

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:  
DOCKET NO. 20240026-EI  
Petition for rate increase  
by Tampa Electric Company.

\_\_\_\_\_/\_\_\_\_\_  
DOCKET NO. 20230139-EI  
Petition for approval of 2023  
depreciation and dismantlement  
study, by Tampa Electric Company.

\_\_\_\_\_/\_\_\_\_\_  
DOCKET NO. 20230090-EI  
In re: Petition to implement 2024  
generation base rate adjustment  
provisions in paragraph 4 of the  
2021 stipulation and settlement  
agreement, by Tampa Electric Company.

VOLUME 16 - PAGES 3359 - 3643

PROCEEDINGS: HEARING

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

DATE: Thursday, August 29, 2024

TIME: Commenced: 8:00 a.m.  
Concluded: 7:00 p.m.

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

TRANSCRIBED BY: DEBRA R. KRICK  
Court Reporter and  
Notary Public in and for  
the State of Florida at Large

APPEARANCES: (As heretofore noted.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## I N D E X

WITNESS:	PAGE
JEFF CHRONISTER	
Examination by Mr. Luebke	3565
Examination by Mr. Moyle	3502
Examination by Mr. Wright	3504
Examination by Ms. Eaton	3511
Examination by Mr. Sparks	3515
Further Examination by Mr. Wahlen	3535

1	EXHIBITS		
2	NUMBER:	ID	ADMITTED
3	31-32	As identified in the CEL	3638
4	151	As identified in the CEL	3638
5	843	Late-Filed Exhibit No.	3639
6	844	Nova Scotia CAM	3639
7	346	As identified in the CEL	3639
8	371	As identified in the CEL	3639
9	375	As identified in the CEL	3639
10	394	As identified in the CEL	3639
11	487	As identified in the CEL	3640
12	494	As identified in the CEL	3640
13	496	As identified in the CEL	3640
14	564	As identified in the CEL	3640
15	567	As identified in the CEL	3640
16	571-572	As identified in the CEL	3640
17	578-579	As identified in the CEL	3640
18	655	As identified in the CEL	3640
19	661-662	As identified in the CEL	3640
20	701-702	As identified in the CEL	3640
21	704-705	As identified in the CEL	3640
22	713-714	As identified in the CEL	3640
23	716	As identified in the CEL	3640
24			
25			

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## EXHIBITS CONTINUED

NUMBER:	ID	ADMITTED
732	As identified in the CEL	3640
757	As identified in the CEL	3640
774	As identified in the CEL	3640
810-813	As identified in the CEL	3641

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

2 (Transcript follows in sequence from Volume  
3 15.)

4 CHAIRMAN LA ROSA: All right. Let's go ahead  
5 and find our seats and we will -- we will just jump  
6 back in.

7 All right. Let me just ask the parties where  
8 we kind of feel we are on timing with this witness,  
9 and I know we have another witness coming. Again,  
10 no pressure. Just trying to take a poll.

11 MS. CHRISTENSEN: Okay. Commissioner, I am  
12 done with Mr. Chronister, so I can be finished with  
13 my cross of Mr. Chronister tonight.

14 CHAIRMAN LA ROSA: Okay. LULAC --

15 MS. CHRISTENSEN: Can --

16 CHAIRMAN LA ROSA: Oh, sorry. I didn't --

17 MS. CHRISTENSEN: Oh, I am sorry. I didn't  
18 know if you wanted me to go on to the next witness,  
19 but --

20 CHAIRMAN LA ROSA: Yeah. Tell me what your  
21 thoughts are there.

22 MS. CHRISTENSEN: I don't -- I think OPC  
23 doesn't have a lot of cross for Mr. Williams  
24 tomorrow.

25 CHAIRMAN LA ROSA: Okay.

1 MR. LUEBKEMANN: Thank you, Mr. Chairman. I  
2 think that we probably can get through ours for Mr.  
3 Chronister in about half an hour or less. However,  
4 we have a fairly significant bit for Mr. Williams.

5 CHAIRMAN LA ROSA: Okay. Any other parties?

6 MR. MOYLE: FIPUG is not planning on asking  
7 Mr. Chronister his questions, but he said he hasn't  
8 been here since 2011, so we might revise that a  
9 little bit just to -- but --

10 CHAIRMAN LA ROSA: Feel the need.

11 MR. MOYLE: Yeah. So no time there.

12 And then with Mr. Jordan Williams, 10, 15  
13 minutes maybe, or less.

14 CAPTAIN GEORGE: FEA does not have any cross  
15 for either witness.

16 CHAIRMAN LA ROSA: Okay.

17 MR. WRIGHT: Thank you, Mr. Chairman. I  
18 estimate less than 10 minutes for Mr. Chronister,  
19 and similarly, less than 10 minutes for Mr.  
20 Williams.

21 CHAIRMAN LA ROSA: Okay.

22 MR. WRIGHT: Thank you.

23 CHAIRMAN LA ROSA: Staff, what does it look  
24 like?

25 MR. SPARKS: I would estimate between 10 and

1 20 minutes for each of the two witnesses.

2 CHAIRMAN LA ROSA: Okay. And I am sure there  
3 is redirect and some other adjustments.

4 MR. WAHLEN: Yeah. Just -- I hope to have not  
5 a lot of redirect, but a little bit.

6 CHAIRMAN LA ROSA: Sure.

7 Okay. Let's do this. Mr. Chronister is here  
8 in the witness box. Let's move through with him.  
9 So let's go through the round of questioning, and  
10 then we will pick up after him tomorrow morning at  
11 9:00 a.m. for the next witness, and then any other  
12 further cleanup we need to do after that fact.

13 So we left it off with OPC. I know OPC said  
14 that they were done, but I just want to verify.  
15 Yes, okay.

16 So then let's go to Florida Rising/LULAC.

17 MR. LUEBKEMANN: Thank you, Mr. Chairman.  
18 Thank you also for the 9:00 a.m. start time.

19 CHAIRMAN LA ROSA: Sure. Yes. All right.  
20 Sometimes you don't know the, you know, the answer  
21 to those decisions, so thank y'all.

22 MR. LUEBKEMANN: We will always join that.

23 CHAIRMAN LA ROSA: Sure.

24 EXAMINATION

25 BY MR. LUEBKEMANN:

1 Q Good afternoon, Mr. Chronister.

2 A Good afternoon.

3 Q Nice to see you again.

4 A Good to see you too.

5 Q I have got a couple of quick follow-ups here,  
6 and then I have got a few questions about some  
7 documents, and we will get you on your way.

8 A Very good.

9 Q Well, on your way to the remaining parties.  
10 So I just want to go over -- you had a  
11 discussion with Ms. Christensen about the path of  
12 dividends, and I just want to make sure we really nail  
13 that down in the record.

14 So Tampa Electric Company pays 100 percent of  
15 any dividends that it issues to TECO Energy?

16 A Yes. Now, earlier this year, that changed to  
17 TECO Holdings, Incorporated.

18 Q Okay. So --

19 A That's the new parent name.

20 Q -- as we sit here today, Tampa Electric would  
21 pay 100 percent of any dividends to TECO Holdings,  
22 Incorporated?

23 A Yes. Exactly.

24 Q Okay. Which is the 100-percent owner of the  
25 common stock of Tampa Electric --



1 A Correct.

2 Q -- Company?

3 And TECO Holdings, Incorporated, in turn,  
4 issues dividends to Emera US Hold Co.?

5 A Correct.

6 Q Okay. Which issues dividends, in turn, to  
7 Emera, Inc.?

8 A Correct.

9 Q All right. I think we have got it. Thank  
10 you, Mr. Chronister.

11 Do you recall you got a question about  
12 subsequent year adjustments and the kinds of things that  
13 appear in them?

14 A Uh-huh.

15 Q And you spoke about a rail spur that was  
16 included in GBRA 16 years ago?

17 A Yes. Yes. In the 2008 rate case, there was a  
18 rail spur to deliver fuel to Big Bend, and it went in in  
19 the middle of the 20 -- 2009 test year. So that stub  
20 amount of 13-month average then was granted as revenue  
21 in the year 2010.

22 Q And so was there anything else in that GBRA  
23 than the rail spur?

24 A I think there was one other item that was in  
25 the step increase for 2010, and it was -- it was out at

1 the generating unit.

2 Q I was going to say. So it was generation and  
3 -- was it generation at Big Bend?

4 A I think so, yes.

5 Q So would it be fair to characterize it as  
6 generation related to the rail spur -- or rail spur was  
7 related to the generation that was in the GBRA?

8 A Yes.

9 Q Okay. So as far as you are aware, there has  
10 not been a subsequent year adjustment or GBRA for TECO  
11 that included no generation projects?

12 A Can you say that again?

13 Q Yeah. I think we can do better.

14 As far as you are aware, every time that TECO  
15 has received a subsequent year adjustment, it has  
16 included at least some generation projects?

17 A Correct.

18 Q And you are not aware of any that had  
19 exclusively non-generation projects?

20 A Correct.

21 Q Okay. Thank you. That's all the questions on  
22 that part.

23 If we could go now to some documents. Let's  
24 going to start with your late-filed No. 5. This is  
25 master number 3.1-271. It's exhibit 487 on the

1 comprehensive list. And I didn't specify, but this is  
2 from the May deposition.

3 A Yes. It's up on my screen now.

4 Q Great.

5 If we could scroll to the second page. This  
6 chart is showing the employee headcounts at different  
7 Emera subsidiaries as of Q3 2024 --

8 A Yes.

9 Q -- 2023. We are not in Q3 2024 yet.

10 A Yes. That's correct.

11 Q Thank you.

12 And it shows that, at this time, Nova Scotia  
13 Power, Inc., had 2,177 employees?

14 A Correct.

15 Q And that, at the same time, TECO had 2,556  
16 employees?

17 A Yes.

18 Q Great. Thank you.

19 If we could go now to master number 3.1-330,  
20 494 on the comprehensive list.

21 A 39 FLL-34?

22 Q Yes.

23 A I am there.

24 Q Excellent.

25 This document is comparing the constituent

1 parts of the weighted average cost of capital for Nova  
2 Scotia Power and TECO?

