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July 2, 2024

ELECTRONIC FILING

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

In re: Petition for Rate Increase by Tampa Electric Company	DOCKET NO. 20240026-EI
In re: Petition for approval of 2023 Depreciation and Dismantlement Study, by Tampa Electric Company	DOCKET NO. 20230139-EI
In re: Petition to implement 2024 Generation Base Rate Adjustment provisions in Paragraph 4 of the 2021 Stipulation and Settlement Agreement, by Tampa Electric Company	DOCKET NO. 20230090-EI

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company in the above-referenced docket is the Rebuttal Testimony of David Lukcic.

Thank you for your assistance in connection with this matter.

(Document 5 of 14)

Sincerely,

J. Jeffry Wahlen

cc: All parties

JJW/ne
Attachment

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240026-EI

PETITION FOR RATE INCREASE

BY TAMPA ELECTRIC COMPANY

REBUTTAL TESTIMONY

OF

DAVID LUKCIC

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

DAVID LUKCIC

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

A. My name is David Lukcic. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or the "company") as Senior Director Operational Technology & Strategy.

Q. Are you the same David Lukcic who filed direct testimony in this proceeding?

A. Yes.

Q. Have your title and duties and responsibilities changed since the company filed your prepared direct testimony on April 2, 2024?

A. No.

Q. What are the purposes of your rebuttal testimony?

A. My rebuttal testimony serves two general purposes.

First, I will address inaccuracies in the direct testimony of witness Kevin Mara, filed on behalf of the Office of Public Counsel ("OPC"), and explain why the Florida Public Service Commission ("Commission" or "FPSC") should authorize including the company's Grid Reliability and Resilience ("GRR") Projects and the Grid Communications Project in the proposed Subsequent Year Adjustments ("SYA").

Second, I will respond to the direct testimony of witness Karl Rábago, filed on behalf of the League of United Latin American Citizens ("LULAC") and Florida Rising, and demonstrate why the Commission should reject his proposal to disallow cost recovery for the GRR Projects.

I. THE GRR PROJECTS ARE PRUDENT AND SHOULD BE INCLUDED IN THE PROPOSED SYA

Q. Does Mr. Mara challenge the necessity or prudence of the proposed GRR Projects in his testimony or otherwise argue that the company should not complete those projects?

A. No. Instead, he argues that the GRR Projects should be recovered in base rates in the test year or in future test

years. To illustrate, on page four of his testimony he states that the GRR Projects should be excluded from the company's SYA. Similarly, he argues on page nine that the SYA is "not the proper funding mechanism" for the GRR Projects. As I explained in my direct testimony, the GRR Projects are necessary and prudent investments to meet customer demand, build a resilient grid, and adapt to changes in how our customers use, and sometimes produce, energy.

Furthermore, as I will explain below, Mr. Mara's recommendation that the GRR Projects should be excluded from the SYA is based on an inaccurate assessment of the nature and scope of the GRR Projects, as well as a misunderstanding of which components are included in the company's SYA. My testimony will address these inaccuracies and explain why the GRR Projects should be approved. Tampa Electric's witness Jeff Chronister will address why the GRR Projects are properly included in the SYA from a rate making perspective.

Q. Does Mr. Mara's testimony correctly describe which GRR Projects are included in the company's 2026 and 2027 SYA?

A. No. His testimony includes the following inaccuracies: (1)

In my direct testimony, I described three GRR Projects components that are included within the 2026 and 2027 SYA. Mr. Mara discusses only one of the three components. (2) Mr. Mara inaccurately describes several of the GRR Projects included in the SYA as routine activities to maintain or replace obsolete equipment and argues that these investments should be excluded from the SYA. (3) Mr. Mara inaccurately states that the forward-looking nature of these investments makes them inherently speculative and thus they should be excluded from the SYA. (4) Mr. Mara inaccurately states that the GRR projects included within the SYA, all of which will be in-service by the end of 2026, will not provide value to Tampa Electric's customers until the overall program is complete – by the end of 2030. (5) Lastly, Mr. Mara incorrectly states that none of the GRR Projects have been approved by either the Tampa Electric or Emera Board of Directors at the time of the rate case filing.

