on electric restructuring issues, assisting clients to procure and
20 manage electricity in both competitive and regulated markets, developing and issuing

1 requests for proposals (RFPs), evaluating RFP responses and contract negotiation
2 and developing and presenting seminars on electricity issues.

3 I have worked on various projects in 28 states and several Canadian provinces,
4 and have testified before the Federal Energy Regulatory Commission, the Ontario
5 Energy Board, and the state regulatory commissions of Alabama, Arizona, Arkansas,
6 Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky,
7 Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New
8 Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas,
9 Virginia, Washington, and Wyoming. I have also appeared before the City of Austin
10 Electric Utility Commission, the Board of Public Utilities of Kansas City, Kansas, the
11 Board of Directors of the South Carolina Public Service Authority (a.k.a. Santee
12 Cooper), the Bonneville Power Administration, Travis County (Texas) District Court,
13 and the U.S. Federal District Court.

14 **Q PLEASE DESCRIBE J. POLLOCK, INCORPORATED.**

15 A J. Pollock assists clients to procure and manage energy in both regulated and
16 competitive markets. The J. Pollock team also advises clients on energy and
17 regulatory issues. Our clients include commercial, industrial and institutional energy
18 consumers. J. Pollock is a registered broker and Class I aggregator in the State of
19 Texas.

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
AEP TEXAS INC.	Texas Industrial Energy Consumers	56165	Direct	TX	Transmission Operation and Maintenance Expense; Property Insurance Reserve; Class Cost-of-Service Study; Rate Design; Tariff Changes	5/16/2024
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	55155	Cross-Rebuttal	TX	Turk Remand Refund	5/10/2024
DUKE ENERGY CAROLINAS, LLC	South Carolina Energy Users Committee	2023-388-E	Surrebuttal	SC	Class Cost-of-Service Study; Revenue Allocation and Rate Design	4/29/2024
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	55155	Direct	TX	Turk Remand Refund	4/17/2024
DUKE ENERGY CAROLINAS, LLC	South Carolina Energy Users Committee	2023-388-E	Direct	SC	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	4/8/2024
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	55378	Direct	GA	Deferred Accounting; Additional Sum; Specific Capacity Additions; Distributed Energy Resource and Demand Response Tariffs	2/15/2024
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	23-E-0418 23-G-0419	Direct	NY	Electric and Gas Embedded Cost of Service Studies; Class Revenue Allocation; Electric Customer Charge	11/21/2023
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY	Industrial Customer Group	2023-154-E	Direct	SC	Integrated Resource Plan	9/22/2023
MIDAMERICAN ENERGY COMPANY	Google, LLC and Microsoft Corporation	RPU-2022-0001	Rehearing Rebuttal	IA	Application of Advance Ratemaking Principles to Wind Prime	9/8/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	54634	Cross-Rebuttal	TX	Class Cost-of-Service Study; LGS-T Rate Design; Line Loss Study	8/25/2023
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-633-ER-23	Direct	WY	Retail Class Cost of Service and Rate Spread; Schedule Nos. 33, 46, 48T Rate Design; REC Tariff Proposal	8/14/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	54634	Direct	TX	Revenue Requirement; Jurisdictional Cost Allocation; Class Cost-of-Service Study; Rate Design	8/4/2023
DUKE ENERGY CAROLINAS, LLC	Carolina Utility Customers Association, Inc.	E-7, Sub 1276	Direct	NC	Multi-Year Rate Plan; Class Revenue Allocation; Rate Design	7/19/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	22-00286-UT	Direct	NM	Behind-the-Meter Generation; Class Cost-of-Service Study; Class Revenue Allocation; LGS-T Rate Design	4/21/2023