3 A Yes.

4 Q Specifically on the second page. And it  
5 specifically includes the cost rates and the weighted  
6 costs for long- and short-term debt?

7 A Correct.

8 Q And to your knowledge, all of these values are  
9 accurate?

10 A Yes.

11 Q Great.

12 If we could move on to F3.1-341, which is  
13 document 49 -- Exhibit 496 on the comprehensive list.

14 A FLL-36?

15 Q Yes.

16 A It's on my screen.

17 Q Thank you very much.

18 And this late-filed provides TECO's reported  
19 lobbying costs?

20 A Yes.

21 Q And as we sit here today, you have no reason  
22 to believe any of these numbers are inaccurate?

23 A Correct.

24 Q Thank you.

25 Moving right along, could we go to F3.2-3346,

1 which is Exhibit 564 on the comprehensive list, or  
2 FLL-104?

3 A Yes. Do you want -- do you want me to be at  
4 the top of the page?

5 Q I -- yes, I am at the top of the page. We can  
6 start with page one. Many of these just don't translate  
7 very well to PDF.

8 So this document shows depreciation expense?

9 A Yes.

10 Q And generally speaking, looking at this first  
11 page here, it shows growth between 2023 and 2025?

12 A Yes.

13 Q The depreciation expense was 408.9 million in  
14 2023?

15 A Yes.

16 Q And 531.4 in '25?

17 A Yes.

18 Q And depreciation expense is a function of rate  
19 base, or is a constituent part of rate base?

20 A Say that again.

21 Q Yeah. Let me rephrase how I am putting that.  
22 Depreciation expense would reflect rate base?

23 A Correct. Depreciation expense would be a  
24 percentage of the gross plant in service.

25 Q So as depreciation expense grows, it also

1 **implies the growth of rate base?**

2 A Yes.

3 Q Okay. Thank you.

4 **And so you will accept my math that, based on**  
5 **this chart, TECO's depreciation expense grew by about**  
6 **\$122 million over those two years?**

7 A Yes. And let me -- let me give some clarity  
8 as --

9 Q Sure.

10 A -- as to why.

11 As you are looking at the 2023 and '24  
12 numbers, that reflects the depreciation rates that are  
13 currently in place. The 531 that you see there reflects  
14 the depreciation rates being proposed by the company in  
15 this case that were supported by Mr. Allis. And so the  
16 idea is that the vast majority of the growth that you  
17 see there is just the new depreciation rates. It's --  
18 it -- a smaller percentage of it is related to plant in  
19 service growth.

20 Q **In fact, if we look at the row 4, it says**  
21 **2023A, 2024B, 2025R, it's fair to say that that's '23**  
22 **actual, '24 budget, '25 requested?**

23 A Correct. '23 actual, '24 budget and '25  
24 budget requested in the test year. Yes.

25 Q Okay. Thank you.

1           **Moving right along, could we go to F3.2-3503,**  
2 **which is Exhibit 567 on the comprehensive list, or**  
3 **FLL-107?**

4           A     It's up on the screen.

5           Q     **Great.**

6                   **Do you recognize this attachment?**

7           A     I do. Yes, I do.

8           Q     **Okay. And this is an attachment to an**  
9 **interrogatory answer?**

10          A     Yes.

11          Q     **And you sponsored that answer?**

12          A     Yes.

13          Q     **And this document shows the incremental**  
14 **revenue requirements for the '26 and '27 SYAs?**

15          A     Yes. I think it's under a premise for  
16 preparation. Do you see the word alternative at the top  
17 there?

18          Q     **Yes.**

19          A     So, yeah, that's one of the alternative  
20 calculations that was requested of us.

21          Q     **And the specific alternative calculation had**  
22 **to do with the NOI multiplier methodology?**

23          A     Exactly. Yes.

24          Q     **And specifically, it was applying the**  
25 **methodology that was used under the '21 settlement**

1 **agreement?**

2 A Correct.

3 **Q And could you explain how that differs from**  
4 **what TECO has requested in this case?**

5 A Yes. So in the '21 settlement, when we went  
6 to calculate the rate of return component on the GBRAs,  
7 we had proposed in that particular case that all of the  
8 rate of return percentage times rate base number would  
9 be grown by a tax multiplier. Then during the course of  
10 the settlement negotiations, the parties agreed that we  
11 would not apply a tax multiplier to the debt component  
12 because debt is, you know, deductible for tax purposes.

13 So in the filing that we made in this case, we  
14 returned to make the same proposal that we had made in  
15 '21. We calculated the numbers the same way we  
16 calculated the proposal in '21. And then during the  
17 discussions in the depositions, we went ahead and  
18 responded to the parties that Tampa Electric was  
19 comfortable again removing the debt multiplier, and so  
20 on our August 1st filing, we sent in the new numbers  
21 where we removed the NOI multiplier from the debt  
22 component of the SYA calculation.

23 **Q You anticipated where I was going to go. So**  
24 **that is reflected in the updated August numbers?**

25 A Yes. So those numbers -- those revenue



1 requirements I read off of the August 22nd letter, all  
2 of those SYA numbers reflect the removal of the debt  
3 multiplier from the amounts.

4 Q Great. Thank you very much.

5 A Yes.

6 Q Could we go on to F3.2-3604? This is  
7 Comprehensive Exhibit 571 and FLL-111.

8 A FLL-111?

9 Q Sorry?

10 A FLL-111?

11 Q Yes, that's right.

12 A It's on -- it's on the screen.

13 Q Great.

14 Do you recognize this document?

15 A Yes, I do.

16 Q All right. Among other things, this document  
17 is explaining the purpose of the shared services  
18 schedule 2023?

19 A Yes.

20 Q And the purpose of that schedule, it's an  
21 internal document which enables Tampa Electric to  
22 discuss costs with shared service groups?

23 A Correct. Earlier, I had made reference to  
24 those live Excel spreadsheets that we provided to the  
25 parties. And in those live Excel spreadsheets, it takes

1 all of the charges that are going to be distributed to  
2 the affiliates and it allows you to see them by the  
3 department that originated the charge, the type of cost,  
4 labor, contractors, et cetera, and the dollar amount  
5 that ended up at each affiliate.

6 **Q Thank you. Yeah, I cut my question off in the**  
7 **middle because I didn't want to run on too long, but the**  
8 **purpose of this is to allow for the review of affiliate**  
9 **transactions?**

10 A Exactly. Right, the com -- this allows for  
11 the company's review of all of that data so that the  
12 company can assure that those numbers are accurate and  
13 complete.

14 **Q Okay. Could we go to F3.2-3615, which is**  
15 **Comprehensive Exhibit 572, or FLL-112?**

16 A It's up on the screen.

17 **Q Great.**

18 **And this is talking about -- at the bottom of**  
19 **the second page, if we could scroll down there.**

20 A Sure.

21 **Q There is a discussion about direct charges and**  
22 **the way that those are treated for accounting purposes.**

23 A Are you on the answers section?

24 **Q Let's see. It should be.**

25 A Okay. So -- yeah, because, like, two-thirds

1 of the second page is still the question.

2 **Q Yes, that's fair.**

3 A So you want me to be in answer Section A or B?

4 **Q I think I am looking at answer A. Yeah.**

5 A Very good. I am there.

6 **Q So essentially direct charges are not posted**  
7 **to an expense account first and then later credited?**

8 A Exactly. So what happens when there is a  
9 direct charge is that we use Uniform System of Account  
10 146, which is receivable from affiliate. So instead of  
11 booking the transaction to a 500 or 900 expense account  
12 and then putting it in a receivable, we just book those  
13 direct charges right to a receivable from the affiliate  
14 that we are charging the affiliate.

15 **Q And that's a standard accounting practice?**

16 A Yes.

17 **Q If we could continue on to F3.2-3809. This**  
18 **hearing Exhibit 578, or FLL-118.**

19 A It's up.

20 **Q Great.**

21 **So this document gives an overview of planned**  
22 **versus actual outage costs and other related expenses**  
23 **for TECO's fossil units?**

24 A Yes.

25 **Q And in this case, TECO's planned outage costs**

1 **have roughly tripled between the year of TECO's last**  
2 **rate case, 2021, and the 2025 test year budget?**

3 A Let me make sure. Do you mind just telling me  
4 the --

5 Q Yeah --

6 A -- column number.

7 Q -- so I am looking at row 22 --

8 A Got it.

9 Q -- in the '21 column, and I am showing 7.1  
10 million.

11 A Yes. As I -- as I -- just to make sure I am  
12 with you, I have got in 2020 11.3, then 7.1, then 11.6,  
13 16 million, 13.3 and 22.3.

14 Q Yep. That's what I am looking at.

15 A Very good. Yes. Yes.

16 Q Okay. So you agree that it's roughly tripled  
17 in those years?

18 A I think it's cor -- you are mathematically  
19 correct that the '25 number is three times the 2021  
20 number, but I think the average for that time period is  
21 around 12 million -- 11 to 12 million. So I think the  
22 2025 amount is about 12 million above the historical  
23 average in there.

24 Q So could we say that it's tripled over '21,  
25 and it's doubled the average over the last several

1 years?

2 A Yes.

3 Q Okay. I can take that.

4 A Very good.

5 Q And we can move on.

6 Can we go to F3.2-3811? This is hearing

7 Exhibit 579, which is FLL-119.

8 A Okay. FLL-119 is up on the screen.

9 Q Great.

10 A Where would you like me to go there?

11 Q Well, first, let's confirm what we are looking

12 at here. This is an overview of actual costs by unit

13 for TECO's fossil plants?

