BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Tampa Electric Company	DOCKET NO. 20240026-EI Filed: July 22, 2024

PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION

The Florida Retail Federation ("FRF"), by and through its undersigned counsel and pursuant to the Order Establishing Procedure ("OEP") in this docket, Order No. PSC-2024-0096-PCO-EI, issued on April 16, 2024, hereby submits its Prehearing Statement.

APPEARANCES

Robert Scheffel Wright
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On behalf of the Florida Retail Federation.

1. FRF WITNESSES

The FRF will call the following witness, who will address the issues indicated:

Direct Testimony	Issues
Steve W. Chriss	1, 39, 70-74, 79-83, OPC-1, OPC-2

2. FRF KNOWN EXHIBITS - DIRECT CASE

Exhibit No. ___ [SWC-1] Qualifications of Steve W. Chriss;

Exhibit No. ___ [SWC-2] Impact of TECO's Proposed Increase in Return on Equity ($000) vs. Originally Approved;

Exhibit No. ___ [SWC-3] Impact of TECO's Proposed Increase in Return on Equity ($000) vs. ROE Trigger;

Exhibit No. ___ [SWC-4] Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2021 to Present; and

Exhibit No. ___ [SWC-5] Impact of TECO's Proposed Increase in Return on Equity ($000) vs. National Average, Vertically Integrated.

3. STATEMENT OF BASIC POSITION

The Florida Retail Federation is a statewide organization with more than 8,000 members in Florida, many of whom are retail customers of Tampa Electric Company. The FRF and its members support utilities' needs for sufficient revenues to enable them to provide safe, adequate, and reliable service, and to earn a reasonable return on their prudently incurred investments in assets used and useful in providing that service. However, as customers in their own right and recognizing the needs of all Florida citizens for safe and reliable electric service at fair, just, and reasonable prices, the FRF opposes rates that are greater than necessary for the utility to provide safe and reliable service. The Florida Public Service Commission's ("PSC") statutory task is to serve the public interest by ensuring that utilities provide safe and reliable service at the lowest possible cost.

Thus, the question in this proceeding, as in all general public utility rate cases, is how much revenue Tampa Electric Company ("TECO") actually <u>needs</u> to provide safe and reliable service and to earn a reasonable return on its investment. The evidence shows that

TECO's proposed rates would, if approved by the PSC, produce grossly excessive revenues to the detriment of TECO's customers and to the Florida economy generally, and that TECO's proposed rates are contrary to the public interest for these reasons. Specifically, where TECO has requested $296.6 million per year in 2025, TECO can provide safe and reliable service and earn a reasonable return, consistent with the returns on common equity approved by regulatory bodies for many other electric utilities in the United States, with a total revenue increase of only $75.3 million per year in 2025. This is roughly one-fourth, or only 25 percent, of TECO's excessive request. The evidence also demonstrates that TECO's requested Subsequent Year Adjustments for 2026 and 2027 are also excessive and should be limited to the minimum amounts necessary for TECO to provide safe and reliable service, including a reasonable return on its investment.

TECO's requested rate of return on common equity ("ROE") is particularly excessive and accounts for a significant amount of its overstated and over-reaching rate increase request. TECO's has requested a midpoint ROE of 11.50 percent, which is 155 basis points greater than its last authorized midpoint, 130 basis points greater than its current ROE, which was increased pursuant to a "trigger" provision in its 2021 settlement, and 200 basis points greater than the ROE recommended by the Public Counsel's witness, Professor J. Randall Woolridge. Providing a return of TECO's current "Trigger ROE" instead of its excessive request would save customers almost $80 million a year; providing a return based on Professor Woolridge's recommendation, which is based on extensive analysis of other regulatory commissions, other utilities, and the risks that TECO actually faces, would save customers well over $100 million a year as opposed to TECO's excessive request. Regarding the risks that TECO faces, the Commission must recognize that the use of a projected test year reduces TECO's risk, and that allowing TECO to recover nearly 40 percent of its total revenues through cost recovery clause charges – Fuel, Environmental, Energy Conservation, Capacity Cost, Storm, and so on – similarly reduces TECO's risks, and these factors must be recognized in setting an ROE upon which retail rates are to be based.

