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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa Electric Company.	DOCKET NO.: 20240026-El FILED: July 22, 2024

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel (OPC), pursuant to Florida Public Service Commission (Commission) Order Establishing Procedure PSC-2024-0096-PCO-EI issued April 16, 2024, hereby submit this Prehearing Statement.

APPEARANCES:

Walt Trierweiler
Public Counsel

Charles Rehwinkel
Deputy Public Counsel

Patricia A. Christensen
Associate Public Counsel

Octavio Simoes-Ponce
Associate Public Counsel

Mary A. Wessling
Associate Public Counsel

Austin A. Watrous
Associate Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Suite 812
Tallahassee, Florida 32399-1400
Attorneys for the Citizens of the State of Florida

1. WITNESSES:

Witness	Subject	Issue Numbers
David E. Dismukes, PH.D.	Forecasting	1-3, 41, OPC 1, OPC 2
Lane Kollen	Ratemaking, regulatory accounting	5, 7, 8, 10, 11, 18, 20, 26, 33-35, 40, 45, 53-56, 58, 62-65, 68-69, 95, 96, 98-103, 105, 108, 112, 115
Kevin J. Mara, P. E	Transmission and Distribution Engineering	19, 31, 52, 97

Bion C. Ostrander	Affiliate Transactions	55, OPC 3
J. Randall Woolridge, PH. D.	Cost of Capital	36-40, 104

2. EXHIBITS:

Witness	**Proffered By**	**Exhibit No.**	**Description**
David Dismukes, PH.D.	OPC	Appendix A	Resume of David E. Dismukes, Ph.D.
David Dismukes, PH.D.	OPC	DED-1	Base Revenue Impact
David Dismukes, PH.D.	OPC	DED-2	Out-Of-Model Adjustments
David Dismukes, PH.D.	OPC	DED-3	Company Energy Sales and Customer Forecasts
David Dismukes, PH.D.	OPC	DED-4	Revised Sales Forecast Based on a Ten-Year Trend
David Dismukes, PH.D.	OPC	DED-5	Usage Per Customer Utility Survey
David Dismukes, PH.D.	OPC	DED-6	Forecast Variance Analysis
David Dismukes, PH.D.	OPC	DED-7	Energy Affordability Index
Lane Kollen	OPC	LK-1	Resume of Lane Kollen
Lane Kollen	OPC	LK-2	Response to OPC ROG 1, No. 37
Lane Kollen	OPC	LK-3	Response to OPC ROG 1, No. 22, OPC POD 10, No. 125
Lane Kollen	OPC	LK-4	Response to OPC ROG 9, No. 167
Lane Kollen	OPC	LK-5	Response to OPC ROG 1, Nos. 15 & 16
Lane Kollen	OPC	LK-6	Response to OPC ROG 1, No. 17
Lane Kollen	OPC	LK-7	Response to OPC ROG 1, No. 34
Lane Kollen	OPC	LK-8	Response to OPC ROG 2, No. 56
Lane Kollen	OPC	LK-9	Santee Cooper IRP
Lane Kollen	OPC	LK-10	Lazard Report
Lane Kollen	OPC	LK-11	Response to OPC ROG 4, No. 90

Witness	**Proffered By**	**Exhibit No.**	**Description**
Lane Kollen	OPC	LK-12	Response to OPC ROG 4, No. 89
Lane Kollen	OPC	LK-13	2.19.24 Letter to Commission
Lane Kollen	OPC	LK-14	Response to OPC ROG 4. No. 91
Lane Kollen	OPC	LK-15	Response to OPC ROG 4, No. 83
Lane Kollen	OPC	LK-16	SPP Gross-Up Calculation
Kevin J. Mara, P.E.	OPC	KJM-1	Curriculum Vitae
Kevin J. Mara, P.E.	OPC	KJM-2	Grip Reliability and Resiliency Budgets 2024-2030
Bion C. Ostrander	OPC	BCO-1	Regulatory Cases
Bion C. Ostrander	OPC	BCO-2	OPC Adjustment to Affiliate Expenses
Bion C. Ostrander	OPC	BCO-3	TECO Discovery Responses
J. Randall Woolridge, PH. D.	OPC	Appendix A	Educational Background, Research, and Related Business Experience
J. Randall Woolridge, PH. D.	OPC	JRW-1	Cost of Capital Recommendation
J. Randall Woolridge, PH. D.	OPC	JRW-2	Public Utility Capital Cost Indicators
J. Randall Woolridge, PH. D.	OPC	JRW-3	Summary Financial Statistics for Proxy Groups, Value Line Risk Metrics for Proxy Groups
J. Randall Woolridge, PH. D.	OPC	JRW-4	Capital Structure and Debt Cost Rates
J. Randall Woolridge, PH. D.	OPC	JRW-5	DCF Study
J. Randall Woolridge, PH. D.	OPC	JRW-6	CAPM Study
J. Randall Woolridge, PH. D.	OPC	JRW-7	Tampa Electric Company's Rate of Return Recommendation
J. Randall Woolridge, PH. D.	OPC	JRW-8	Investment Firms' Expected U.S. Large Cap Equity Market Annual Returns
J. Randall Woolridge, PH. D.	OPC	JRW-9	GDP and S&P 500 Growth Rates