14 A Correct, by 500 account in the Uniform System  
15 of Accounts.

16 Q And if we could go to page three of this  
17 document.

18 This is not a trick. I am trying to make sure  
19 that I am reading this correctly. I see some very large  
20 numbers in the H and I columns for Polk. Am I correct  
21 that that's not meant to be, for instance, \$8.5 billion  
22 in generation expense for Polk 2?

23 A Correct.

24 Q Okay.

25 A I think this is -- yeah, I think those are

1 typos in those cells.

2 Q Safe to assume that they are -- just missed  
3 the -- we should divide those by 1,000?

4 A Yes, exactly.

5 Q Okay. So subject to that clarification, is it  
6 fair to say that Big Bend 4 really dominates the spend  
7 across these years? It's fine if you want to scroll up.

8 A Let me make sure I am tracking with you. At  
9 the top is '19 and '20, then '21 and '22 in the second  
10 page, then to '23 on the third page, right?

11 Q Yes.

12 A And your question is on column C?

13 Q That's correct. And I am going to rephrase my  
14 question because I said Big Bend 4, but it's really 1  
15 through 4 that's on this list.

16 A Yeah, because there is no subtotals on here  
17 so -- so your question again is what?

18 Q Does Big Bend 1 through 4 in this chart  
19 dominate the spending for these units, or all of the  
20 units listed?

21 A Big Bend 4 is the column that contains the  
22 most amount of dollars on that form, yes.

23 Q Thank you.

24 Could we go to F3.3-6484?

25 A FLL-195?

1 Q Yes.

2 A It's up on the --

3 Q And do you have the hyperlink? This is the  
4 first native one that we are opening.

5 A Hang on a sec. Okay. So you want the Excel  
6 spreadsheet up there?

7 Q Yes, please.

8 A Okay. So, yes, the Excel spreadsheets for  
9 FLL-195 is on the screen now.

10 Q Okay. And so this spreadsheet calculates the  
11 weighted average cost of capital?

12 A Yes.

13 Q And is it fair to say that it provides an A  
14 and B scenario?

15 A Yes.

16 Q And specifically, what's changed here in the B  
17 scenario, which I guess I would say the right column, or  
18 the right grouping, is the reduction by one basis point  
19 of the ROE?

20 A Yes.

21 Q And fair to say that that change flows through  
22 this model and may -- or not maybe not model, but it  
23 flows through this spreadsheet and makes changes to  
24 other tabs?

25 A Yes.

1           Q     Great.  And you would agree that it shows the  
2     -- if you were to follow that through, it would show the  
3     **impact of a reduction of one basis point of ROE?**

4           A     Yes.  Do you mind if I click on the other  
5     tabs?

6           Q     Sure.  I do not mind.  Please.

7                     If you could just let Mr. Schultz know where  
8     **you are going so he could put it up on the big screen**  
9     **for the rest of us.**

10          A     Sorry.  I am on the revenue deficiency  
11     calculation tab.  There you go.  So, yeah, I just wanted  
12     to confirm.

13                     So to your point, you are correct.  What this  
14     Excel spreadsheet allows you to do is change the ROE,  
15     and then on this tab, you would see the difference in  
16     the revenue requirement dollars.

17          Q     Thank you very much.  We can move on.

18                     Can we go to F3.4-6642, which is comprehensive  
19     **hearing Exhibit 661, or FLL-201.**

20          A     FLL-201 is on the screen.

21          Q     Great.

22                     Do you recognize this document?

23          A     I do.

24          Q     And this shows planned outages for Big Bend  
25     **and Polk?**



1           A     It actually shows planned outages for all the  
2 units.

3           Q     That's true. This shows outages for units,  
4 including the units of Big Bend and Polk?

5           A     Yes.

6           Q     And it shows the average outage costs on a  
7 three-, five- and seven-year basis on the right side?

8           A     Yes, it does.

9           Q     And if we look at year -- row 24, would you  
10 agree that the total outage expense varies each year  
11 from roughly 11 to 13 million adjusted for each year but  
12 one?

13          A     Yes.

14          Q     And that the outlier would be the '25 test  
15 year at 25.2 million?

16          A     Let me answer your question --

17          Q     Sure.

18          A     -- especially on the topic of outlier.

19                 As Witness Aldazabal testified to, our  
20 business plan for 2025 is to conduct the outages that he  
21 described. And so from a budgeting perspective, we are  
22 budgeting that number because that's what we expect.  
23 The planned outage expense number works in the direction  
24 you have talked about as an outlier. A parallel to that  
25 is our pension expense.

1           Our pension expense for eight years ended 2020  
2 averaged about \$11 million, but in the test year, it's  
3 only 1.2 million because of the amortization of market  
4 gains from five years ago.

5           By the time we get to 2027, pension expense  
6 will be back up to 11-and-a-half million dollars. But  
7 we were committed to what the '25 expense for pension  
8 was going to be, which was one million instead of its  
9 eight-year average of 11 million. And so we did the  
10 same thing with outage costs.

11           **Q     Thank you for the context.**

12           **That's all the questions I have for that one.**  
13 **Can we go on to F3.4-6643? And this is hearing Exhibit**  
14 **662, or FLL-202.**

15           A     202 is up.

16           **Q     All right. Do you recognize this?**

17           A     Yes, I do.

18           **Q     And this is showing TECO procurement costs?**

19           A     Yes.

20           **Q     And the line reading, TEC procurement**  
21 **allocation percent, what does that represent?**

22           A     So hang on one second. Let me familiarize  
23 myself and also zoom in to be able to read it. Right,  
24 so what this is, is it takes five different statistical  
25 metrics. Some of them are dollars. Some of them are

1 the number of purchase orders that we process. And what  
2 it does is show for 2020 to 2023 those metrics in each  
3 of those categories for those four years.

4 **Q Okay. So --**

5 **A So -- yeah.**

6 **Q So looking at line nine, then, for TEC**  
7 **procurement cost, is this showing an increase of about**  
8 **32 percent since 2020?**

9 **A** It -- So what this was designed to do was it  
10 -- the intervening parties had said, can you help us  
11 understand some of the implications of having PGS become  
12 its own entity and PGS form its own procurement group,  
13 right? And so the question was asked, are you sure that  
14 if PGS goes off on their own and you maintain the same  
15 amount of people in the procurement department, then  
16 don't you have more staff in the procurement department  
17 than you need?

18 **A** And so what this is designed to do is to say  
19 that the volume of procurement activities, the invoices  
20 and purchase orders processed, and the dollars  
21 processed, have all gone up. So what this shows you is  
22 that the dollar amount went up by a percentage less than  
23 the procurement costs incurred and less than the invoice  
24 payment dollars and the purchase order dollars.

25 **Q Fair enough.**

1           **Is my math correct that Tampa Electric's**  
2 **procurement costs have increased 32 percent since '22 --**  
3 **actually, it's not even my math. You have even got it**  
4 **on the chart for us there.**

5           A     Yes, you are correct. The 5. --

6           Q     Do you agree with your number?

7           A     Yeah. The 5.4 is 32 percent higher than the  
8 4.1 million, yes.

9           Q     Thank you.

10                   **If we could move on to F3.4-15000. This is**  
11 **hearing Exhibit 701, or FLL-241.**

12           A     241 is on the screen.

13           Q     All right. Okay. Do you recognize this  
14 **document?**

15           A     Yes, I do.

16           Q     This document includes all the major projects  
17 **for which TECO is seeking recovery in this case?**

18           A     Yes.

19           Q     And it includes all the generation projects?

20           A     Yes, it includes all --

21           Q     Definitionally.

22           A     Sorry. Sorry. Yes, it includes all the  
23 projects we ask for in the SYA, including the ones that  
24 are generation related.

25           Q     And of all the generation projects that are

1 listed here, would you agree that only the battery  
2 storage projects will contribute to TECO's Winter peak  
3 -- contribute capacity to TECO's Winter peak?

4 A I am not --

5 Q If you know.

6 A -- able to answer that one. Yeah, I don't --  
7 I don't -- I don't know.

8 Q That's fair enough. We can move on.

9 Can we go to F3.4-15020? This is going to be  
10 another native document, so when it comes up, you will  
11 click the hyperlink.

12 A Okay. So we are looking at the Excel file for  
13 FLL-242?

14 Q Yes. And are you on tab 2019B?

15 A Yes.

16 Q And can we take that to be 2019 budget?

17 A Yes.

18 Q Because there is a 2019A right next door?

19 A Yes.

20 Q Okay.

21 A 2019A is the 2019 actual.

22 Q Okay. So looking at the 2019 budget that we  
23 have up, the total rate base is 7.1 million?

24 A That's the system per books number.

25 Q Okay. And then if we go to tab 2025B, would

1 be the last one. And looking at that same figure, the  
2 system per books rate base.

3 A 2025B tab, I am there.

4 Q All right. And we are going to look at the  
5 same system per books rate base.

6 A Yes. System per books rate base is 12 billion  
7 028.

8 Q Okay. Is that pretty close to doubling over  
9 the presented years budget-wise, going from a 7.1 to a  
10 12?

11 A Not doubling. The seven million went up five.  
12 It is important to note that we are looking at the  
13 system per books numbers instead of the FPSC adjusted or  
14 jurisdictional adjusted numbers. And the reason I make  
15 note of that is that the system per books numbers would  
16 include construction work in progress, and so the CWIP  
17 that's earning AFUDC wouldn't be in there. The clause  
18 related capital would not be in there. So that's why  
19 you see a different -- that's why the 7.1 changes to 6.4  
20 on a jurisdictional adjusted basis.