TECO has also overstated its expenses in many areas. The combined evidence submitted by witnesses for the Public Counsel, the FRF, and other parties representing customer interests demonstrates that TECO can fulfill its job, and that the PSC can fulfill its statutory mandate of serving the public interest by ensuring that TECO has sufficient revenues but not excessive revenues, by basing TECO's 2025 rates on a revenue increase of no more than $75.3 million per year.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

ISSUES

2025 TEST PERIOD AND FORECASTING

ISSUE 1: Is TECO's projected test period for the twelve months ending December 31, 2025, appropriate?

FRF: A projected test year is consistent with PSC practice. The PSC must recognize that using a projected test year reduces risks faced by the utility, TECO in this case, and this reduced risk must be reflected in the ROE used to set rates.

ISSUE 2: Are TECO's forecasts of customers, KWH, and KW by revenue and rate class, appropriate?

FRF: No. Agree with OPC as to appropriate corrections to TECO's forecasts.

ISSUE 3: What are the inflation, customer growth, and other trend factors that should be approved for use in forecasting the test year budget?

FRF: The inflation, customer growth, sales growth, and other trend factors used in forecasting for TECO's test year budget are those recommended by OPC's witnesses.

QUALITY OF SERVICE

ISSUE 4: Is the quality of electric service provided by TECO adequate?

FRF: Agree with OPC.

DEPRECIATION AND DISMANTLEMENT STUDY

ISSUE 5: Should currently prescribed depreciation rates and provision for dismantlement of TECO be revised?

FRF: Agree with OPC.

ISSUE 6: What should be the implementation date for new depreciation rates and the provision for dismantlement?

FRF: Agree with OPC.

ISSUE 7: What depreciation parameters and resulting depreciation rates for each depreciable plant account should be approved?

FRF: Agree with OPC.

ISSUE 8: Based on the application of the depreciation parameters and resulting depreciation rates that the Commission approves, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

FRF: Agree with OPC.

ISSUE 9: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 8?

FRF: Agree with OPC.

ISSUE 10: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates?

FRF: Agree with OPC.

ISSUE 11: What annual accrual for dismantlement should be approved?

FRF: Agree with OPC.

ISSUE 12: What, if any, corrective dismantlement reserve measures should be approved?

FRF: Agree with OPC.

2025 RATE BASE

ISSUE 13: Has TECO made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital in the 2025 projected test year? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 14: Should TECO's proposed Future Environmental Compliance Project be included in the 2025 projected test year? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 15: Should TECO's proposed Research and Development Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

FRF: Agree with OPC.

<u>ISSUE 16</u>: Should TECO's proposed Customer Experience Enhancement Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 17</u>: Should TECO's proposed Information Technology Capital Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 18</u>: Should TECO's proposed Solar Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> No.

<u>ISSUE 19</u>: Should TECO's proposed Grid Reliability and Resilience Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 20</u>: Should TECO's proposed Energy Storage projects be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 21</u>: Should TECO's proposed Corporate Headquarters project be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 22</u>: Should TECO's proposed South Tampa Resilience project be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 23</u>: Should TECO's proposed Bearss Operations Center project be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 24</u>: Should TECO's proposed Polk 1 Flexibility project be included in the 2025 projected test year? What, if any, adjustments should be made?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 25</u>: What amount of Plant in Service for the 2025 projected test year should be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 26</u>: What amount of Accumulated Depreciation for the 2025 projected test year should be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 27</u>: What amount of Construction Work in Progress for the 2025 projected test year should be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 28</u>: What amount of level of Property Held for Future Use for the 2025 projected test year should be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 29</u>: What amount of unfunded Other Post-retirement Employee Benefit (OPEB) liability and any associated expense should be included in rate base?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 30</u>: What level of TECO's fuel inventories should be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 31</u>: What amount of Working Capital for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 32: What amount of rate base for the 2025 projected test year should be approved?