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	44902	Direct	GA	FCR Rate; IFR Mechanism	4/14/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	22-00155-UT	Stipulation Support	NM	Standby Service Rate Design	4/10/2023
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	53931	Direct	TX	Fuel Reconciliation	3/3/2023
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC	RV Industry User's Group	45772	Cross-Answer	IN	Class Cost-of-Service Study; Class Revenue Allocation	2/16/2023
MIDAMERICAN ENERGY COMPANY	Tech Customers	RPU-2022-0001	Additional Testimony	IA	Application of Advance Ratemaking Principles to Wind Prime	2/13/2023
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	54234	Direct	TX	Interim Fuel Surcharge	1/24/2023
NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC	RV Industry User's Group	45772	Direct	IN	Class Cost-of-Service Study; Class Revenue Allocation	1/20/2023
MIDAMERICAN ENERGY COMPANY	Tech Customers	RPU-2022-0001	Surrebuttal	IA	Application of Advance Ratemaking Principles to Wind Prime	1/17/2023
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	54282	Direct	TX	Interim Net Surcharge for Under-Collected Fuel Costs	1/4/2023
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2022-254-E	Surrebuttal	SC	Allocation Method for Production and Transmission Plant and Related Expenses	12/22/2022
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-21-630	Surrebuttal	MN	Cost Allocation; Sales True-Up	12/6/2022
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2022-254-E	Direct	SC	Treatment of Curtailable Load; Allocation Methodology	12/1/2022
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	22-00155-UT	Rebuttal	NM	Standby Service Rate Design	11/22/2022
MIDAMERICAN ENERGY COMPANY	Tech Customers	RPU-2022-0001	Additional Direct & Rebuttal	IA	Application of Advance Ratemaking Principles to Wind Prime	11/21/2022
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	53719	Cross	TX	Retiring Plant Rate Rider	11/16/2022
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-21-630	Rebuttal	MN	Class Cost-of-Service Study; Distribution System Costs; Transmission System Costs; Class Revenue Allocation; C&I Demand Rate Design; Sales True-Up	11/8/2022

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	53719	Direct	TX	Depreciation Expense; HEB Backup Generators; Winter Storm URI; Class Cost-of-Service Study; Schedule IS; Schedule SMS	10/26/2022
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	44280	Direct	GA	Alternate Rate Plan, Cost Recovery of Major Assets; Class Revenue Allocation; Other Tariff Terms and Conditions	10/20/2022
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	22-E-0317 / 22-G-0318 22-E-0319 / 22-G-0320	Rebuttal	NY	COVID-19 Impact; Distribution Cost Allocation; Class Revenue Allocation; Firm Transportation Rate Design	10/18/2022
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	22-00155-UT	Direct	NM	Standby Service Rate Design	10/17/2022
NORTHERN STATES POWER COMPANY	Xcel Large Industrials	E002/GR-21-630	Direct	MN	Class Cost-of-Service Study; Class Revenue Allocation; Multi-Year Rate Plan; Interim Rates; TOU Rate Design	10/3/2022
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	22-E-0317 / 22-G-0318 22-E-0319 / 22-G-0320	Direct	NY	Electric and Gas Embedded Cost of Service Studies; Class Revenue Allocation; Rate Design	9/26/2022
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	22-00177-UT	Direct	NM	Renewable Portfolio Standard Incentive	9/26/2022
CENTERPOINT HOUSTON ELECTRIC LLC	Texas Industrial Energy Consumers	53442	Direct	TX	Mobile Generators	9/16/2022
ONCOR ELECTRIC DELIVERY COMPANY LLC	Texas Industrial Energy Consumers	53601	Cross-Rebuttal	TX	Class Cost-of-Service Study, Class Revenue Allocation; Distribution Energy Storage Resource	9/16/2022
ONCOR ELECTRIC DELIVERY COMPANY LLC	Texas Industrial Energy Consumers	53601	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; Tariff Terms and Conditions	8/26/2022
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	53034	Cross-Rebuttal	TX	Energy Loss Factors; Allocation of Eligible Fuel Expense; Allocation of Off-System Sales Margins	8/5/2022
MIDAMERICAN ENERGY COMPANY	Tech Customers	RPU-2022-0001	Direct	IA	Application of Advance Ratemaking Principles to Wind Prime	7/29/2022
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	53034	Direct	TX	Allocation of Eligible Fuel Expense; Allocation of Winter Storm Uri	7/6/2022
AUSTIN ENERGY	Texas Industrial Energy Consumers	None	Cross-Rebuttal	TX	Allocation of Production Plant Costs; Energy Efficiency Fee Allocation	7/1/2022