21 Q Okay. Thank you.

22 A So that 6.4 on a -- the jurisdictional  
23 adjusted amount is what, you know, base rates are set  
24 on. That 6.4 changed to 9.8. So it went up about 50  
25 percent --

1           **Q     Okay.**

2           A     -- over that six-year period, so, like, a  
3 eight- to nine-percent growth per year.

4           **Q     Okay. You would agree that Tampa Electric's**  
5 **customer population has not grown at an eight- to**  
6 **nine-percent per year rate?**

7           A     I agree with that.

8                   I had mentioned the Commission's benchmark  
9 earlier. The Commission benchmark measures cost in a  
10 way in which it combines the customer growth rate, which  
11 has been about two percent over this six-year period,  
12 and the inflation rate, which has been around four  
13 percent over this same period as well. And so if you  
14 take the two percent for customer growth, four percent  
15 for inflation, you would expect a growth rate of about  
16 six percent. And like I said, this is a growth rate of  
17 roughly eight to nine percent.

18          **Q     Okay. So still above that rate?**

19          A     Yes.

20          **Q     But not as dramatically above maybe as --**

21          A     Exactly.

22          **Q     Okay. If we could move on to F3.4-19751.**  
23 **This is hearing Exhibit 704, or FLL-244.**

24          A     FLL-244 is on the screen.

25          **Q     Do you have the document open?**

1           A     No, the Excel hadn't come up yet. The Excel  
2 is now up.

3           Q     Okay. Do you recognize this document?

4           A     Yes, I do.

5           Q     And can you confirm that if we go to the tab  
6 Raw Data, is that the roll-up for all project spends  
7 that are being sought in this case?

8           A     Are you going to -- oh, okay. I will click on  
9 it.

10                  Okay. Can you ask your question again?

11          Q     Sure.

12                  I just want to confirm that what's being  
13 presented in this large spreadsheet here would be the  
14 roll-up for all project spends that are being -- for  
15 which recovery is being sought in this case? Or is  
16 there a better way to characterize what this data  
17 represents?

18          A     Yeah. I think I could characterize -- it's  
19 close to what you said.

20                  What this is, is this is -- well, I will just  
21 go back. If you go to detail by witness, it has  
22 categories. It has the AFUDC earning projects in  
23 capital, the non-utility projects, the clause projects,  
24 and then the remainder of the projects. The remainder  
25 is what would affect base rates, or it would affect



1 jurisdictional adjusted amounts in this case.

2           So what you are seeing on the raw data tab is  
3 if you look at column A, for instance, starting at A1,  
4 if you go all the way through -- hang on. Yeah, I am  
5 still scrolling, and we are already -- I am already at  
6 row 1,000. But what you can see is that column A says,  
7 clause.

8           So just to make sure we are on the same page,  
9 this is the raw data for every single capital project,  
10 including the clause projects, the ones that are earning  
11 AFUDC, both of which are not in the rate -- in this rate  
12 proceeding, right. And so it's all in there. Like,  
13 it's every capital project. It's not exclusively the  
14 capital projects that's in the rate base for setting  
15 base rates.

16           **Q     Okay. I appreciate the clarification.**

17           A     Sure.

18           **Q     And that's all for that document.**

19                   Can we move on to F3.4-19752? This is hearing  
20 **Exhibit 705, or FLL-245.**

21           A     FLL-245 is on the screen.

22           **Q     Okay. You know what, this actually -- we can**  
23 **try it. I was going to go to the native one, and I**  
24 **opened this one with the number.**

25                   **We are looking for the tab South Tampa**

1 Resilience. So that should be towards the middle end.  
2 It's going to be page 12 of 17, master number ending in  
3 19763.

4 A Are we going to go to the Excel file?

5 Q I think we can do it here.

6 A Okay.

7 Q I thought that I had the number in my own and  
8 opened that one.

9 A No problem.

10 Q So as I go across row 10 for the total revenue  
11 requirement, it's 9.9 million in 2025?

12 A Which page are you on? There is 17.

13 Q This is 12 of 17.

14 A Page 12 of 17. And --

15 Q And the red number in the upper right corner  
16 should end in 763.

17 A Yes. So can you direct me to the row?

18 Q Sure. So it's -- it is Excel row 15 and it's  
19 your line 10.

20 A Oh, 15. Okay. Sorry. But -- and then you  
21 said 10. Oh, I see what you are -- in -- I got you.  
22 All right. So it says 10 in column A, but it's row 15.

23 Q Yeah, I said your line 10, Excel's row 15. I  
24 don't --

25 A Got you. All right. Sorry about that.

1 Yes. So the total revenue requirement for  
2 2025 is 9 million 921.

3 Q Okay. And if you follow that across all the  
4 way to the total in the far right, it's 23.8 million --

5 A Correct.

6 Q -- for this project?

7 A Yes.

8 Q And are you aware that this project is  
9 transmission constrained until sometime in 2026?

10 A I am not familiar with kind of the operational  
11 construction aspect of it.

12 Q That's perfectly all right. I will take it.

13 That's all I have for this one. If we could  
14 go to F3.5-20570. This is Comprehensive Exhibit List  
15 713, or FLL-253.

16 A FLL-253 is on the screen.

17 Q Great.

18 Do you recognize this document?

19 A Yes, I do.

20 Q Okay. I wanted to take you to the first page  
21 first. If we could go now to the page ending in 20638.

22 A Oh, okay. 20638.

23 Q It should come up for you in just a second.

24 A Oh, it's not the one. Okay.

25 Q He can't control your native docs, but he will

1 move everything that's in Case Center.

2 A Okay. And so 20638, is that where you want me  
3 to be?

4 Q Yes. And I just want to confirm, is this the  
5 monthly surveillance report for December 2023?

6 A Yes, it is.

7 Q And so on the next page, does this show that  
8 TECO earned a 10.03-percent ROE?

9 A That is correct.

10 Q Okay. Could we go on to our next document?  
11 This is going to be F3.5-20711, which is comprehensive  
12 Exhibit 714, or Florida Rising 254.

13 Do you recognize this document?

14 A FLL-254 is on the screen.

15 Q Great. And for this one, could we then --  
16 rather, do you recognize it?

17 A I do.

18 Q Okay. So then could we go onto page  
19 F3.5-20877? Still within this document, but I wanted to  
20 give you the first page first.

21 A Yes. Now, I am at -- now 877 is up on screen  
22 now.

23 Q Okay. And this is another earnings  
24 surveillance report?

25 A Yes, it is.

1 Q And this one is from March of 2023?

2 A Yes, sir.

3 Q And it shows TECO earned a 10.16 ROE for that  
4 month?

5 A That's correct.

6 Q Okay. On to our next. Can we go to  
7 F3.5-20935, which is Comprehensive Exhibit List 716, or  
8 FLL-256?

9 A FLL-256 page 20935 is on the screen.

10 Q All right. So this is a composite document  
11 that includes TECO's FERC Form 1, the PSC annual report  
12 in Form 10K for 2023?

13 A Yes.

14 Q And if we go, within this document, to  
15 F3.5-20941. This is from the FERC Form 1? Just to  
16 confirm --

17 A Yes, that's up.

18 Q Oh, it's up.

19 Just to confirm, you signed off on this form?

20 A Yes, I did.

21 Q And very briefly, could you just describe what  
22 your role is in its preparation and filing?

23 A Sure. I will just read it.

24 I certify that I am the responsible accounting  
25 officer of Tampa Electric Company, and that I have

1 examined the following report, that to the best of my  
2 knowledge, information, and belief, all the statements  
3 of fact contained in the said report are true and the  
4 said report is a correct statement of the business and  
5 affairs of the above-named respondent in respect to each  
6 and every matter set forth therein during the period  
7 from January 1st of '23 to December 31st of '23,  
8 inclusive.

9 I also certify that all affiliated transfer  
10 prices and affiliated cost allocations were determined  
11 consistent with the methods reported to this Commission  
12 on the appropriate forms included in this report.

13 **Q Thank you.**

14 **And we can move right along. We are going to**  
15 **go now to F3.5-24635. This is another Excel. And, Mr.**  
16 **Schultz, if you could take us to tab 54E. It's the BOC,**  
17 **B-O-C. It's not the most beautiful Excel document ever**  
18 **produced.**

19 A That's up on the screen now.

20 **Q Is this showing the calculations for the 2025**  
21 **test year revenue requirement impact of the BOC?**

22 A I am just going to shrink it down a little  
23 bit, if I can.

24 **Q Do whatever you need to.**

25 MR. WAHLEN: While he is looking, are we about

1 done with the documents, or do we have a lot more  
2 to go? Do you know?

3 MR. LUEBKEMANN: I have five more.

4 MR. WAHLEN: Okay.

5 MR. LUEBKEMANN: I am trying to get through  
6 them as quickly as I can.

7 MR. WAHLEN: I was going to start calling him  
8 Mr. Cifuentes, but I won't if you only have five  
9 more. Thank you.

10 THE WITNESS: Yeah. To answer your question,  
11 I think what this does is it shows not only the  
12 amount that's in the test year, but then it shows  
13 '26, '27 and '28, so that there is a documentation  
14 of the incremental 13-month average amounts and the  
15 incremental depreciation that are in the years '26  
16 and '27 as well.

17 BY MR. LUEBKEMANN:

18 Q Okay. Thank you.

19 All right. Do you have a red folder that has  
20 been passed out to you?

21 A I have a red notebook.

22 Q Oh, I am sorry. No. That's OPC's. We have  
23 not passed these out yet. I apologize. We have got two  
24 exhibits that are going to come around now.

25 A I did not look in that notebook. Thank you.

1 Okay.

2 MR. LUEBKEMANN: Okay. And I am sorry,  
3 everyone. I meant to pass those out earlier.

4 BY MR. LUEBKEMANN:

5 Q So if we look first at 297C.

6 A Yes.

7 Q I am not going to ask you to read anything  
8 that's highlighted and confidential, but does this  
9 document show charges to FERC accounts 930.1 and 930.2?

10 A Yes, it does.

11 Q And what are FERC accounts 930.1 and 930.2  
12 under the Uniform System of Accounting?

13 A Those are administrative and general expenses  
14 for outside costs.

15 Q Okay. And if you could put this aside for a  
16 second, but not too far out of your site.

17 A Okay.

18 Q If we could also now turn to the second  
19 document, FLL-314C.

20 A Yes, I am there.

21 Q And again, not asking you to read any of the  
22 highlighted numbers here. Just trying to get an  
23 understanding.