FRF: Agree with OPC.

2025 COST OF CAPITAL

ISSUE 33: What amount of accumulated deferred taxes should be approved for inclusion in the capital structure for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 34: What amount and cost rate of the unamortized investment tax credits should be approved for inclusion in the capital structure for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 35: What amount and cost rate for customer deposits should be approved for inclusion in the capital structure for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 36: What amount and cost rate for short-term debt should be approved for inclusion in the capital structure for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 37: What amount and cost rate for long-term debt should be approved for inclusion in the capital structure for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 38: What equity ratio should be approved for use in the capital structure for ratemaking purposes for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 39: What authorized return on equity (ROE) should be approved for use in establishing TECO's revenue requirement for the 2025 projected test year?

FRF: 9.50 percent.

ISSUE 40: What capital structure and weighted average cost of capital should be approved for use in establishing TECO's revenue requirement for the 2025 projected test year?

FRF: Agree with OPC.

2025 NET OPERATING INCOME

ISSUE 41: Has TECO correctly calculated the revenues at current rates for the 2025 projected test year?

FRF: No. TECO's sales forecast is significantly understated. The Commission should increase 2025 test year retail revenue by at least $12.3 million.

ISSUE 42: What amount of Total Operating Revenues should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 43: What amount of O&M expense associated with Polk Unit 1 has TECO included in the 2025 projected test year? Should this amount be approved and what, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 44: What amount of O&M expense associated with Big Bend Unit 4 has TECO included in the 2025 projected test year? Should this amount be approved and what, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 45: What amount of generation O&M expense should be approved for the 2025 projected test year?

FRF: Agree with OPC that the Commission should normalize TECO's planned generation maintenance expense in the2025 test year and reduce TECO's 2025 revenue requirement by $12.430 million.

ISSUE 46: What amount of transmission O&M expense should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 47: What amount of distribution O&M expense should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 48: Has TECO made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

FRF: Agree with OPC.

ISSUE 49: Has TECO made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

FRF: Agree with OPC.

ISSUE 50: Has TECO made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

FRF: Agree with OPC.

ISSUE 51: Has TECO made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

FRF: Agree with OPC.

ISSUE 52: Has TECO made the appropriate test year adjustments to remove all storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause?

FRF: Agree with OPC.

ISSUE 53: What amount of salaries and benefits, including incentive compensation, should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 54: Does TECO's pension and OPEB expense properly reflect capitalization credits in the 2025 projected test year? If not, what adjustments, if any should be made?

FRF: Agree with OPC.

ISSUE 55: What cost allocation methodologies and what amount of allocated costs and charges with TECO's affiliated companies should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 56: What amount of Directors and Officers Liability Insurance expense for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 57: What amount of Economic Development expense for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 58: What amount and amortization period for TECO's rate case expense for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 59: What amount of O&M Expense for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 60: What amount of depreciation and dismantlement expense for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 61: What amount of Taxes Other Than Income Taxes for the 2025 projected test year should be approved?

FRF: Agree with OPC.

ISSUE 62: What amount of Parent Debt Adjustment is required by Rule 25-14.004, Florida Administrative Code, for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 63: What amount of Production Tax Credits should be approved and what is the proper accounting treatment for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 64: What treatment, amounts, and amortization period for the Production Tax Credits that were deferred in 2022-2024 should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 65: What treatment and amount of the Investment Tax Credits pursuant to the Inflation Reduction Act should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 66: What amount of Income Tax expense should be approved for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 67: What amount of Net Operating Income should be approved for the 2025 projected test year?

FRF: Agree with OPC.