3. STATEMENT OF BASIC POSITION:

The burden of proof in a Commission proceeding is always on a utility seeking a rate change, and upon other parties seeking to change established rates. *Fla. Power Corp. v. Cresse*, 413 So. 2d 1187, 1191 (Fla. 1982). Tampa Electric Company ("TECO") has the burden to prove that every aspect of their requested rate increase is justified and supported by evidence at hearing. Further, pursuant to Section 366.06(1), the Commission may only approve the parts of TECO's rate request which results in rates that are fair, just, and reasonable for each customer class. TECO's requested rate increase would translate to an over 50% increase in base rate. The policy for energy in the State is now to "ensure an adequate, reliable, and cost-effective supply of energy for the state in a manner that promotes the health and welfare of the public . . ." with goals including "[e]nsuring a cost-effective and affordable energy supply." See, Section 377.601 (1) and (2)(a), Florida Statutes (2024). TECO's bloated revenue request is contrary to the State's goal of providing affordable, reasonable rates for each customer class.

TECO's request grossly overstates the revenue requirement needed to provide safe and reliable service without even considering either subsequent year adjustment ("SYA") for 2026 and 2027. OPC's experts will testify in depth about the flawed and excessive nature of TECO's requested rate increase. Below are summaries of OPC witnesses' major adjustments and areas of concern.

<u>Revenue Forecast Increases</u>

OPC witness Dr. David Dismukes recommends after reviewing TECO's retail revenue forecast that 2025 forecasted test year achieved revenues should be increased by at least $12 million and that the Commission should make the reasonable adjustment of simply excluding several proposed, yet poorly documented out-of-model adjustments. He also demonstrates that the forecasted achieved retail revenues should be increased of $20 million in 2026 and $26 million in 2027 by application of the same adjustment. He demonstrates that these adjustments are conservative based on historical under forecasting of TECO's retail revenues by 2.1%. These OPC recommendations result in a revenue requirement reduction of $12 million in 2025, and an additional reduction of $7.994 million in 2026, and $6.123 million in 2027. Dr. Dismukes also recommends that the Commission consider energy affordability in this proceeding, and all future utility base rate proceedings, in evaluating rate increase requests consistent with the trends in other U.S. regulatory jurisdictions.

SYAs – Grid Reliability and Resiliency Program ("GRRP")

OPC witness Kevin Mara reviewed TECO's proposal for projects in 2026 and 2027 that TECO included under its GRRP. He recommends that the total costs associated with the GRRP be excluded from the SYAs since the SYAs are not the proper funding mechanism for various reasons (*i.e.*, not completed by end of the SYA period, otherwise routine replacements, and not Board approved). He also recommends that $7.94 million be excluded for the excess number of spare power transformers and that all the Distribution Feeder Hardening cost be included for consideration in the storm protection plan ("SPP") process and its clause recovery for a decrease of $7.97 million. These OPC recommendations result in a revenue reduction of $0.718 million in the 2025 test year, and $4.599 million in SYA 2026 and $28.788 million in SYA 2027.

Cost of Capital

OPC witness Dr. Woolridge conducted a review of appropriate cost of equity and equity ratio for TECO. Based on his acceptance of TECO's requested high equity ratio of 54%, he recommends a return on equity ("ROE") of 9.50% yielding an overall fair rate of return ("ROR") from investor capital of 7.19%. OPC's ROE recommendation results in a revenue reduction of $126.379 million in 2025 and an additional revenue reduction of $9.273 million in SYA 2026 and $5.022 million in SYA 2027.