24 Do -- should the invoices in this stack  
25 correspond to expenses that are listed in the first



1 **document that we looked at?**

2 A I am kind of acknowledging the fact that there  
3 is a lot --

4 **Q Yeah. If you want to take a --**

5 A It looks like -- yeah, it looks like there is  
6 about 100 in here.

7 **Q Yeah. I am not asking you for an exhaustive  
8 review. I am trying to understand if they should match  
9 up or if it's just there is some overlap.**

10 A Yeah. I think the way I would describe it is  
11 that if I look at each of these detailed invoices that  
12 you have given me this, this stack of invoices, it would  
13 not be unusual to find these invoices to be on the list  
14 of the charges over on this piece of paper. But, you  
15 know, I don't have the ability to sort of track them  
16 one-by-one.

17 **Q When you say it would not be unusual, should  
18 they appear? I am just trying to understand how these  
19 are meant to interface.**

20 A Sure. Sure.

21 The company is required by the Florida  
22 Administrative Code to adhere to the Code of Federal  
23 Regulations' Uniform System of Accounts. And so the 500  
24 accounts and the 900 accounts are where the company  
25 records our expenses so that we can comply with that

1 Florida Administrative Code, and comply with the Uniform  
2 System of Accounts.

3           What then happens is, is that through the  
4 decades, as the Commission makes decisions on what is  
5 and is not allowed as a jurisdictional expense, then you  
6 will see on the surveillance reports that we looked at  
7 just a few minutes ago, and then you will also see on  
8 the MFRs, that we make adjustments to remove expenses  
9 that the Commission says that expense should not be  
10 recovered through base rates.

11           And so the use of the 930 account is correct  
12 because we have to comply with the Uniform System of  
13 Accounts, but the inclusion in 930 doesn't mean that  
14 it's included in the expenses that we are asking for  
15 recovery for in the case. So for instance, if there was  
16 a lobbying expense, or civic club meals, you know, there  
17 is there's different expenses that, over the years, the  
18 Commission has said we are, you know, we are not going  
19 to have that recovered through, you know, through the  
20 customers' bills.

21           **Q     So then just as a quick example, I might see**  
22 **lobbying expenses in the stack from 314C, but I should**  
23 **not see them in the stack -- in the list that is 297C?**

24           A     No. The way I would describe it is, the  
25 invoices here, they will appear in this list. This list

1 will result in the system per books O&M that you see in  
2 the MFRs, but then the Commission adjustments, you will  
3 subtract those amounts for lobbying so that the  
4 jurisdictional adjusted expense for 930 would only be  
5 what's allowed to be recovered through base rates.

6 **Q Okay. Thank you. You can set these aside.**

7 **And if we could turn now to F3.6-25884A. Do**  
8 **you recognize this document?**

9 A Hang on. It's undissolving. FLL-309 is on  
10 the screen.

11 **Q Yes.**

12 A Yes.

13 **Q Okay. Is this a work paper for the**  
14 **development of MFR C-33?**

15 A Are we on page 25884A?

16 **Q Yes. This is page one of 648.**

17 A Yes. This is the PDF version of it, right?

18 **Q An elegant PDF of what is the work paper for**  
19 **the development of MFR C-33?**

20 A Yes.

21 **Q Okay. That's all I wanted to confirm on this**  
22 **one.**

23 **If I could have just a minute to check and**  
24 **make sure. That might be all I have.**

25 **We have asked a lot of you, Mr. Chronister. I**

1 think we can leave it there.

2 MR. LUEBKEMANN: Thank you all very much for  
3 your patience.

4 COMMISSIONER GRAHAM: Thank you.

5 FIPUG, Mr. Moyle.

6 EXAMINATION

7 BY MR. MOYLE:

8 Q I just have one quick question. That form  
9 that you read that you said you certified and it was --  
10 everything was good to go for the year, you referenced a  
11 state statute. What was that form? I thought it might  
12 be an SEC form, but referenced in a state statute didn't  
13 make sense to me.

14 A So the way the annual report goes, the  
15 Commission requires us to send them an annual report.  
16 And the terminology in Florida is that they -- the  
17 Commission wants us to send Form 1, which is a FERC  
18 form --

19 Q Right.

20 A -- but then once Form 1 is done, the  
21 Commission says, we also need you to send us the  
22 diversification pages. And so that Florida  
23 Administrative Code reference that you saw was to the  
24 requirement to add the diversification pages to Form 1  
25 before we send Form 1 in to the Commission.

1           **Q**     **So it is apples and oranges with respect to**  
2     **your filing requirements federally with the SEC, and**  
3     **things like that?**

4           A     Okay. The SEC is different. So the idea  
5     would be, we would send to the SEC our 10K, and on the  
6     quarter, the 10Q. So the financial statements in 10K  
7     and 10Q are sent to the Commission and sent to the SEC.

8                     Meanwhile, the FERC Form 1 gets sent to the  
9     FERC at a national level, but then the Commission says,  
10    hey, listen, when you have your FERC Form 1, send us  
11    that, but also attach the diversification pages to it.

12                    So there is a relationship between the 10K and  
13    the Form 1 --

14           **Q**     **Yeah.**

15           A     -- in that they both reflect, you know, the  
16    financial records of the company.

17           **Q**     **Okay. And just one follow-up, what are the**  
18    **diversification pages?**

19           A     The diversification pages are these  
20    preestablished templates that the Commission requires us  
21    to send in information about the charges that have been  
22    sent to affiliates, received from affiliates, the  
23    agreements we have with them, and details related to  
24    that.

25                    MR. MOYLE: Okay. That's all I have. Thank

1           you.

2           COMMISSIONER GRAHAM: Thank you.

3           FEA.

4           CAPTAIN GEORGE: No questions. Thank you.

5           COMMISSIONER GRAHAM: Retail Federation.

6           MR. WRIGHT: Thank you, Commissioner Graham.

7   EXAMINATION

8           BY MR. WRIGHT:

9           Q       Good evening, Mr. Chronister. It's always a  
10        **pleasure to see you.**

11          A       Good to see you too.

12          Q       Thank you. I have not very many questions for  
13        **you.**

14   **Just to confirm, you are Tampa Electric's**  
15        **Vice-President Finance?**

16          A       Yes.

17          Q       I have a couple of questions for you regarding  
18        **the relationship between ROE and revenue requirements**  
19        **per 100 basis points. You mentioned this briefly**  
20        **earlier, and I talked briefly about it with Mr. Collins**  
21        **on Tuesday morning.**

22   **The number I have for the ROE impact in the**  
23        **2025 test year for 100 basis points is about \$63**  
24        **million. Does that sound about right, or is it closer**  
25        **to the 60 that you mentioned earlier?**

1           A     It's in that 60 to 63 range.

2           **Q     Okay.**

3           A     The reason that it vacillates, and I wasn't  
4 giving an exact figure, is because during the course of  
5 the case, we will make decisions, like, for instance,  
6 when we agreed to go to 20 years for energy storage  
7 assets, then all of a sudden the accumulated  
8 depreciation changes. So I was trying not to lock into  
9 a specific number, but it's somewhere in that 60 to \$63  
10 million range.

11          **Q     Okay. Thank you.**

12                   **I would like to ask you for similar values in**  
13 **terms of revenue requirements per 100 basis points for**  
14 **the 2026 and 2027 subsequent years. Can you help me**  
15 **with those?**

16          A     Yes. The subsequent year adjustment amounts,  
17 the change amounts in the subsequent year adjustments  
18 won't be anything near those amounts that I gave because  
19 the subsequent year adjustments only relate to the  
20 13-month average of the specific assets that are in the  
21 SYA. And so when you go to change the ROE to a  
22 different number and it produces a different WAC,  
23 remember earlier when we were looking at Document 5 from  
24 Chronister No. 2, the Exhibit JC-2, that we applied the  
25 WAC just to the incremental plant in service amount.

1           So I think if there are changes in the ROE,  
2 those SYA amounts would go down a couple million  
3 dollars, maybe somewhere between 3 to \$5 million apiece.

4           **Q**     Thank you.

5           **A**     A colleague gave me estimates of about  
6 two-and-a-half million dollars per 100 basis points for  
7 2026, and about \$1.3 million per 100 basis points for  
8 2027. Are those numbers that I can use for illustrative  
9 purposes anyway?

10          **A**     Yes, subject to check. Yes, those --

11          **Q**     Thank you.

12                 The following is a predicate question,  
13 although it has been asked and answered in your direct  
14 testimony, but I do have a follow-up. At pages seven  
15 and eight -- you don't need to look.

16          **A**     Okay.

17          **Q**     You are going to recognize this. You testify  
18 that the company's rate base increased -- Tampa Electric  
19 Company's rate base increased by about \$2.2 billion  
20 between 2022 and 2024, correct?

21          **A**     Yes.

22          **Q**     Thanks.

23                 The follow-up question is this: Approximately  
24 what plant in service amounts would be associated with  
25 that same time period?



1           A     I don't have, you know, the schedules in front  
2 of me, but plant in service is absolutely the  
3 predominant dollar amount in rate base. It's net plant  
4 in service plus working capital equals rate base. So  
5 that -- of that 2.2 billion, the vast majority of it  
6 would be plant in service.

7           **Q     Thank you.**

8                   **Is it possible that plant in service -- total**  
9 **plant in service could be greater than the rate base**  
10 **increase over the two years?**

11          A     Yes, because what would happen is you would  
12 have -- your capital additions, when they went in  
13 service, would be added to plant in service, which is  
14 the gross account 101. But then we have roughly, as we  
15 looked at just a minute ago, \$400 million of  
16 depreciation each year. So what's going to happen is,  
17 over a three-year period, you would have a \$1.2 billion  
18 reduction in rate base just from having \$400 million of  
19 depreciation expense each year for three years. So,  
20 yes, the growth in plant in service is greater than the  
21 growth in rate base.