2025 REVENUE REQUIREMENTS

ISSUE 68: What revenue expansion factor and net operating income multiplier, including the appropriate elements and rates, should be approved for the 2025 projected test year?

FRF: The appropriate revenue expansion factor is 1.34364

ISSUE 69: What amount of annual operating revenue increase for the 2025 projected test year should be approved?

FRF: No more than $75.269 million.

2025 COST OF SERVICE AND RATES

ISSUE 70: Is TECO's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

FRF: The FRF does not oppose TECO's jurisdictional separation cost of service study.

ISSUE 71: What is the appropriate methodology to allocate production costs to the rate classes?

FRF: The FRF does not oppose TECO's proposed cost of service study.

ISSUE 72: What is the appropriate methodology to allocate transmission costs to the rate classes?

FRF: The FRF does not oppose TECO's proposed cost of service study.

ISSUE 73: What is the appropriate methodology to allocate distribution costs to the rate classes?

FRF: The FRF does not oppose TECO's proposed cost of service study.

<u>ISSUE 74</u>: How should any change in the revenue requirement approved by the Commission be allocated among the customer classes?

<u>FRF:</u> The FRF does not oppose TECO's proposed revenue allocation methodology for allocating any increase or decrease in revenue requirements to rate classes.

<u>ISSUE 75</u>: Should the proposed modifications to the delivery voltage credit be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 76</u>: What are the appropriate service charges (initial connection, reconnect for nonpayment, connection of existing account, field visit, temporary overhead and underground, meter tampering)?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 77</u>: Should the modifications to the emergency relay power supply charge be approved?

<u>FRF:</u> Agree with OPC.

<u>ISSUE 78</u>: What are the appropriate basic service charges?

<u>FRF:</u> The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

<u>ISSUE 79</u>: What are the appropriate demand charges?

<u>FRF:</u> The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

<u>ISSUE 80</u>: What are the appropriate energy charges?

<u>FRF:</u> The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

<u>ISSUE 81</u>: What are the appropriate Lighting Service rate schedule charges?

FRF: The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

ISSUE 82: What are the appropriate Standby Services (SS-1, SS-2, SS-3) rate schedule charges?

FRF: The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

ISSUE 83: Should the proposed modifications to the time-of-day periods be approved?

FRF: The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

ISSUE 84: Should the proposed modifications to the Non-Standard Meter Rider tariff (Tariff Sheet No. 3.280) be approved?

FRF: Agree with OPC.

ISSUE 85: Should the proposed tariff modifications to the Budget Billing Program (Fifth Revised Tariff Sheet No. 3.020) be approved?

ISSUE 86: Should the proposed tariff modifications regarding general liability and customer responsibilities (Fifth Revised Tariff Sheet No. 5.070 and Original Tariff Sheet No. 5.081) be approved?

FRF: Agree with OPC.

ISSUE 87: Should the proposed tariff modifications to Contribution in Aid of Construction (Fifth Revised Tariff Sheet No. 5.105) be approved?

FRF: Agree with OPC.

ISSUE 88: Should the proposed tariff modifications to the Economic Development Rider (Third Revised Tariff Sheet Nos. 6.720, 6.725, 6.730) be approved?

FRF: Agree with OPC.

ISSUE 89: Should the proposed modifications to LS-1 (Eleventh Revised Tariff Sheet No. 6.809) regarding lighting wattage variance be approved?

FRF: Agree with OPC.

ISSUE 90: Should the proposed LS-2 Monthly Rental Factors (Original Tariff Sheet No. 6.845) be approved?

FRF: Agree with OPC.

ISSUE 91: Should the proposed termination factors for long-term facilities (Fifth Revised Tariff Sheet No. 7.765) be approved?

FRF: Agree with OPC.

ISSUE 92: Should the non-rate related tariff modifications be approved?

FRF: Agree with OPC.

ISSUE 93: Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges?

FRF: Agree with OPC.