The remaining discussion in Section I of my rebuttal testimony will provide additional context and information on the issues I described above.

(1) <u>Clarification on which GRR Projects are in the SYA</u>

Q. On page seven of his direct testimony, Mr. Mara states that

the GRR Projects included within Tampa Electric's 2026 and 2027 SYA include Private LTE Implementation, Line Sensor Software, Work Management System ("WMS"), and Distribution Planning Software upgrades. Does this accurately reflect the GRR Projects included within the 2026 and 2027 SYA?

A. No. As I noted on pages 53 through 57 of my direct testimony, there are three components of the GRR Projects that are included within the SYA: (1) the Grid Communication Network, (2) the Customer Information Device Expansion, and (3) the Grid Communication Network Hardware, Work Management, and Control Systems components. The projects noted by Mr. Mara only reflect the third GRR Projects component.

Q. In Table 2, on page 8 of his testimony, Mr. Mara compares information provided by Tampa Electric in response to OPC's Seventh Set of Interrogatories No. 126 to SYA information provided in Tampa Electric witness Richard Latta's direct testimony (now Prepared Direct Testimony of Jeff Chronister Volume II). Based on this comparison, Mr. Mara states that the "budgeted values in these [referring to the PLTE Implementation, Line Sensor Software, WMS, and Distribution Planning Software] systems do not exactly match with the SYAs..." Can you provide any additional clarification on Mr. Mara's perceived misalignment between these two data

sources?

A. Yes. Mr. Mara's comparison is flawed for several reasons. First, Mr. Mara's comparison of the company's answer to OPC's Seventh Set of Interrogatories No. 126 with the SYA budgets is incorrect because the interrogatory response was not limited to the components included in the SYA. OPC's Seventh Set of Interrogatories No. 126 asked the company to provide the annual cost by project type for all six components of the GRR Projects. As I previously explained, the company only included some components in the SYA. The company's interrogatory answer accordingly reflects total expected annual capital expenditures for all GRR Projects, regardless of whether they are included in the SYA.

Second, Mr. Mara's Table 2 does not match what is included in the SYA. Table 2 does not include capital expenditures associated with some components included in the SYA, including the PLTE Spectrum (i.e., Grid Communication Network) or Customer Information (i.e., CRB) Device Expansion. Table 2 does, however, include capital expenditures for the Distribution Design Tool and Short-Cycle Work Management upgrade, which are not included in the SYA, as I will discuss in more detail below.

Third, Mr. Mara made an apples-to-oranges comparison between the annual capital expenditure amounts presented in Tampa Electric's answer to OPC's Seventh Set of Interrogatories No. 126 with figures from Volume II of Mr. Chronister's direct testimony. The numbers in Volume II of Mr. Chronister's testimony are not total annual capital expenditures, but rather reflect 13-month average plant in service, which includes both capital and the associated financing costs. As I previously explained, the company's answer to Interrogatory No. 126 provided total annual capital costs.

(2) Clarification on the Description of System Replacements

Q. On page eight of his direct testimony, Mr. Mara characterizes the GRR Projects included within the 2026 and 2027 SYA as "routine type of activities," and adds that these projects include "maintenance and replacement of obsolete equipment." Do you agree with this characterization of the GRR Projects included within the SYA?