Affiliate Transactions

OPC witness Bion Ostrander reviewed TECO's affiliate transactions, the applicable Cost Allocation Manuals ("CAMs") and reviewed TECO's procedures related to affiliate transactions. Based on deficiencies in TECO's affiliate processes, he recommends changing the allocation methodology factors in the Modified Massachusetts Method ("MMM"), putting into place a CAM for cost allocated from Emera to TECO, and disallowing one half of unsupported expense. He also recommends that the Commission require TECO to discontinue operating as the central service provider or require the nine measures outlined more fully in his testimony. These are summarized as follows: (1) implement a plan for achieving recommendations; (2) identify costs saving as central service provider ("CSP") and flow back to customers; (3) document and explain when affiliate takes back share service in-house; (4) change accounting to track and audit affiliate transactions easily; (5) reconcile accounting in (4) to FERC Form 1; (6) have an external audit of CSP role; (7) monthly invoices for CSP services; (8) Emera and TECO should have written internal controls; and (9) Emera should perform an internal audit of TECO as CSP. The overall effect of the OPC's affiliate transactions recommendations results in a revenue reduction of $6.313 million in the 2025 test year.

Solar and Battery lives, investment and production tax credits, and other adjustments

OPC witness Lane Kollen recommends maintaining the *status quo* for the lives of the Solar facilities at 35 years and Battery Storage at 20 years based on the utility planning. He also recommends adjustments for amortizing over three years the deferred investment tax credits ("ITCs") and deferred production tax credits ("PTCs") with carrying costs. Mr. Kollen also makes adjustments to reduce the revenue requirement for expense related to planned generation maintenance for major outages expense, pensions, portion of active employee OPEB, long-term incentive compensation, SERP, 50% of D&O insurance premiums, and 50% of Board of Directors expense. These OPC's recommendations results in a revenue reduction of at least $75.734 million in the 2025 test year revenue requirement. Some of the recommended adjustments result in an additional revenue requirement reduction of at least $17.952 million in SYA 2026 and at least $13.699 million in SYA 2027.

OPC will demonstrate deficiencies in the testimony and evidence presented by TECO's witnesses. In today's tough economic climate, TECO's customers are already under great financial pressure, so any increase will have a significant impact on them. Now, more than ever, the Commission must consider affordability of the customer's bills when evaluating TECO's rate request. Ultimately, the Commission must hold TECO to its burden and only approve the portions of TECO's rate request which are fair, just, and reasonable.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

2025 TEST PERIOD AND FORECASTING

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

OPC Position: Yes, with adjustments.

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

OPC Position: No. TECO's forecasting fails to conform to historic trends and is biased by TECO's usage of out-of-model adjustments. As a result, TECO's forecasts are consistently lower than actuals. For example, the average forecast variance in TECO's prior two rate cases was 2.1 percent, which, if applied to this case, would result in higher forecasted achieved retail revenue of $31 million in 2025, $37 million in 2026, and $39 million in 2027.

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

OPC Position: A moderate sales/revenue adjustment which simply excludes several of TECO's proposed out-of-model adjustments is reasonable.

QUALITY OF SERVICE

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

OPC Position: The Commission held several customer service meetings in this matter in which the sworn testimony provided by TECO's customers was overwhelmingly negative. While TECO's electric service may be adequate for ratemaking purposes, the Commission should bear this testimony in mind.

DEPRECIATION AND DISMANTLEMENT STUDY

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

OPC Position: The present approved service life for solar assets is a 35-year service life and should be retained.

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

OPC Position: The new depreciation and dismantlement rates should be implemented with the change in base rates upon approval of the Commission.

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

OPC Position: The present approved service life for solar assets is a 35-year service life and should be retained. While TECO has requested an acceleration of capital recovery through a reduction in the current depreciation study to a 30-year service life, the Company has relied on 35-year service life for planning purposes in its 2024 Ten Year Site Plan filed April 1, 2024. The Company has not provided evidence that solar assets will not operate 35-years and would not be harmed by continuing the currently approved service life.

Further, the battery storage assets should reflect a 20-year service life. The 10-year service life proposed by TECO for battery storage is unduly short and inconsistent with the industry trend of a 15-20-year service life for planning and ratemaking. The depreciation expense should be reduced by $5.942 million for using 20-year service life for Battery Storage assets. Decrease the depreciation expense by $9.519 million by using the currently approved 35-year service life for solar assets.

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?

OPC Position: No position at this time.

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

OPC Position: All imbalances should be corrected using the remaining life technique in this case.

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?

OPC Position: Yes, the ITCs and EDITs should reflect OPC's recommendation to retain the current 35-year service life for solar assets and the 20-year service life for batteries.

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

OPC Position: The annual accrual for dismantlement should exclude the cost and expense escalations after the end of the test year for dismantlement which reduces revenue requirement by $7.110 million. The dismantlement expense also should be reduced by $2.614 million to remove the solar site restoration environmental costs. Further, the dismantlement cost should be reduced by $0.955 million with the continuation of the currently approved 35-year service life for solar as recommend by OPC.

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

OPC Position: All imbalances should be flowed back over the useful lives of the assets in this case.