22          **Q     Thank you.**

23                   **I am just going to -- I just want to establish**  
24 **in the record a few values of Tampa Electric's plant in**  
25 **service, rate base and returns on equity that I simply**

1 want to accomplish by having four of your earnings  
2 surveillance reports introduced. If I could ask Mr.  
3 Schultz to take us to F7.1. These are amongst our cross  
4 exhibits.

5 The first one is Tampa Electric's earnings  
6 surveillance report for December 2022. And I am going  
7 to have three more after this, and I am simply going to  
8 ask you to confirm that these are the company's  
9 documents, and they show what they purport to show, and  
10 that they are true and correct to the best of your  
11 knowledge and belief, okay?

12 So if you can do that for -- what's now up on  
13 the screen is Tampa Electric's earning surveillance  
14 report for December 2022.

15 MR. WAHLEN: I think we would be prepared to  
16 stipulate to the admission of these four earning  
17 surveillance reports if we just knew what the  
18 exhibit numbers are without going through --

19 MR. WRIGHT: Sure. They are F -- they are CEL  
20 Exhibits 810, 811, 812 and 813 -- oh, sorry. Let  
21 me find out. Hang on. Yes, they are CEL 810, 811,  
22 812 and 813.

23 THE WITNESS: And they are all for earnings  
24 surveillance reports that the company submitted?

25

1 BY MR. WRIGHT:

2 Q Yes, sir.

3 A Yes. Then I would verify that. Yeah.

4 Q That's great. And I will thank my friend Mr.  
5 Wahlen for expediting this aspect of my  
6 cross-examination.

7 Finally, Mr. Chronister, I am going to ask you  
8 this question: Assuming that the Commission approves  
9 the inclusion of Tampa Electric's requested amounts of  
10 nece -- for necessary investments in its rate base, do  
11 you have any evidence that Tampa Electric would not be  
12 able to make those investments if the Commission were to  
13 set its rates on the basis of Tampa Electric's current  
14 10.2 percent ROE, and Tampa Electric's current requested  
15 54 percent equity ratio?

16 A I just want to make sure I understand to be  
17 able to give you the yes or no. Can you just say that  
18 one more time?

19 Q Certainly.

20 As a predicate, assume that the Commission  
21 approves whatever amount of rate base they approve, and  
22 assume that it approves, in rate base, assets that Tampa  
23 Electric needs to keep the lights on. So far so good?

24 A Yes.

25 Q My question is: Do you have any evidence that

1 Tampa Electric could not make those investments,  
2 assuming that they are needed and in rate base, if the  
3 Commission were to set Tampa Electric's rates using a 10  
4 point -- using your current 10.2 percent ROE, and using  
5 the company's current and requested 54 percent equity  
6 ratio?

7 MR. WAHLEN: I am going to object. It's a  
8 hypothetical question. It's impossible to answer.

9 MR. WRIGHT: It's not hypothetical. I --

10 MR. WAHLEN: He doesn't say how much rate base  
11 or anything. He is just asking Mr. Chronister to  
12 guess.

13 MR. WRIGHT: I am asking him is -- does he  
14 have any evidence that they could not make needed  
15 investments if y'all set the rates on the basis of  
16 a 10.2-percent ROE and a 54-percent equity ratio.

17 COMMISSIONER GRAHAM: I will go along with the  
18 objection. Let's move on to something else.

19 MR. WRIGHT: And, excuse me, the basis for  
20 sustaining the objection is that it's hypothetical?

21 COMMISSIONER GRAHAM: You are asking a  
22 hypothetical -- answer it.

23 MR. WRIGHT: That's usually fair game,  
24 Commissioner.

25 COMMISSIONER GRAHAM: I agree.

1 MR. WRIGHT: I am sorry, but you said you go  
2 along with the objection.

3 COMMISSIONER GRAHAM: I agree it's been fair  
4 game before, but let's move on to something else.

5 MR. WRIGHT: Well, that was really my last  
6 question, so --

7 COMMISSIONER GRAHAM: Thank you.

8 MR. WRIGHT: -- thank you.

9 COMMISSIONER GRAHAM: Okay. Walmart.

10 EXAMINATION

11 BY MS. EATON:

12 Q Good evening. I just have a few questions.

13 On page 46, lines six to 15 of your direct  
14 testimony, you discuss TECO's proposal to address storm  
15 cost recovery. And I am just kind of asking that in  
16 general. Do you recall that in your direct?

17 A What page?

18 Q Page 46, lines six to 15.

19 A Yes, I am there.

20 Q Sure. And on that page, I think you say:  
21 TECO proposes to collect via the method presented in  
22 Section 8 of the 2021 Settlement Agreement in TECO's  
23 2021 rate case. Do you see that?

24 A Yes, I do.

25 Q And are you generally familiar with Section 8

1 of the 2021 Settlement Agreement to explain what that  
2 method is?

3 A Yes.

4 Q Could you do that, please?

5 A Sure.

6 The Commission has storm cost recovery rules  
7 that are codified. And what is contained in the  
8 agreement is that Tampa Electric would adhere to the  
9 storm cost recovery rules.

10 And so fundamentally, what those rules do is  
11 they make sure that the amounts that we defer for  
12 collection through the surcharge don't include any  
13 expenses that are already being recovered in base rates.  
14 And so when I say the methodology here, I am referring  
15 to that piece.

16 And then the other piece that I am referring  
17 to is the idea that TECO still has to petition the  
18 Commission and present a petition to recover the amount  
19 of restoration costs that exist. And so that's the  
20 other methodology that I am saying we should continue,  
21 is that if there is a storm restoration cost, and there  
22 is a surcharge to appear on bills, that we come to the  
23 Commission and ask for that recovery.

24 Q Thank you for that explanation.

25 Are you familiar with TECO's most recent storm

1 **cost recovery docket, 20230019-EI?**

2 A Generally, yes.

3 **Q Okay. And would you agree that for its**  
4 **true-up, TECO agreed to refund any over-collected storm**  
5 **cost to customers the same way those costs were**  
6 **originally collected?**

7 A Yes. The way the mechanism works, there is a  
8 target reserve liability of \$56 million, and the  
9 surcharge is designed to take you back to the \$56  
10 million reserves. It's to restore the liability, you  
11 know, that was agreed on decades ago.

12 And to your point, when you establish that  
13 surcharge, the megawatt hours that you actually, you  
14 know, have appearing on customers' bills can be north or  
15 south of whatever you predicted. And so there is a  
16 true-up mechanism that says, we are not going to have  
17 you recover more just because you might make more  
18 megawatt hour sales.

19 So that piece that you either over- or  
20 under-recover, we flow that through the environmental  
21 clause so --

22 **Q Okay. So --**

23 A -- so that it can be cleaned up in that  
24 factor, and there doesn't have to be, like, another  
25 separate docket for the true-up.

1 Q Okay. So I want to just clarify a little bit  
2 more, because your testimony was not -- in your direct  
3 testimony, it wasn't super clear to me whether part of  
4 your proposal would be whatever method TECO used to  
5 collect the storm cost charges from customers, if it  
6 turns out that in its true-up it's over-collected that  
7 money, would its plan be to return or refund that money  
8 back to customers the same way it was collected?

9 A Absolutely.

10 Q And in what clause did you say that's run in?

11 A And I apologize. It's either the conservation  
12 clause, which is ECCR, or the environmental clause,  
13 which is ECRC.

14 Q Okay. And that was the second part of my  
15 question, was, did you -- do you recall that in Docket  
16 20230019-EI, which was, again, TECO's most recent storm  
17 cost recovery docket, with respect to a true-up for  
18 under-collected storm costs, TECO agreed that it would  
19 collect any remaining amounts owed from demand meter  
20 customers through demand charges via an adjustment to  
21 the energy conservation clause?

22 A So I understand your question, and I would  
23 refer you to Mr. Williams, because now we are getting  
24 into the -- kind of the rate design of the refund that  
25 goes through the clause, and I am unfamiliar with that



1 part.

2 Q Okay. I will ask him those questions. I just  
3 wanted to make sure, since your testimony referred to a  
4 method, if that's what you were referring to --

5 A Yeah. My --

6 Q -- how it's done.

7 A -- testimony does not refer to the rate design  
8 method.

9 Q Okay. Thank you. I will ask Mr. Williams.  
10 Thank you.

11 A Thank you.

12 MS. EATON: No more questions.

13 COMMISSIONER GRAHAM: Thank you.

14 Staff.

15 MR. SPARKS: Yes. Thank you, Commissioner.

16 EXAMINATION

17 BY MR. SPARKS:

18 Q Good evening, Mr. Chronister.

19 A Good evening.

20 Q I am just going to dive right in.

21 In your rebuttal testimony, on page 45, line  
22 20, you disagree with Witness Ostrander's proposed  
23 adjustment to corporate responsibility, is that correct?

24 A Yes.

25 Q Is corporate responsibility TECO's largest

1 **allocated component from budget shared services?**

2 A No. So let me be clear. In our accounting  
3 records, we have cost centers. So there is a cost  
4 center for IT, a cost center for the procurement  
5 department, the legal department, and so forth. And  
6 corporate responsibility is the cost center associated  
7 with the expenses that would be incurred for the company  
8 as a whole. And so that's where those charges would go  
9 as opposed to going to a specific business unit cost  
10 center.

11 Q Thank you.

12 Can you explain what is specifically included  
13 in the corporate responsibility expense category?

14 A Sure.

15 Corporate responsibility would include, for  
16 instance, insurance expense. I think in my testimony, I  
17 note the fact that insurance expense has gone up  
18 substantially over the last few years. In fact, just in  
19 a couple years' period, we have \$10 million more  
20 insurance expense. But insurance expense is a  
21 company-wide expense. It doesn't get booked to any  
22 particular business unit. And so that's an example of  
23 what would be in corporate responsibility.