A. No. As I stated on page 18 of my direct testimony, the GRR Projects build on Tampa Electric's existing grid modernization strategy and will provide new and enhanced functionality across each of the investments. Overall, the

GRR Projects represent a comprehensive program that will create a "system of systems" with coordination across the six investment domains to improve grid reliability, provide customers with greater access to data to make more informed energy decisions, and enable more efficient and effective operations within Electric Delivery. Specifically, the GRR Projects within the SYA include upgrades to existing systems (i.e., Distribution Planning Software Upgrade), replacement of obsolete systems (i.e., Work Management System), as well as deployment of new systems that do not exist today (i.e., Distribution Design Tool). However, none of these projects are routine maintenance or like-for-like replacements of equipment. Rather, each of the GRR Projects provides new or enhanced functionality that is critical to meet customer expectations and enable the benefits of a modern intelligent grid (e.g., automated FLISR).

Q. On page 10 of his testimony, Mr. Mara characterizes the Grid Communication Network Project as "replacement of an older, obsolete [radio] system" that should be accomplished through the company's test year budget. Do you agree with his characterization of the project and his conclusion?

A. No. The primary purpose of the Grid Communication Network Project is to install a new system that will provide

improved cybersecurity, resilience during storms, reliability, safety, and performance benefits. While it is true that the Grid Communication Network Project will replace the existing end-of-life SCADA system, the project will also provide capabilities and capacity well beyond the existing SCADA radio network. These advancements provide the infrastructure to manage the expansion of electric vehicle charging and customer-owned solar generation and lay the groundwork for new functionalities at both the distribution level and the grid's edge. Furthermore, this project is appropriately included in the SYA because it will be completed in 2026 and begin providing value to customers beginning as early as December 2024 when the first ten PLTE towers are completed.

Q. Have other electric utilities installed a PLTE?

A. Yes. Tampa Electric is aware of several peer utilities that have installed, or are in the process of installing, PLTE networks within their service territories including Florida Power & Light (Gulf Region); Southern Company in Alabama, Georgia, and Mississippi; Ameren; San Diego Gas & Electric; Evergy; Xcel Energy; and Lower Colorado River Authority.

Q. On page 12 of his testimony, Mr. Mara argues that the work

management system upgrade is an "upgrade of an existing system" that should be included in the company's test year budget and not an SYA. Do you agree with this characterization and recommendation?

A. No. This project adopts an entirely new work and asset management system that will provide significant new functionality including, but not limited to, modern Application Programming Interface ("API") based communications, workforce optimization and analytics, and mobile communication capabilities. The new system will replace the current work management system ("WorkPro") which was initially installed in 1997 and has been out of vendor support for ten years. This project will be completed and in-service by December 2026 and should be included within the SYA.

Q. On page 13 of his testimony, Mr. Mara asserts that the "Distribution Planning Software Upgrades" (referring to the short-cycle work management system, distribution design tool, and system planning model upgrade) represent either upgrades to existing software or replacement of an existing program and claims that the company should recover the costs of these programs through "traditional base rates" and not an SYA. Do you agree with this characterization and

recommendation?

A. No. As a preliminary matter, I would like to clarify that these are three distinct systems. First, the investment in the Short-Cycle Work Management System Upgrade is to replace the current PragmaCAD system with a new system to manage and execute emergent or reactive work orders. The company uses PragmaCAD system when responding to equipment failures or other unplanned incidents that impact service reliability (e.g., vehicle hits a pole). The PragmaCAD system is distinct from WorkPro, which is the current system used to generate distribution, transmission, lighting, and substation work orders for planned activities. The current versions of both PragmaCAD and WorkPro are limited in functionality and no longer meet industry standards. The new Work Management system installed through the GRR Projects will better align work management functionality and enable greater consistency for how work is executed across Electric Delivery for both planned (i.e., long-cycle) and emergent (i.e., short-cycle) work and increase operational efficiencies in Electric Delivery.

Second, the Distribution Design Tool Project implements a new, dedicated design tool that Tampa Electric has not previously had. Currently, electric distribution designs

are built in the GIS or AutoCAD, both of which offer limited functionality to automate the design process, unlike the Distribution Design Tool. This project will provide significant efficiency benefits and help Tampa Electric design customer projects faster and more effectively.