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?

OPC Position: No position at this time.

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

OPC Position: No Position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

<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?

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

<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?

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

<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?

OPC Position: The OPC takes no position at this time on the prudence or cost-effectiveness or need of the Solar Projects, but to the extent they are included in rates, the depreciable lives should be increased from 30 to 35 years to maintain the current 35-year service lives. OPC is still conducting discovery and certain other specific adjustments may be required.

<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?

OPC Position: No. The Distribution Feeder Harding costs should be disallowed and considered in the SPP. This would require a reduction of $0.356 million in revenue requirement.

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

OPC Position: The OPC takes no position at this time on the prudence or cost-effectiveness or need of the Energy Storage projects, but to the extent they are included in rates, the depreciable lives should be increased from 10 to 20 years. OPC is still conducting discovery and certain other specific adjustments may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments to rate base may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments to rate base may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments to rate base may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments to rate base may be required.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in rate base. OPC is still conducting discovery and certain other specific adjustments to Plant in Service may be required. Plant in Service for the 2025 projected test year should reflect OPC's recommended adjustments.

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

OPC Position: Accumulated depreciation should be adjusted to reflect the current 35-year service life of the solar plants and adjusting the Battery Storage lives from 10 to 20 years. This requires an adjustment to reduce Accumulated Depreciation of $0.440 million and $0.275 million respectively.

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

OPC Position: No position at this time.

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

OPC Position: No position at this time.

<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?

OPC Position: No position at this time.

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

OPC Position: No position.

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

OPC Position: The Commission should remove four MVA transformers from inventory as excessive. This requires an adjustment to Inventories of $0.362 million. OPC is still conducting discovery and certain other specific adjustments to rate base may be required.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in rate base. OPC is still conducting discovery and certain other specific adjustments to rate base may be required. Rate base for the 2025 projected test year should reflect OPC's recommended adjustments.

<u>2025 COST OF CAPITAL</u>

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

OPC Position: The amount of accumulated deferred taxes that should be included in the capital structure for the 2025 projected test year is $980.855 million.

<u>ISSUE 34</u>: 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?

OPC Position: The amount and cost rate of the unamortized investment tax credits that should be included in the capital structure for the 2025 projected test year is $178.098 million at a cost rate of 7.18%.

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

OPC Position: The amount and cost rate for customer deposits that should be included in the capital structure for the 2025 projected test year is $99.195 million at a cost rate of 2.41%.

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

OPC Position: The appropriate amount of short-term debt is $376.625 million with a cost rate of 3.90%.

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

OPC Position: The appropriate amount of long-term debt is $3,536.333 million with a cost rate of 4.53%.

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

OPC Position: TECO's requested equity ratio of 54% is should only be accepted if the ROE is accordingly established taking into consideration the high level of the equity ratio; otherwise the proposed equity ratio is excessive.

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

OPC Position: The Commission should approve a 9.50% ROE.

<u>ISSUE 40</u>: 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?

OPC Position: The Commission should approve a weighted average cost of capital and capital structure shown in the testimony of OPC's experts.

2025 NET OPERATING INCOME

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

OPC Position: No. The Commission should reject the Company's energy sales forecast because it bears no resemblance to historic trends and is biased due to the introduction of a number of subjective out-of-model adjustments. Over the past several years, the Company has consistently prepared sales forecasts that were lower than actuals. The Commission should instead accept a conservative, modified version of the Company's forecast that removes subjective out-of-model adjustments. The removal of out-of-model adjustments will increase the Company's test year sales forecast resulting in a 2025 sales projection of 20,635,457 megawatt-hours. This will result in an increase of 2025 test year projected retail revenues by $12.3 million.

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

OPC Position: This is a largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness of its forecast of test year revenues. OPC is still conducting discovery and certain other specific adjustments to rate base may be required. The Total Operating Revenues for the 2025 projected test year should reflect all of OPC's recommended adjustments.

<u>ISSUE 43:</u> 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?

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

<u>ISSUE 44:</u> 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?

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

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

OPC Position: The Commission should "normalize" the planned generation maintenance expense in the test year by averaging the actual expense incurred in the years 2019 through 2023 and the budget and forecast expenses in the years 2024 and 2025. This results in an adjustment to retail revenue requirement of $12.430 million.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

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

OPC Position: No position at this time. OPC is still conducting discovery and certain other specific adjustments may be required.

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

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: No position.

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?

OPC Position: No. The Distribution Feeder Hardening costs should be disallowed and included in the SPP. This would require a reduction of $0.356 million in retail revenue requirement.