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

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AUSTIN ENERGY	Texas Industrial Energy Consumers	None	Direct	TX	Revenue Requirement; Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	6/22/2022
DTE ELECTRIC COMPANY	Gerdau MacSteel, Inc.	U-20836	Direct	MI	Interruptible Supply Rider No. 10	5/19/2022
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	44160	Direct	GA	CARES Program; Capacity Expansion Plan; Cost Recovery of Retired Plant; Additional Sum	5/6/2022
EL PASO ELECTRIC COMPANY	Freeport-McMoRan, Inc.	52195	Cross-Rebuttal	TX	Rate 38; Class Cost-of-Service Study; Revenue Allocation	11/19/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00238-UT	Supplemental	NM	Responding to Seventh Bench Request Order (Amended testimony filed on 11/15)	11/12/2021
EL PASO ELECTRIC COMPANY	Freeport-McMoRan, Inc.	52195	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; Rate 15 Design	10/22/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	51802	Cross-Rebuttal	TX	Cost Allocation; Production Tax Credits; Radial Lines; Load Dispatching Expenses; Uncollectible Expense; Class Revenue Allocation; LGS-T Rate Design	9/14/2021
GEORGIA POWER COMPANY	Georgia Association of Manufacturers	43838	Direct	GA	Vogtle Unit 3 Rate Increase	9/9/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	21-00172-UT	Direct	NM	RPS Financial Incentive	9/3/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	51802	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; LGS-T Rate Design	8/13/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	51802	Direct	TX	Schedule 11 Expenses; Jurisdictional Cost Allocation; Abandoned Generation Assets	8/13/2021
ENERGY TEXAS, INC.	Texas Industrial Energy Consumers	51997	Direct	TX	Storm Restoration Cost Allocation and Rate Design	8/6/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2021-3024601	Surrebuttal	PA	Class Cost-of-Service Study; Revenue Allocation	8/5/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2021-3024601	Rebuttal	PA	Class Cost-of-Service Study; Revenue Allocation; Universal Service Costs	7/22/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00238-UT	Supplemental	NM	Settlement Support of Class Cost-of-Service Study; Rate Design; Revenue Requirement.	7/1/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	R-2021-3024601	Direct	PA	Class Cost-of-Service Study; Revenue Allocation	6/28/2021

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

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DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20940	Rebuttal	MI	Allocation of Uncollectible Expense	6/23/2021
FLORIDA POWER & LIGHT COMPANY	Florida Industrial Power Users Group	20210015-EI	Direct	FL	Four-Year Rate Plan; Reserve Surplus; Solar Base Rate Adjustments; Class Cost-of-Service Study; Class Revenue Allocation; CILC/CDR Credits	6/21/2021
ENERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	20-067-U	Surrebuttal	AR	Certificate of Environmental Compatibility and Public Need	6/17/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00238-UT	Rebuttal	NM	Rate Design	6/9/2021
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20940	Direct	MI	Class Cost-of-Service Study; Rate Design	6/3/2021
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	51415	Supplemental Direct	TX	Retail Behind-The-Meter-Generation; Class Cost of Service Study; Class Revenue Allocation; LGS-T Rate Design; Time-of-Use Fuel Rate	5/17/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00238-UT	Direct	NM	Class Cost-of-Service Study; Class Revenue Allocation, LGS-T Rate Design, TOU Fuel Charge	5/17/2021
ENERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	20-067-U	Direct	AR	Certificate of Environmental Compatibility and Public Need	5/6/2021
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	51625	Direct	TX	Fuel Factor Formula; Time Differentiated Costs; Time-of-Use Fuel Factor	4/5/2021
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	51415	Direct	TX	ATC Tracker, Behind-The-Meter Generation; Class Cost-of-Service Study; Class Revenue Allocation; Large Lighting and Power Rate Design; Synchronous Self-Generation Load Charge	3/31/2021
ENERGY TEXAS, INC.	Texas Industrial Energy Consumers	51215	Direct	TX	Certificate of Convenience and Necessity for the Liberty County Solar Facility	3/5/2021
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	50997	Cross Rebuttal	TX	Rate Case Expenses	1/28/2021
PPL ELECTRIC UTILITIES CORPORATION	PPL Industrial Customer Alliance	M-2020-3020824	Supplemental	PA	Energy Efficiency and Conservation Plan	1/27/2021
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	20-E-0428 / 20-G-0429	Rebuttal	NY	Distribution cost classification; revised Electric Embedded Cost-of-Service Study; revised Distribution Mains Study	1/22/2020
MIDAMERICAN ENERGY COMPANY	Tech Customers	EPB-2020-0156	Reply	IA	Emissions Plan	1/21/2021