2026 AND 2027 SUBSEQUENT YEAR ADJUSTMENTS (SYA)

ISSUE 94: What are the considerations or factors that the Commission should evaluate in determining whether an SYA should be approved?

FRF: Agree with OPC.

ISSUE 95: Should the Commission approve the inclusion of TECO's proposed Solar Projects in the 2026 and 2027 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 96: Should the Commission approve the inclusion of TECO's proposed Grid Reliability and Resilience Projects in the 2026 and 2027 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 97: Should the Commission approve the inclusion of TECO's proposed Polk 1 Flexibility Project in the 2026 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 98: Should the Commission approve the inclusion of TECO's proposed Energy Storage Projects in the 2026 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 99: Should the Commission approve the inclusion of TECO's proposed Bearss Operations Center Project in the 2026 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 100: Should the Commission approve the inclusion of TECO's proposed Corporate Headquarters Project in the 2026 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 101: Should the Commission approve the inclusion of TECO's proposed South Tampa Resilience Project in the 2026 and 2027 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 102: Should the Commission approve the inclusion of TECO's proposed Polk Fuel Diversity Project in the 2026 and 2027 SYA? What, if any, adjustments should be made?

FRF: Agree with OPC.

ISSUE 103: What overall rate of return should be used to calculate the 2026 and 2027 SYA?

FRF: Agree with OPC.

ISSUE 104: Should the SYA for 2026 and 2027 reflect additional revenues due to customer growth? What, if any, adjustments should be made?

FRF: Yes. Agree with OPC as to appropriate adjustments.

ISSUE 105: Should the Commission approve the inclusion of TECO's proposed incremental O&M expense associated with the SYA projects in the 2026 and 2027 SYA?

FRF: Agree with OPC.

ISSUE 106: Should the depreciation expense and Investment Tax Credits amortization used to calculate the proposed 2026 and 2027 SYA be adjusted to reflect the Commission's decisions on depreciation rates and ITC amortization for the 2025 projected test year?

FRF: Agree with OPC.

ISSUE 107: What annual amount of incremental revenues should be approved for recovery through the 2026 and 2027 SYA?

FRF: Agree with OPC that the PSC should approve an increase of $60.257 million per year for 2026 and an increase of $20.286 million per year for 2027.

ISSUE 108: What rate design approach should be used to develop customer rates for the 2026 and 2027 SYA?

FRF: The FRF does not oppose TECO's proposed cost of service study or its proposed revenue allocation methodology.

ISSUE 109: When should the 2026 and 2027 SYA become effective?

FRF: If approved, any 2026 SYA should become effective for service rendered on the first day of the first billing cycle of January 2026, and any 2027 SYA should become effective for service rendered on the first day of the first billing cycle of January 2027.

ISSUE 110: Should TECO be required to file its proposed 2026 and 2027 SYA rates for Commission approval in September 2026 and 2027, respectively, reflecting then current billing determinants?

FRF: Yes.

OTHER

ISSUE 111: Should TECO's proposed Corporate Income Tax Change Provision be approved?

FRF: Agree with OPC.

ISSUE 112: Should TECO's proposed Storm Cost Recovery Provision be approved?

FRF: Agree with OPC.

ISSUE 113: Should TECO's proposed Asset Optimization Mechanism be approved, and what, if any, modifications should be made?

FRF: Agree with OPC.

ISSUE 114: What are the appropriate updated Clean Energy Transition Mechanism factors and when should they become effective?

FRF: Agree with OPC.

ISSUE 115: Should the proposed Senior Care Program (Original Tariff Sheet No. 3.310) and associated cost recovery be approved?

FRF: Agree with OPC.

ISSUE 116: Should TECO be required to perform any studies or analysis relating to the retirement of Polk Unit 1 and/or Big Bend Unit 4, including early retirement dates, environmental compliance costs, and/or procurement of alternative resources?