24 In addition to that, other charges, you know,  
25 for various business activities and products and

1 services that we would procure that are not specific to  
2 a department.

3 **Q In your rebuttal testimony, on page 46,**  
4 **beginning on line 14, you claim using the 2025 test year**  
5 **is more indicative of employee headcount than the**  
6 **historical test year data. What is the impact of using**  
7 **the historical employee data versus the 2025 test year**  
8 **data?**

9 A Do you mind if I look at that page?

10 **Q Oh, no. Please.**

11 A Do you -- can you give me a line number?

12 **Q Page 46, line 14.**

13 A 14. Okay.

14 **Q I am just trying to move quickly, but we can**  
15 **always pause if you need --**

16 A Yeah, and I am sorry. I want to move fast.

17 **Q No. No. No.**

18 A I want to try to do it. I just want to make  
19 sure I don't misunderstand something.

20 **Q I appreciate it.**

21 A Yeah. So again, what -- the point that I am  
22 making here is that Mr. Ostrander looked at the 2020  
23 through 2025 data that the company presented on  
24 affiliate transactions. And there have been changes in,  
25 you know, affiliate relationships shared service amounts

1 and projects and activities being done for affiliates.

2 So the point I am trying to make here is that  
3 the 2025 condition in terms of procurement activities,  
4 or any other shared service activity, is more indicative  
5 of the affiliate relationship and the shared services  
6 that are going to be rendered during the time that the  
7 rates are in effect. And whatever the, you know,  
8 metrics were in the past aren't as relevant for the  
9 setting of the '25 budget.

10 **Q Are you referring to employee headcount as one**  
11 **of those factors that's not as relevant?**

12 A I am trying to -- on this particular page, I  
13 don't see a reference to employee headcount, but I would  
14 agree with the concept that, just like we are projecting  
15 costs, we are also projecting all of the allocation  
16 metrics, and headcount is included in there. So again,  
17 it would be appropriate to use the forecasted headcount  
18 for 2025 to do the forecasted allocation of shared  
19 service costs.

20 **Q Can you explain why employee headcount would**  
21 **not be an appropriate factor using the Modified**  
22 **Massachusetts Methodology -- when using the Modified**  
23 **Massachusetts Methodology?**

24 A Yes. It's worth noting that Mr. Ostrander did  
25 not point out that the company had made any errors, or

1 had violated any affiliate transaction rules. He just  
2 simply proposed a different way of allocating the costs.  
3 And so what he did was -- there is three pieces to the  
4 Modified Massachusetts Method, and I have been here for  
5 38 years. I mean, for the entire 38 years I have been  
6 here, we have used the same Modified Massachusetts  
7 Method to allocate costs, and the Commission, you know,  
8 has reviewed and approved that.

9           What Mr. Ostrander did was he took one of  
10 those three elements and pulled it and said, let's put  
11 headcount in there instead. And so from my perspective,  
12 I think it's more important for it to be consistent so  
13 that the Commission can look at the costs, and  
14 comparatively look at the costs over time and have an  
15 apples to apples set of numbers.

16           **Q     Thank you.**

17           **In your rebuttal testimony, on page 47,**  
18 **beginning on line 14, you mention that procurement costs**  
19 **have increased by 46 percent from 2020 to 2023. Can you**  
20 **explain the reasons for this increase?**

21           A     Sure.

22           So again, this was in response to, to Mr.  
23 Ostrander making the observation that when PGS became  
24 its own legal entity on -- in January of 2023, that  
25 Tampa Electric should have made some sort of headcount

1 reduction in the procurement department as a result,  
2 which I disagree with. And the reason I disagreed with  
3 it was that the volume of procurement responsibilities  
4 in the procurement department has grown substantially.

5 And so as there is more pieces of equipment  
6 bought, more products and services that we have to get  
7 for capital expenditures in O&M, what I was trying to  
8 note is that the -- and I was asked about this earlier  
9 -- that the procurement costs for Tampa Electric have  
10 gone from about 4.1 million to 5.4 million. And what I  
11 was trying to do was put in here the increased volume of  
12 procurement activity that's just going on at Tampa  
13 Electric Company.

14 **Q Continuing in your rebuttal testimony, on page**  
15 **50, beginning on line three, you reject Witness**  
16 **Ostrander's nine recommendations for Tampa Electric as a**  
17 **centralized service provider, and suggested that Items**  
18 **1, 2, 3, 4 and 6 would create an unnecessary burden.**  
19 **Can you explain, or describe that burden?**

20 **A Sure.**

21 The Commission has an affiliate transaction  
22 rule in the Florida Administrative Code --

23 MS. CHRISTENSEN: I am going to object to the  
24 extent that this is calling for him to go beyond  
25 the scope of his rebuttal testimony.

1           MR. SPARKS: Well, I believe he talks about it  
2 directly in his rebuttal testimony. I believe I  
3 cited where in his rebuttal testimony he describes  
4 it.

5           MS. CHRISTENSEN: You are asking him to go  
6 beyond it by asking him to add to his rebuttal  
7 testimony a further description of what he means by  
8 burden. And that's going beyond what he included  
9 in his rebuttal testimony, and essentially asking  
10 him to amend his rebuttal testimony.

11           COMMISSIONER GRAHAM: Are you just asking him  
12 to explain what you mean by burden?

13           MR. SPARKS: I was just asking him to explain  
14 what he meant by burden.

15           COMMISSIONER GRAHAM: I will allow the  
16 question.

17           THE WITNESS: Mr. Ostrander suggested that we  
18 actually create general ledger subaccounts to  
19 record the costs that we send to affiliates in the  
20 process of accumulating the cost in the first  
21 place. And the administrative burden of that would  
22 be associated with the accounting system changes  
23 that we would have to do, because, as I had  
24 mentioned before, what shared service groups do is  
25 they charge into their cost centers, and then the

1           dollars that are in their cost center get allocated  
2           to the affiliates based on metrics like headcount,  
3           or number of purchase orders processed, and that  
4           sort of thing.

5                   And so what Mr. Ostrander was suggesting was  
6           that we should change the accounting system and  
7           actually have subaccounts for the purpose of  
8           sending those allocations out. So those are the  
9           types of things that he suggested that would really  
10          cost more money and be more costly to our  
11          customers.

12   BY MR. SPARKS:

13           **Q     Thank you.**

14                   **I would like to change topics a little bit.**  
15   **You are familiar with the company's Inflation Reduction**  
16   **Act proposal, correct?**

17           A     Yes, I am.

18           **Q     And this proposal stated that electing the PTC**  
19   **provides an incremental benefit to cus -- let me**  
20   **correct. This proposal stated electing the PTC on a**  
21   **normalized basis provides an incremental benefit to**  
22   **customers as opposed to using the ITC at 30 percent, is**  
23   **that correct?**

24           A     That's correct. So we did a mathematical  
25   analysis where we took the plant in service amount for



1 each of the applicable assets and multiplied the ITC  
2 rate to it. That would produce a dollar figure. So for  
3 instance, if it was a \$100 million asset, and the ITC  
4 rate was 35 percent, it would produce ITC of 35 million.  
5 And then normalization asks you to take that 35 million  
6 and spread and flow it back to the customers over the  
7 life of the asset.

8 PTC, on the other hand, says that you will  
9 take the kilowatt hour generation of the solar units and  
10 multiply it by a PTC rate established by the IRS. They  
11 give that to you in the first 10 years.

12 So what we did is we partnered with, you know,  
13 the operational folks to get a projection of what each  
14 of the 10 years' worth of solar generation would be,  
15 multiplied it by the PTC rate, and determined that that  
16 dollar amount of PTC credits to reduce income tax  
17 expense was significantly larger than the ITC amount.

18 **Q And when I mentioned electing the PTC on a**  
19 **normalized basis, does that mean amortizing the PTCs**  
20 **over 10 years?**

21 A No. I can explain that.

22 The 2021 Settlement Agreement said that -- the  
23 income tax provision said any new tax credits needed to  
24 be reflected in base rates on a normalized basis.

25 Before the IRA came along, the tax credits that were

1 subject to normalization were ITC. And so the  
2 traditional treatment, and the Commission-approved and  
3 IRS-approved treatment for investment tax credits, was  
4 to spread them over the life of the asset.

5 When PTC came along, and it's a flow-through  
6 item that reduces your income taxes each year that you  
7 generate the solar power, the problem with normalization  
8 there is that we would have taken the PTC that was  
9 earned over this first 10 years of the asset and would  
10 have spread it over 35 years. And the company felt like  
11 that doesn't make sense. That's going to really shrink  
12 the annual benefit of PTC that occurred in that  
13 three-year period.

14 So what we proposed was, well, then let's just  
15 put it on the balance sheet, and then we will allow the  
16 Commission to decide how long you want us to give that  
17 PTC benefit back. So we -- and Ms. Strickland referred  
18 to this. We did calculate the ITC that was embedded in  
19 the revenue requirements in the '21 rate case, and then  
20 we took the PTC over the life of the assets, and they  
21 were within \$300,000 of each other, and so we spoke with  
22 OPC.

23 And that's why we filed the GBRA letter the  
24 way we did, is that that incremental amount was  
25 insignificant, but the important part is that during

1 that three-year period, we generated PTCs that were  
2 worth a revenue requirement equivalent of \$55 million.  
3 We have since revised that to 58 million.

4 The company was committed to making sure that  
5 \$58 million went back to customers. So in our petition  
6 here, we have simply come to the Commission and said, we  
7 think that 58 million should go back to the customers  
8 over a 10-year period because PTC gets earned in the  
9 first 10 years of the asset, but reasonable people can  
10 have different opinions on the period of time to flow  
11 back that PTC amount.

12 **Q Thank you.**

13 **On page 23, line 17 of your rebuttal**  
14 **testimony, you state that using a three-year**  
15 **amortization period would be beneficial to customers for**  
16 **three years, but would create an abnormal expense**  
17 **reduction and enhance the potential need for rate relief**  
18 **at the end of the amortization period; is that correct?**

19 **A** Yes. And when I use that term, you know, like  
20 an unusual revenue impact, for decades, the Commission  
21 has supported the concept that while an asset was in  
22 service, customers should enjoy the tax credit benefit  
23 of that particular asset.