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

OPC Position: The Commission should disallow the LTIP incentive compensation expense tied to Emera's financial performance. The effect of this adjustment is a reduction of $7.170 million in the retail revenue requirement. The Commission should also disallow the SERP expense as it is considered to be a non-qualified plan which the Company has discontinued. The effect of this adjustment is a reduction of $0.107 million in the retail revenue requirement.

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?

OPC Position: The Commission should reduce the pension and OPEB cost to reflect the credit for the portions of the costs that will be capitalized. The effect is a reduction of $0.489 million in the revenue requirement for the reduction in pension expense and a reduction of $0.806 million in the revenue requirement for the reduction in OPEB expense to reduce the requested amounts for the capitalized portions.

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?

OPC Position: The Commission should reduce the Corporate Support Allocations from Emera to TECO by $0.858 million related to expenses of a dissolved affiliate that was proposed to be transferred to TECO. The Commission should also reduce the shared service allocation from Tampa Electric to TECO by $5.457 million to reflect Witness Ostrander's revising of the allocation factors for various shared services and the disallowing of one half of significant unsupported corporate overhead. In addition, the Commission should require TECO to change its Modified Massachusetts Method allocation factor by substituting a Headcount allocation factor in place of the Net Income allocation factor. The Commission should consider requiring TECO to discontinue its role as the central service provider responsibilities or in the alternative require TECO to implement the nine steps outlined in Witness Ostrander's testimony.

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

OPC Position: The Commission should require an equal sharing of the Company's D&O insurance premium and Board of Directors expenses between customers and shareholders to allocate these expenses equally based on an assumption the expenses benefit both ratepayers and shareholders, as recognized in previous Commission orders. The effects are a 50% reduction in D&O insurance expense or $0.151 million in revenue requirement and a reduction of 50% of Board of Directors expenses or $0.376 million in revenue requirement.

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

OPC Position: No position at this time.

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

OPC Position: No position on the level of rate case expense but 3 years on the amortization period.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in revenue requirements. OPC is still conducting discovery and certain other specific adjustments to in rate base may be required. The O&M expense for the projected 2025 test year should reflect all of OPC's recommended adjustments.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in revenue requirements. OPC is still conducting discovery and certain other specific adjustments to in rate base may be required. The depreciation and dismantlement expense for the projected 2025 test year should reflect all of OPC's recommended adjustments.

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

OPC Position: No position.

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

OPC Position: A $12.936 million revenue requirement reduction is required as shown in the utility's MFR's.

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

OPC Position: No changes to the as-filed Company amounts for PTCs are recommended. The Company included $35.388 million in PTCs as a reduction to income tax expense for the 2025 projected test year. Grossed-up, the PTCs reduced the revenue requirement by $47.549 million.

<u>ISSUE 64:</u> 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?

OPC Position: The Company deferred $41.150 million in PTCs in excess of ITCs applicable to the years 2022-2024. The Commission should compensate customers for carrying costs on the deferred PTCs by adding the deferred carrying costs calculated at the allowed return from the prior rate case to the regulatory liability. Carrying charges of $3.437 million should be added to deferral balance making it sum to $44.587 million. After gross-up for income taxes, the balance to return to customers should be $59.844 million (total Company) and $59.634 million (jurisdictional). The effects of the carrying charges addition are a reduction of at least $0.887 million in the revenue requirement, assuming an amortization period of 10 years as filed by the Company. The Commission should refund the regulatory liability, including the deferred return on the regulatory liability for the years 2022 through 2024, over a three-year amortization period. The effects are an additional reduction of at least $13.182 million in the claimed revenue requirement. The revenue requirement effects include the changes in amortization expense and the return effects of the changes of the deferred balances in rate base.

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

OPC Position: The Commission should reflect the ITCs as if the Company elected and will continue to elect out of the normalization requirements. If the Company is unwilling to elect out of the normalization requirements each year, then the Commission should reduce the Company's authorized return on equity or some other form of penalty commensurate with the offense for taking this path of self-interest and self-dealing at the expense of, and harm to, its customers. The effects of the first recommendation are a reduction of $3.493 million in the revenue requirement and a reduction of $0.100 million in the CETM revenue requirement due to the reduction in the cost of capital by including the new ITCs since 2022 as cost-free capital in the capital structure instead of including the new ITCs at the weighted average cost of capital. The Commission should also direct the Company to defer the ITCs pursuant to the IRA earned each year, but to amortize the deferred ITCs over a three-year amortization period.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in revenue requirements. OPC is still conducting discovery and certain other specific adjustments to in rate base may be required. The Income Tax expense for the projected 2025 test year should reflect all of OPC's recommended adjustments.