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

UTILITY	ON BEHALF OF	DOCKET	TYPE	STATE / PROVINCE	SUBJECT	DATE
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	50997	Direct	TX	Disallowance of Unreasonable Mine Development Costs; Amortization of Mine Closure Costs; Imputed Capacity	1/7/2021
CENTRAL HUDSON GAS & ELECTRIC	Multiple Intervenors	20-E-0428 / 20-G-0429	Direct	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design; Revenue Decoupling Mechanism	12/22/2020
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	20-E-0380 / 20-G-0381	Rebuttal	NY	AMI Cost Allocation Framework	12/16/2020
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	51381	Direct	TX	Generation Cost Recovery Rider	12/8/2020
NIAGARA MOHAWK POWER CORP.	Multiple Intervenors	20-E-0380 / 20-G-0381	Direct	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design; Earnings Adjustment Mechanism; Advanced Metering Infrastructure Cost Allocation	11/25/2020
LUBBOCK POWER & LIGHT	Texas Industrial Energy Consumers	51100	Direct	TX	Test Year; Wholesale Transmission Cost of Service and Rate Design	11/6/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20889	Direct	MI	Scheduled Lives, Cost Allocation and Rate Design of Securitization Bonds	10/30/2020
CHEYENNE LIGHT, FUEL AND POWER COMPANY	HollyFrontier Cheyenne Refining LLC	20003-194-EM-20	Cross-Answer	WY	PCA Tariff	10/16/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	20-00143	Direct	NM	RPS Incentives; Reassignment of non-jurisdictional PPAs	9/11/2020
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-578-ER-20	Cross	WY	Time-of-Use period definitions; ECAM Tracking of Large Customer Pilot Programs	9/11/2020
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	20000-578-ER-20	Direct	WY	Class Cost-of-Service Study; Time-of-Use period definitions; Interruptible Service and Real-Time Day Ahead Pricing pilot programs	8/7/2020
ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	50790	Direct	TX	Hardin Facility Acquisition	7/27/2020
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group	2020-3017206	Surrebuttal	PA	Interruptible transportation tariff; Allocation of Distribution Mains; Universal Service and Energy Conservations; Gradualism	7/24/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Rebuttal	MI	Energy Weighting, Treatment of Interruptible Load; Allocation of Distribution Capacity Costs; Allocation of CVR Costs	7/14/2020
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group	2020-3017206	Rebuttal	PA	Distribution Main Allocation; Design Day Demand; Class Revenue Allocation; Balancing Provisions	7/13/2020

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

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PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3019290	Rebuttal	PA	Network Integration Transmission Service Costs	7/9/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Direct	MI	Class Cost-of-Service Study; Financial Compensation Method; General Interruptible Service Credit	6/24/2020
PHILADELPHIA GAS WORKS	Philadelphia Industrial and Commercial Gas Users Group	2020-3017206	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	6/15/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Rebuttal	MI	Distribution Mains Classification and Allocation	5/5/2020
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	43011	Direct	GA	Fuel Cost Recovery Natural Gas Price Assumptions	5/1/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Direct	MI	Class Cost-of-Service Study; Transportation Rate Design; Gas Demand Response Pilot Program; Industry Association Dues	4/14/2020
ROCKY MOUNTAIN POWER	Wyoming Industrial Energy Consumers	90000-144-XI-19	Direct	WY	Coal Retirement Studies and IRP Scenarios	4/1/2020
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Direct	MI	Class Cost-of-Service Study; Class Revenue Allocation; Infrastructure Recovery Mechanism; Industry Association Dues	3/24/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Cross	TX	Radial Transmission Lines; Allocation of Transmission Costs; SPP Administrative Fees; Load Dispatching Expenses; Uncollectible Expense	3/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00315-UT	Direct	NM	Time-Differentiated Fuel Factor	3/6/2020
SOUTHERN PIONEER ELECTRIC COMPANY	Western Kansas Industrial Electric Consumers	20-SPEE-169-RTS	Direct	KS	Class Revenue Allocation	3/2/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Direct	TX	Schedule 11 Expenses; Depreciation Expense (Rev. Req. Phase Testimony)	2/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49831	Direct	TX	Class-Cost-of-Service Study; Class Revenue Allocation; Rate Design (Rate Design Phase Testimony)	2/10/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00134-UT	Direct	NM	Renewable Portfolio Standard Rider	2/5/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00170-UT	Settlement	NM	Settlement Support of Rate Design, Cost Allocation and Revenue Requirement	1/20/2020