Third, the System Planning Model Upgrade will upgrade or replace the distribution load flow model (i.e., Synergi) which, in combination with other GRR Projects, including the GIS replacement, ensures that the grid model accurately reflects the distribution system as it grows to include new distributed energy resources.

The Distribution Design Tool and Short-Cycle Work Management Projects are both expected to be in-service in 2027 and were not included in the SYA. The Distribution Planning Software Upgrade (i.e., Synergi replacement) is the only project of the three that Mr. Mara described on page 13 that was included in the SYA. Since this project is scheduled to be completed and in-service by the end of the third quarter of 2026, and since it will significantly improve efficiency, it should be included within the SYA.

(3) Clarification on Forecasted Capital Costs

Q. On Page nine of his testimony, Mr. Mara asserts that GRR

Projects' expenditures should be excluded from the SYA because work on various components of the GRR Projects will continue until 2030, and because the expenditures are "forecasted costs." Do you agree with this recommendation?

A. No. It is true that certain GRR Projects will not be completed until 2030; however, none of these components have been included within the SYA. The GRR Projects included within the SYA will all be in-service by December 2026 and will provide value to Tampa Electric customers prior to the overall completion of the project. For example, once the PLTE system is functional, with the appropriate control schemes in ADMS, and deployment of intelligent switching devices deployed on distribution circuits as well as within the substation, Tampa Electric will be able to test and begin implementation of automated FLISR. The reliability and system benefits for all of Tampa Electric's service territories will then increase as devices are deployed across the entire system.

Additionally, the SYA costs reflect budgeted amounts for the projects based on best estimates and past project experience. If the projects were to run over the amount included in the SYA, those dollars would not be automatically recovered, and the company would need to

request cost recovery for those dollars and justify the expense in a future rate case.

(4) Clarification on When Systems Will be In-Service

Q. Mr. Mara asserts that the Grid Communication Network Project and the Line Sensor Software component should be excluded from the SYA because they will enable other technologies that will not "be fully capable" by the end of 2027. Is this statement accurate?

A. No. The benefits of automated FLISR will be functional in certain portions of Tampa Electric's service territory by the end of 2026. As previously stated, the company will begin connecting field devices as early as December 2024 when the first communication tower is completed. Additionally, once the PLTE system is in-service, Tampa Electric will be able to retrofit existing devices to connect devices to this new network, which will provide benefits including enhanced security and speed of communication with field devices.

Q. Will the components of the GRR Projects included in the SYA go into service and begin providing benefits to customers before 2027?

A. Yes.

(5) Clarification on the Status of Project Approvals

Q. On Page nine, Mr. Mara says the GRR Projects should be excluded from the SYA because "none of this project -- in either its sub-parts or its totality - had been approved by either the Tampa Electric or Emera Boards of Directors at the time the case was filed". Is this statement accurate?

A. No. Several foundational components of GRR Projects were already approved at the time of the rate case filing. The Grid Communication Network Project (i.e., PLTE) was approved by the Tampa Electric Board in November of 2023. Additionally, the Capital Leadership Team previously approved certain investments within the Field Devices and Substation domains. The previously approved investments include: (1) a project to implement integrated volt/VAR control ("IVVC") through the installation of IVVC capable capacitor banks, and (2) a project to replace outdated analog circuit breakers and associated electro-mechanical relays within substations with modernized breakers and relays. The investments described above are critical aspects of the GRR Projects and are required to enable further system reliability improvements, including future utilization of automated FLISR. Additionally, the Tampa

Electric Board of Directors have been thoroughly educated on the GRR Projects over time, ensuring informed decision-making and oversight.

Q. Have there been any updates to the approval of the overall GRR Projects since your direct testimony was filed?

A. Yes. The GRR Projects were brought to the Tampa Electric Board of Directors for review and approval on June 11, 2024, and the GRR Projects were approved in their entirety.