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

OPC Position: This is largely a fall out issue, but TECO has the burden of proof to demonstrate the reasonableness or prudence of all costs to be included in revenue requirements. OPC is still conducting discovery and certain other specific adjustments to in rate base may be required. The Net Operating Income for the projected 2025 test year should reflect all of OPC's recommended adjustments.

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?

OPC Position:

Assume pre-tax income of		1.0000%
Regulatory Assessment		0.00085%
Bad Debt Rate		0.00224%
Net Pretax Subtotal		0.99691%
State income tax	5.50%	0.054830%
Taxable income for Federal income tax		0.94208%
Federal income tax at 21%	21.0%	0.19784%
Revenue Expansion Factor		0.74424%
Gross-Up		1.34364

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

OPC Position: The Commission should approve a revenue increase of no more than $75.269 million for 2025.

<u>2025 COST OF SERVICE AND RATES</u>

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

OPC Position: No position.

<u>ISSUE 71</u>: What is the appropriate methodology to allocate production costs to the rate classes?

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: Any change in revenue requirement should be allocated among the customer classes to avoid rate shock and with the consideration of the affordability of all customer rates.

ISSUE 75: Should the proposed modifications to the delivery voltage credit be approved?

OPC Position: No position.

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

OPC Position: Maintain the same charges at this time.

ISSUE 77: Should the modifications to the emergency relay power supply charge be approved?

OPC Position: No position.

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

OPC Position: The basic service charges should reflect all the adjustments recommended by OPC.

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

OPC Position: The demand charges should reflect all the adjustments recommended by OPC as approved by the Commission.

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

OPC Position: The energy charges should reflect all the adjustments recommended by OPC as approved by the Commission.

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

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

<u>ISSUE 86</u>: 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?

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

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

OPC Position: No position.

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

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

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

OPC Position: No, not at this time.

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

OPC Position: No position.

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?

OPC Position: A subsequent year adjustment should not be necessary nor is it good policy to approve one without significant limitations. If the test year is chosen appropriately, it should be representative of rates on a going-forward basis, negating the need for another rate adjustment so shortly after the original test year, absent any extraordinary circumstances. Moreover, any rate adjustments due the subsequent year information is inherently more unreliable the further out in time the request is made. While Section 366.076 (2), Florida Statutes, allows the Commission to adopt rules "for incremental adjustments in rates for subsequent periods," Rule 25-6.0425, Rate Adjustment Application and Procedures, adopted to implement this provision merely states "[t]he Commission may in a full revenue requirements proceeding approve incremental adjustments in rates for periods subsequent to the initial period in which new rate will be in effect." No factors or other specific directions are provided in the statute or in the rule. The Commission's limited, past practice has been to limit subsequent year rate adjustments to the placement of large, discrete revenue impacting generation facilities into service such as the generation base rate adjustments (GBRAs) or solar base rate adjustments (SoBRAs). Even when the generation facilities and/or major capital projects are placed in service, the Company still must demonstrate that it would cause the Company to earn below the approved equity range due to the material revenue requirement impact in the year(s) immediately after a rate case. Further, the Company must demonstrate the need for generation and/or facilities in the subsequent year. Given the lack of other directives in either the statute or rule, the Commission should not expand its use of a subsequent year adjustment beyond large revenue impacting generation or equivalent type facilities. All historically and traditional "business as normal" distribution "electric delivery infrastructure" investment costs should NOT be allowed in a subsequent year adjustment.

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?

OPC Position: The TECO proposed Solar Projects inclusion in the 2026 SYA and 2027 SYA should only be allowed in if the Solar Projects meets the following criteria: (1) they are specific new and material generation-type capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associated revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the generation and that they are cost-effective.

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?

OPC Position: No, the Commission should deny the inclusion of TECO's proposed GRRP projects for the following reasons: (1) these projects are historically, traditional "business and normal" activities; (2) these projects are NOT for specific new and material generation capital investment costs and operation expenses (i.e. a discrete, material capital project); (3) "delivery infrastructure" investments have not previously been allowed recovery in an SYA.

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?

OPC Position: The proposed Polk 1 Flexibility Project is being placed into service in 2025 during the test year without a full year revenue requirement. The TECO Polk 1 Flexibility Project inclusion in the 2026 SYA should only be allowed in if it meets the following criteria: (1)) it is a specific new and material generation capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the generation.

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

OPC Position: The TECO proposed Energy Storage Projects inclusion in the 2026 SYA should only be allowed in if it meets the following criteria: (1) they are specific new and material generation-type capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the energy supply projects and that they are cost-effective.

<u>ISSUE 99</u>: 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?