APPENDIX B
Testimony Filed in Regulatory Proceedings
by Jeffry Pollock

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SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	49737	Direct	TX	Certificate of Convenience and Necessity	1/14/2020
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00170-UT	Rebuttal	NM	Class Cost-of-Service Study; Class Revenue Allocation	12/20/2019
ALABAMA POWER COMPANY	Alabama Industrial Energy Consumers	32953	Direct	AL	Certificate of Convenience and Necessity	12/4/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Occidental Permian Ltd.	19-00170-UT	Direct	NM	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design	11/22/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	49616	Cross	TX	Contest proposed changes in the Fuel Factor Formula	10/17/2019
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	42516	Direct	GA	Return on Equity; Capital Structure; Coal Combustion Residuals Recovery; Class Revenue Allocation; Rate Design	10/17/2019
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	19-E-0378 / 19-G-0379 19-E-0380 / 19-G-0381	Rebuttal	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design	10/15/2019
NEW YORK STATE ELECTRIC & GAS CORPORATION and ROCHESTER GAS AND ELECTRIC CORPORATION	Multiple Intervenors	19-E-0378 / 19-G-0379 19-E-0380 / 19-G-0381	Direct	NY	Electric and Gas Embedded Cost of Service; Class Revenue Allocation; Rate Design; Amortization of Regulatory Liabilities; AMI Cost Allocation	9/20/2019
AEP TEXAS INC.	Texas Industrial Energy Consumers	49494	Cross-Rebuttal	TX	ERCOT 4CPs; Class Revenue Allocation; Customer Support Costs	8/13/2019
AEP TEXAS INC.	Texas Industrial Energy Consumers	49494	Direct	TX	Class Cost-of-Service Study; Class Revenue Allocation; Rate Design; Transmission Line Extensions	7/25/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Cross-Rebuttal	TX	Class Cost-of-Service Study	6/19/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Direct	TX	Class Cost-of-Service Study; Rate Design; Transmission Service Facilities Extensions	6/6/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	48973	Direct	TX	Prudence of Solar PPAs, Imputed Capacity, treatment of margins from Off-System Sales	5/21/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Rebuttal	MI	Classification of Distribution Mains; Allocation of Working Gas in Storage and Storage	4/29/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Direct	MI	Class Cost-of-Service Study; Transportation Rate Design	4/5/2019
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	49042	Cross-Rebuttal	TX	Transmsision Cost Recovery Factor	3/21/2019

APPENDIX B
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ENTERGY TEXAS, INC.	Texas Industrial Energy Consumers	49057	Direct	TX	Transmsision Cost Recovery Factor	3/18/2019
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2018-318-E	Direct	SC	Class Cost-of-Service Study, Class Revenue Allocation, LGS Rate Design, Depreciation Expense	3/4/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Settlement	AR	Testimony in Support of Settlement	3/1/2019
ENERGY+ INC.	Toyota Motor Manufacturing Canada	EB-2018-0028	Updated Evidence	ON	Class Cost-of-Service Study, Distribution and Standby Distribution Rate Design	2/15/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Surrebuttal	AR	Solar Energy Purchase Option Tariff	2/14/2019
SOUTHWESTERN PUBLIC SERVICE COMPANY	Texas Industrial Energy Consumers	48847	Direct	TX	Fuel Factor Formulas	1/11/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	18-037	Direct	AR	Solar Energy Purchase Option Tariff	1/10/2019