(6) Recommendations Based on Mr. Mara's Direct Testimony

Q. Based on the information and arguments presented within Mr. Mara's direct testimony, do you agree that the GRR Projects described in your direct testimony should be excluded from the 2026 and 2027 SYA?

A. No.

Q. What is your recommendation to the Commission regarding the GRR Projects components included in the SYA?

A. I affirm what was stated in my direct testimony regarding the need for, and prudence of, the GRR Projects, and I recommend that the Commission approve all three components

of the GRR Projects that were included within the SYA for 2026 and 2027. Those three components are (1) the Grid Communication Network, (2) the Customer Information Device Expansion, and (3) the Grid Communication Network Hardware, Work Management, and Control Systems components.

II. THE GRR PROJECTS ARE NECESSARY AND PRUDENT, AND THE COMMISSION SHOULD AUTHORIZE COST RECOVERY FOR THOSE PROJECTS

Q. On page 51 of his testimony, Mr. Rábago describes the GRR Projects as "unnecessary gold plating." Do you agree that the GRR Projects are unnecessary?

A. No. As I noted in my prior responses to Mr. Mara's statements, the GRR Projects are a continuation of Tampa Electric's grid modernization strategy to improve the reliability and functionality of the Electric Delivery system. The GRR Projects are necessary to meet evolving customer expectations for the electric system to be "always on", while preparing to manage bi-directional power flows at the grid edge. As I noted in my direct testimony, the GRR Projects are designed to address changes to the grid, including increased digitalization and decentralization. Customer adoption of distributed generation, electric vehicles, and battery storage is causing a need for greater

grid visibility and new technologies to control bi-directional energy flows. The GRR Projects will provide tangible benefits for customers including, but not limited to, enhanced reliability and reduced O&M expenses. Further, as noted in Tampa Electric witness Chip Whitworth's direct testimony, the GRR Projects are necessary to replace obsolete systems and equipment, as well as meet customer demands for greater reliability, greater access to data, and to adapt to changes in how customers consume energy.

Q. On page 55 of his testimony, Mr. Rábago asserts that the GRR Projects are "destined for quick obsolescence." Do you agree with this conclusion?

A. No. I note that Mr. Rábago does not describe what timeframe he would consider to be "quick obsolescence." Mr. Rábago specifically calls out the PLTE network, which has an estimated useful life of 20 years. I do not consider technology with an estimated useful life of two decades to be destined for "quick obsolescence." Further, the PLTE network is designed to alleviate current communication constraints, as well as prepare for future needs including enhanced cybersecurity and reliability standards. The PLTE system, and the GRR Projects as a whole, will draw on lessons learned by peer utilities, the industry experience

of internal Tampa Electric standards and compliance experts, and the knowledge of various external consultants to help implement new systems that are designed with future standards and requirements in mind.

Q. Based on the information and arguments presented within Mr. Rábago's direct testimony, do you agree that the Commission should not allow recovery of costs for the GRR Projects?

A. No. The GRR Projects are necessary, prudent, and will result in tangible benefits for the company's customers.

III. SUMMARY

Q. Please summarize your rebuttal testimony.

A. My rebuttal testimony addressed the statements made by witnesses Mara and Rábago regarding the GRR Projects included within the 2026 and 2027 SYA. I demonstrated that Mr. Mara and Mr. Rábago are incorrect in their assertions that the GRR Projects should be excluded from the SYA. The three GRR Projects components that I describe in my direct testimony will all be in-service by the end of 2026, will provide significant benefits to customers, and should be included within the SYA.

Q. Does this conclude your rebuttal testimony?

A. Yes.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing rebuttal testimony and exhibit have been served by posting on a shared document site, hand delivery of a USB drive or by electronic mail on this 2nd day of July, 2024 to the following:

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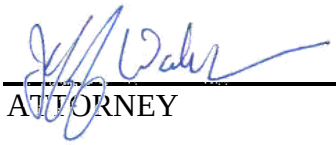

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