OPC Position: The proposed Bearss Operation Center is being placed into service in 2025 during the test year without a full year revenue requirement. The TECO proposed Bearss Operations Center Projects inclusion in the 2026 SYA should only be allowed in if it meets the following criteria: (1) it is a specific new and material capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the facility.

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

OPC Position: The proposed Corporate Headquarters Project is being placed into service in 2025 during the test year without a full year revenue requirement. The TECO proposed Corporate Headquarters Project inclusion in the 2026 SYA should only be allowed in if it meets the following criteria: (1) it is a specific new and material capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the facility.

<u>ISSUE 101</u>: 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?

OPC Position: The proposed South Tampa Resilience Project is being placed into service in 2025 during the test year without a full year revenue requirement. The TECO proposed South Tampa Resilience Project inclusion in the 2026 SYA should only be allowed in if it meets the following criteria: (1) it is a specific new and material capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the facility.

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?

OPC Position: The proposed Polk Fuel Diversity Project is being placed into service in 2025 during the test year without a full year revenue requirement. The TECO proposed Polk Fuel Diversity Project inclusion in the 2026 SYA and 2027 SYA should only be allowed in if it meets the following criteria: (1) it is a specific new and material capital investment costs and operation expenses (i.e. a discrete, material capital project); (2) the associate revenue requirement would cause TECO to earn below the earnings range approved in this docket in the subsequent year; and (3) TECO can demonstrate a need for the facility.

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

OPC Position: The overall rate of return should be the OPC proposed ROR for 2025 of 7.19% using OPC proposed ROE of 9.50%.

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

OPC Position: Yes. Should the Commission consider a 2026 SYA, the additional revenues due to customer growth should be increased by $7.994 million. Should the Commission consider a 2027 SYA, additional revenue due to customer growth should be increased by $6.123 million.

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?

OPC Position: No, to the extent that any project(s) and its related costs are disallowed.

<u>ISSUE 106:</u> 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?

OPC Position: Yes, any 2026 SYA and 2027 SYA should reflect OPC's proposed adjustments in for ITCs to correct for errors and modify the Company's calculation. The effect of correcting TECO's error and modifying the calculation is a reduction of $4.529 million in 2026 SYA revenue requirements and a reduction of $2.453 million in the 2027 SYA revenue requirements.

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

OPC Position: The removal of the GRRP projects results in a $4.599 million reduction in the 2026 SYA revenue requirement and $28.788 million reduction in the 2027 SYA revenue requirement.

<u>ISSUE 108</u>: What annual amount of incremental revenues should be approved for recovery through the 2026 and 2027 SYA?

OPC Position: The incremental revenues should include all of OPC's adjustments which would allow a maximum revenue increase of $60.257 million in 2026 and $20.286 million in 2027.

<u>ISSUE 109:</u> When should the 2026 and 2027 SYA become effective?

OPC Position: The 2026 SYA, if allowed over the objection of OPC, should not become effective any sooner than the first billing cycle in 2026. The 2027 SYA, if allowed over the objection of the OPC, should not become effective any sooner than the first billing cycle in 2027.

<u>ISSUE 110</u>: 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?

OPC Position: Yes.

OTHER

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

OPC Position: No. It is premature as there is no pending federal or state tax law changes and may inappropriately affect the agency's future actions that otherwise would be applicable to all utilities statewide. Based on Commission precedent, this issue should not be included in this docket.

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

OPC Position: Yes, to the extent the storm cost recovery provision is consistent with the Wilson case which allows for a tariff filed by a company to become effective subject to a hearing.

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

OPC Position: No, not at this time.

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

OPC Position: The CETM should be reduced by $1.828 million in 2025 to reflect OPC's positions on ROE of 9.5% and inclusion of the battery storage related ITCs as zero cost of capital.

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

OPC Position: No position.

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?

OPC Position: No position.

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

OPC Position: The 2025 rates and charges should not become effective any sooner than the first billing cycle in 2026.

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

OPC Position: OPC is unaware of any testimony on TECO's Sections 366.80–366.83 and 403.519, Florida Statutes, performance.

<u>ISSUE 119</u>: 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?

OPC Position: No position.

<u>ISSUE 120</u>: Should this docket be closed?

OPC Position: No position.

<u>CONTESTED ISSUES</u>

<u>SC-2:</u> 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?

OPC Position: No position.

<u>SC-5:</u> 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?

OPC Position: No position.

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?

OPC Position: No position.

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?

OPC Position: No position.

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

OPC Position: No position.