To access a downloadable list of Testimony filed from 1976 through the prior year, use this link:

[J. Pollock Testimony filed from 1976 through the prior year](#)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC)	DOCKET NO. 20240013-EG Filed: June 5, 2024
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AFFIDAVIT OF JEFFRY POLLOCK

State of Missouri)
) SS
County of St. Louis)

Jeffry Pollock, being first duly sworn, on his oath states:

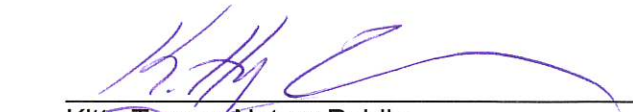
1. My name is Jeffry Pollock. I am President of J. Pollock, Incorporated, 14323 South Outer 40 Rd., Suite 206N, St. Louis, Missouri 63017. We have been retained by Florida Industrial Power Users Group to testify in this proceeding on its behalf;
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony and Exhibits, which have been prepared in written form for introduction into evidence in Florida Public Service Commission Docket No. 20240013-EG; and,
3. I hereby swear and affirm that the answers contained in my testimony and the information in my exhibits are true and correct.



Jeffry Pollock

Subscribed and sworn to before me this 5th day of June 2024.



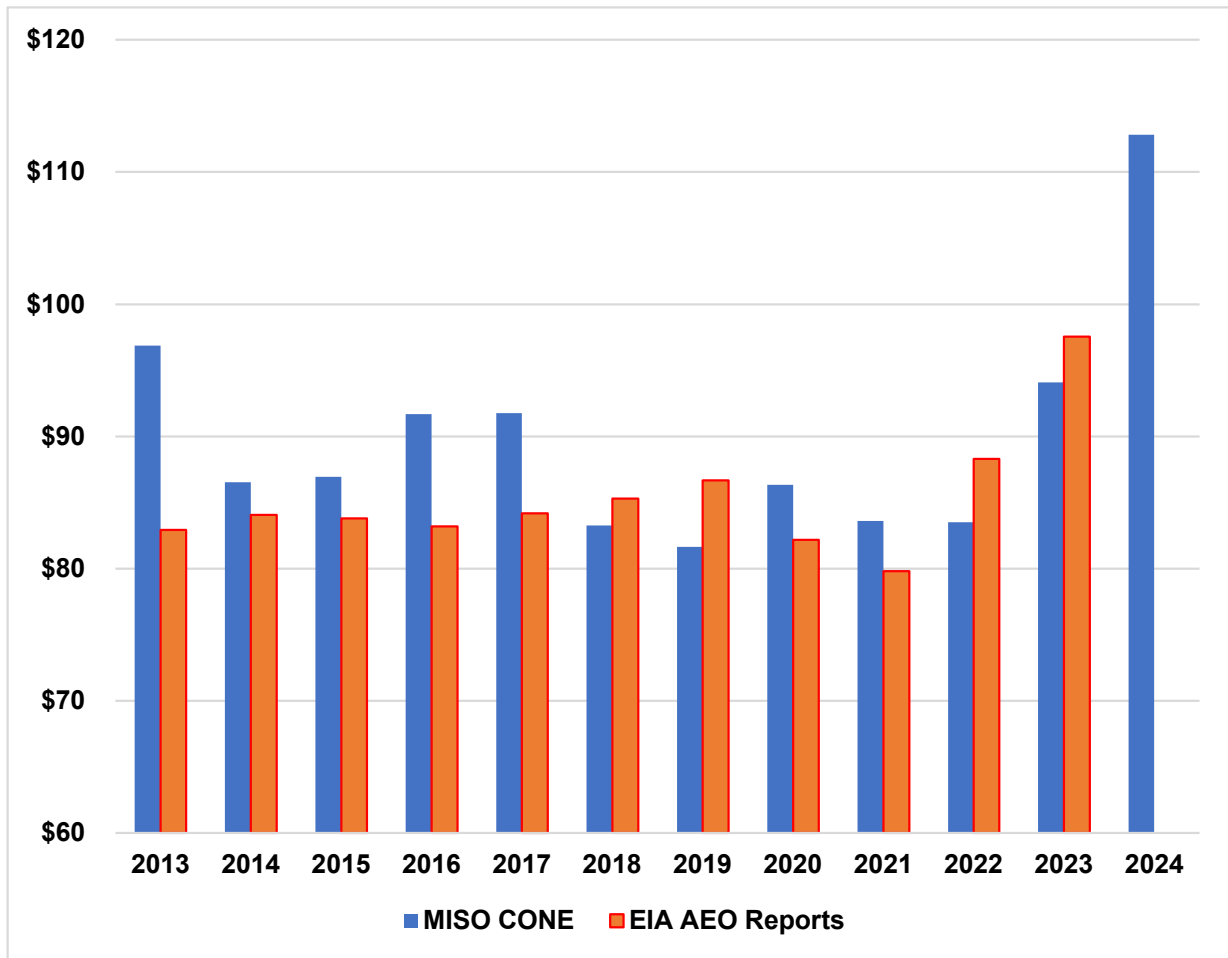


Kitty Turner, Notary Public
Commission #: 15390610

My Commission expires on April 25, 2027.

Affidavit

DUKE ENERGY FLORIDA
Trends in Generation Capital Costs
\$ Per kW-Year



DUKE ENERGY FLORIDA
Installed Cost of Generation Capacity Additions Since 2004

Line	Plant Name	Year In Service	Investment (\$Millions)	Net Capacity (MW)	Installed Cost (\$/kW)	Cumulative Installed Cost (\$/kW)
		(1)	(2)	(3)	(4)	(5)
1	Osprey	2004	\$414	611	\$678	\$678
2	Bartow	2009	\$763	1,259	\$606	\$630
3	Citrus County	2018	\$1,461	1,854	\$788	\$708