FRF: Regardless whether the PSC requires TECO to perform any studies or analyses relating to potential early retirements of Polk Unit 1 or Big Bend Unit 4, in the current regulatory environment, it would be imprudent for TECO not to be conducting such studies and analyses on a regular basis far enough in advance to enable it to make prudent retirement decisions based on regulatory and market developments.

ISSUE 117: What is the appropriate effective date for TECO's revised 2025 rates and charges?

FRF: Any change in rates for the 2025 test year should be effective for service rendered on the first day of the first billing cycle of January 2025.

ISSUE 118: Has the Commission considered TECO's performance pursuant to Sections 366.80–366.83 and 403.519, Florida Statutes, when establishing rates?

FRF: Agree with OPC.

ISSUE 119: Should TECO be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FRF: Yes..

ISSUE 120: Should this docket be closed?

FRF: When a final Commission order has been issued and either (a) all appeals of such order or orders have been finally resolved, or (b) the time for filing any further appeal has passed, this docket should be closed.

Contested Issues

SC-2: Should TECO recover O&M expense associated with keeping integrated gasification, steam turbine, and/or heat recovery steam generator components at Polk Unit 1 in long-term standby, and what adjustments should be made?

FRF: Agree with OPC.

SC-5: Should TECO recover O&M expense associated with injecting wastewater into deep wells at Polk Unit 1 and Big Bend Unit 4, and what adjustments should be made?

FRF: Agree with OPC.

SC-6: Should TECO recover any O&M expense associated with coal or petcoke combustion at Polk Unit 1 and/or Big Bend Unit 4, and what adjustments should be made?

FRF: Agree with OPC.

SC-12: Should TECO be required to apply for the U.S. Department of Energy's Energy Infrastructure Reinvestment Program for Polk Unit 1 and/or Big Bend Unit 4?

FRF: Agree with OPC.

SC-13: Should TECO be required to cease all coal combustion at Polk Unit 1 by 2024 and Big Bend Unit 4 by 2025?

FRF: Agree with OPC.

OPC-1: What considerations should the Commission give the affordability of customer bills in this proceeding?

FRF: Pursuant to the over-arching mandate of Section 366.01, Florida Statutes, to regulate public utilities in the public interest, the Commission must always consider, among all relevant factors, the affordability of customer bills and the impacts of rate increases on electric customers and on the Florida economy. In this case involving Tampa Electric's request for increased rates, the correct balance is simple and obvious: the Commission should approve rates that will produce revenues that are <u>sufficient</u> to enable Tampa Electric to recover all of its <u>necessary</u> costs incurred to provide safe and reliable service and to earn a <u>reasonable</u> – but <u>not excessive</u> – return on its used and useful investment.

OPC-2: What impact will TECO's rate increase have on rate payers?

FRF: Tampa Electric's requested rate increases will, if approved, harm all of its customers (ratepayers) by charging customers more than is necessary for Tampa Electric to provide safe and reliable service and provide Tampa Electric with a reasonable return on its investment. At the same time, Tampa Electric's requested rate increases will, if approved, harm Florida's economy by forcing customers to pay more than is necessary for electric service, thereby diminishing customers' ability to purchase more Florida-produced goods and services.

OPC-3: Should TECO continue to operate as the *de facto* centralized service provider, and if so, what additional measures should be taken, if any, to facilitate its operation as the centralized service provider?

FRF: Agree with OPC.

5. STIPULATED ISSUES

None at this time.

6. PENDING MOTIONS

The FRF has no pending motions.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

The FRF has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT

The FRF does not expect to challenge the qualifications of any witness to testify, although the FRF reserves all rights to question witnesses as to their qualifications as related to the credibility and weight to be accorded their testimony.

9. STATEMENT REGARDING SEQUESTRATION OF WITNESSES

The FRF does not intend to invoke the rule requiring sequestration of witnesses.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Respectfully submitted this 22nd day of July, 2024.

/s/ Robert Scheffel Wright
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