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

OPC Position: Pursuant to Section 366.06(1), the Commission may only approve the parts of TECO's rate request which results in rates that are fair, just, and reasonable for each customer class. TECO's requested rate increase would translate to an over 50% increase in base rate. The policy for energy in the State is now to "ensure an adequate, reliable, and cost-effective supply of energy for the state in a manner that promotes the health and welfare of the public . . ." with goals including "[e]nsuring a cost-effective and affordable energy supply." See, Section 377.601 (1) and (2)(a), Florida Statutes (2024). TECO's bloated revenue request is contrary to the State's goal of providing affordable, reasonable rates for each customer class. The Commission should consider energy affordability in this proceeding, and all future utility base rate proceedings, in evaluating rate increase requests consistent with the trends in other U.S. regulatory jurisdictions.

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

OPC Position: TECO's excessive rate increase request will have a negative impact on ratepayers. In today's tough economic climate, TECO's customers are already under great financial pressure, so any increase will have a significant impact on them. Now, more than ever, the Commission must consider affordability of the customer's bills when evaluating TECO's rate request. Ultimately, the Commission must hold TECO to its burden and only approve the portions of TECO's rate request which are fair, just, and reasonable.

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?

OPC Position: The Commission should require TECO to discontinue its role as the central service provider (CSP) or require the nine measures outline more fully in OPC witness Ostrander's testimony. These are summarized as follows: (1) implement a plan for achieving recommendations; (2) identify costs saving as CSP and flow back to customers; (3) document and explain when affiliate takes back share service in-house; (4) change accounting to track and audit affiliate transactions easily; (5) reconcile accounting in (4) to FERC Form 1; (6) have external audit of CSP role; (7) monthly invoices for CSP services; (8) Emera and TECO should have written internal controls; and (9) Emera should perform an internal audit of TECO as CSP.

Respectfully submitted,

Walt Trierweiler
Public Counsel

/s/ Patricia A. Christensen
Patricia A. Christensen
Associate Public Counsel
Florida Bar No. 0989789

Charles J. Rehwinkel
Deputy Public Counsel
Florida Bar No. 527599

Octavio Simoes-Ponce
Associate Public Counsel
Florida Bar No. 96511

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Suite 812
Tallahassee, FL 32399-1400

Attorneys for the Citizens of the State of Florida

CERTIFICATE OF SERVICE
DOCKET NO. 20240026-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 22nd day of July, 2024, to the following:

Adria Harper
Carlos Marquez
Timothy Sparks
Florida Public Service Commission Office of General Counsel
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
aharper@psc.state.fl.us
cmarquez@psc.state.fl.us
tsparks@psc.state.fl.us
discovery-gcl@psc.state.fl.us

Robert Scheffel Wright
John T. LaVia, III
Florida Retail Federation
1300 Thomaswood Drive
Tallahassee FL 32308
jlavia@gbwlegal.com
schef@gbwlegal.com

J. Jeffrey Wahlen
Malcolm N. Means
Virginia Ponder
Ausley Law Firm
P.O. Box 391
Tallahassee FL 32302
jwahlen@ausley.com
mmeans@ausley.com
vponder@ausley.com

Jon C. Moyle, Jr./Karen A. Putnal
Florida Industrial Power Users Group
Moyle Law Firm
118 North Gadsden Street
Tallahassee FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com

L. Newton/A. George/
T. Jernigan/E. Payton
Federal Executive Agencies
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
ebony.payton.ctr@us.af.mil
thomas.jernigan.3@us.af.mil
Leslie.Newton.1@us.af.mil
Ashley.George.4@us.af.mi

Bradley Marshall
Jordan Luebkemann
Earth Justice
Florida Rising
League of United Latin American Citizens of Florida
111 S. Martin Luther King Jr. Blvd.
Tallahassee FL 32301
bmarshall@earthjustice.org
jluebkemann@earthjustice.org

Nihal Shrinath
Sierra Club
2101 Webster Street Suite 1300
Oakland CA 94612
nihal.shrinath@sierraclub.org

William C. Garner
Southern Alliance for Clean Energy
3425 Bannerman Rd. Unit 105, No. 414
Tallahassee FL 32312
bgarner@wcglawoffice.com

Sari Amiel
Sierra Club
50 F St. NW, Eighth Floor
Washington DC 20001
sari.amiel@sierraclub.org

Paula K. Brown
Tampa Electric Company
P. O. Box 111
Tampa, FL 33601-0111
regdept@tecoenergy.com

Floyd R. Self, B.C.S.
Ruth Vafek, Esq.
Berger Singerman, LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
fself@bergersingerman.com
rvafek@bergersingerman.com

/s/Patricia A. Christensen
Patricia A. Christensen
Associate Public Counsel
Christensen.patty@leg.state.fl.us