4	Lake Placid	2023	\$24	18	\$1,352	\$712
5	Solar Projects	Various	\$1,623	1,186	\$1,368	\$870
6	Total Excluding Solar		\$2,663	3,742		\$712

Source: S&P Global Market Intelligence, DEF's 2023 FERC Form 1.

DUKE ENERGY FLORIDA
CS & IS Demand Credit Reflecting Avoided Capital Costs
Based on DEF's Thermal Capacity Additions From 2004-2023

Line	Description	Production Demand (1)	Reference (2)
1	Annual Revenue Requirement (\$000)	\$1,314,086	MFR E6b 2025 12CP & 25% AD
2	Plant Investment (\$000)	\$10,520,504	Schedule No. 2A
3	Annual Carrying Charge Rate	12.5%	Line 1 ÷ Line 2
4	Average Cost of New Thermal Capacity Added By DEF (\$/kW)	\$712.00	Exhibit JP-2
5	Annual Fixed Cost (\$/kW)	\$88.93	Line 3 x Line 4
6	Reserve Margin + Losses at Transmission	22.54%	20% RM; 0.975237 Delivery Eff Factor
7	Average Cost of Capacity Avoided (\$/kW/Month Load)	<u><u>\$9.08</u></u>	Line 5 x (1+Line 6) ÷ 12
8	Current Monthly Demand Credit (\$/KW/Month)	\$7.72	

DUKE ENERGY FLORIDA
CS & IS Demand Credit
Based on the Capital Cost of New Combustion Turbines

Line	Description	Amount	Reference
		(1)	(2)
	CT Annual Revenue Requirement: (\$/kW-Year)		
1	2015-16	\$86.95	MISO PRA Filings (Louisiana, Mississippi, Texas)
2	2016-17	\$91.69	
3	2017-18	\$91.77	
4	2018-19	\$83.26	
5	2019-20	\$81.64	
6	2020-21	\$86.35	
7	2021-22	\$83.60	
8	2022-23	\$83.52	
9	2023-24	\$94.08	
10	2024-25	\$112.80	
11	Average Cost of New Entry (\$/kW-Year)	\$89.57	Average Lines 1-10
12	Reserve Margin + Losses at Transmission	22.54%	20% RM; 0.975237 Delivery Eff Factor
13	Average Cost of Capacity Avoided (\$/kW/Month Load)	<u><u>\$9.15</u></u>	Line 11 x (1+Line 12) ÷ 12
14	Current Monthly IS Demand Credit (\$/KW/Month)	\$7.72	