24 And so since the settlement agreement said any  
25 of these -- any new credits that come out during this

1 three-year period, you need to flow them back to  
2 customers on a normalized basis. I think the motivation  
3 for that was, don't deviate from what the Commission has  
4 instructed you to do for decades. If a tax credit comes  
5 out, you need to flow it back to customers on a  
6 normalized basis. But what was unusual was the IRS came  
7 out with tax credits that were flow-through. And so at  
8 that point, we said, well, then during the settlement  
9 period, whatever PTCs we generate, we will just hang  
10 them up on the balance sheet and let the Commission  
11 decide how to flow them back.

12 I think if it's flowing back in three years,  
13 it's going to create a bit of a cliff, because you are  
14 going to take that \$58 million and it will be done in  
15 three years. That's why we propose 10 years so that we  
16 can kind of extend out the period of time before the  
17 company comes in for the next case.

18 **Q Is the company able to earn a return on any of**  
19 **these deferred tax credits?**

20 **A** No. It actually works the opposite way. So  
21 what we did is we created a regulatory liability because  
22 -- because the PTC is flow-through, you would normally  
23 just flow it right through and reduce tax expense. But  
24 because we wanted to save that for customers, then you  
25 end up saying, well, I am not going to flow it through

1 right now. I am going to hang it up on the balance  
2 sheet.

3 That credit amount, that liability you hang up  
4 on the balance sheet is a reduction of rate base. So  
5 what ends up happening is, is when you multiply WAC  
6 times rate base, you are multiplying it to a smaller  
7 rate base because it has a \$55 million credit balance in  
8 rate base.

9 **Q Would you agree that amortizing the benefit**  
10 **over three years as opposed to 10 years is not going to**  
11 **cause you to underearn in those three years?**

12 A No, I don't agree with that. The whole  
13 concept of over- or underearning in the next three years  
14 is a function of every single part of our financial  
15 condition. And, you know, I believe in the surveillance  
16 report methodology, and I believe in it giving the  
17 Commission the ability to look at what's happening. I  
18 mean, similar to when I mentioned earlier, that our test  
19 year pension expense is 1.2 million, that's what we put  
20 in our MFRs, even though two years from now that pension  
21 expense is going to be 11.5 million.

22 So there is a lot of things that can change.  
23 And so that -- I am not really of the opinion that we  
24 would necessarily overearn, or that our earnings  
25 position would be changed by one item.

1 Q Thank you.

2 I would like to turn to master page J37, and I  
3 would like to zoom in on line 30.

4 A Do you know which page it's going to be on?

5 Q Oh, I am sorry. It should be coming up on  
6 your screen.

7 A So is it page 14 of 187?

8 Q I believe it's page three of nine on Schedule  
9 B-3.

10 A Okay. And --

11 Q And line 30 shows --

12 A Yeah, I think page -- the page three of nine  
13 was the MFR page number.

14 Q Right. Yeah.

15 A Got it. I am with you.

16 Q And line 30 shows Account 254, Regulatory  
17 Liabilities, correct?

18 A Line 30?

19 Q I think it's labeled line 30.

20 A That is specifically regulatory liabilities  
21 that are not associated with FAS 109. Right below that  
22 is the regulatory liabilities for FAS 109.

23 Q Can you describe what regulatory liabilities  
24 are recorded in this account?

25 A Sure. Account 254, the concept is that a

1 credit transaction would hit your income statement, but  
2 if, for regulatory reasons, that does not flow to your  
3 income statement, but rather, gets put on your balance  
4 sheet, then instead of recording that credit on your  
5 income statement, you record a credit in account 254.

6 And so in the case of PTCs, it would have been  
7 a credit on the income statement because it would have  
8 been this huge reduction of tax expense for the company,  
9 but since we chose to defer that to give it back to the  
10 customers, then we place that credit into 254 as a  
11 regulatory liability.

12 All of the 254 regulatory liabilities are  
13 credits that would have gone to the income statement but  
14 have been deferred on the balance sheet for reg --  
15 because of regulatory instructions.

16 **Q All right. Thank you. I think you just**  
17 **anticipated a few questions there.**

18 **Would you agree that pursuant to the Inflation**  
19 **Reduction Act, the solar production tax credits are not**  
20 **subject to Internal Revenue Service normalization**  
21 **requirements?**

22 **A Correct.**

23 **MR. SPARKS:** Can I have a few minutes to see  
24 if I can eliminate a few more questions, please?

25 **COMMISSIONER GRAHAM:** Sure.

1 MR. SPARKS: Thank you.

2 Thank you very much. I think that was  
3 fruitful. I will continue if --

4 COMMISSIONER GRAHAM: Sure.

5 BY MR. SPARKS:

6 Q Mr. Chronister, as we have discussed, TECO has  
7 deferred the impact of the incremental PTC savings to a  
8 regulatory liability. What, if any, impact did this  
9 accounting treatment have on the company's achieved  
10 return on equity?

11 A I'm sorry. Mathematically, what it would do  
12 is if you had the same NOI, and then this regulatory  
13 liability for the deferred PTC benefit was in your rate  
14 base, it would lower your rate base, and then,  
15 therefore, you would end up with a couple basis points  
16 more of ROE earned in that particular month. So the  
17 surveillance report ROEs during this time period for  
18 Tampa Electric would have been slightly elevated versus  
19 not having that liability in rate base.

20 Q And what, if any, impact did this have on  
21 TECO's general base rates and charges?

22 A It did not have any impact on our base rates  
23 and charges. And again, that was because of our  
24 conscious effort to save those benefits for our  
25 customers. That was the whole dilemma of having the



1 word "normalization" in the settlement agreement because  
2 the IRS came out with something that wasn't normalized.  
3 And so the question was, what do you do with it? And so  
4 the company said, we want to give 100 percent of it back  
5 to the customers, and so we put it in rate base so that  
6 the Commission could decide on that in our next  
7 proceeding.

8 **Q Is it the company's position that the**  
9 **reduction in rate base satisfies the terms of the 2021**  
10 **settlement agreement regarding changes in tax law?**

11 A Can you say that one more time?

12 **Q Is it the company's position that the**  
13 **reduction in rate base satisfies the terms of the 2021**  
14 **settlement agreement in regards to changes in tax law?**

15 A Yes, because by asking for us to flow the --  
16 any new tax -- the language of the settlement says any  
17 new tax credit, it's got to be reflected in base rates  
18 on a normalized basis. When we calculated what that  
19 would be over the life of the asset, it was  
20 fundamentally equal to the ITC benefit that was already  
21 embedded in base rates in the agreement. And so once  
22 you establish a regulatory liability for an item that's  
23 deferred for the Commission to decide on in the future,  
24 then that regulatory liability has to be included in  
25 rate base.

1           And earlier, there was discussion of a  
2 carrying charge. And the reason I don't agree with the  
3 carrying charge concept is that it would actually be  
4 worse off for customers, because we took the entire \$55  
5 million and put it in a regulated liability.

6           In our clauses, when we have a deferred  
7 balance for clauses and there is a carrying charge,  
8 that's actually pulled out and it's in the system per  
9 books number but it's not in the jurisdictional amount.  
10 And so if we did a carrying charge, then you wouldn't  
11 get the revenue requirement reduction from that  
12 liability being in jurisdictional rate base because it  
13 would be removed.

14           In addition to that, by leaving the liability  
15 in, then you are applying the entire weighted average  
16 cost of capital; whereas, Mr. Collin would have only  
17 calculated a carrying charge using a debt cost. So  
18 again, I don't think his proposal for a carrying charge  
19 is as good for customers as what Tampa Electric did.

20           **Q     Would you agree that the production tax**  
21 **credits earned by TECO are intended to be flowed through**  
22 **to the customers in the year that they are earned?**

23           A     The IRS established PTC credits as a  
24 flow-through credit.

25           **Q     Since the PTCs earned by TECO are flowed**

1 through to the customers in the same year they are  
2 earned, you would agree that they are not amortized over  
3 the life of the asset?

4 A Correct. The PTCs began in 2022. That's when  
5 the IRA came out. Starting in the year 2025, we are  
6 reflecting in our test year flow-through of all the  
7 PTCs.

8 So there is \$35 million of PTC income tax  
9 reduction in the test year '25. In addition to that,  
10 there is also a reduction for \$5.8 million for the  
11 amortization of the PTC we hung up on the balance sheet.  
12 So it's up and over \$40 million of expense reduction;  
13 which, on a revenue requirement basis, would be close to  
14 \$60 million of revenue requirement reduction for  
15 customers.

16 Q And production tax credits are based solely on  
17 the amount of solar energy produced and not on the life  
18 of the solar assets, correct?

19 A Correct.

20 Q And you would agree that the production tax  
21 credit is a reduction to federal income tax expense in  
22 the year that the solar energy is generated?

23 A That's correct.

24 Q Does TECO's parent company plan to claim the  
25 production tax credits on its federal income tax returns

1 **for any of the upcoming years?**

2 A The -- you used the term parent company. As  
3 Witness Strickland testified to earlier, Emera US  
4 Holdings is the taxpayer, and the -- yes, the company  
5 plans to have those production tax credits lower the tax  
6 burden in 2025 and forward, and that's why it's  
7 reflected as lower tax expense in our test year.

8 **Q Would you agree that slightly increased**  
9 **earnings for the company are the same as a reduction in**  
10 **rates?**

11 A Can you repeat that? I am not sure if I  
12 understand how that was posed.

13 **Q I will repeat.**

14 **Would you agree that an increase in earnings**  
15 **is the same as a reduction in rates for the company?**

16 A No -- I can't say yes or no because I don't  
17 understand the question. I have never kind of tied  
18 those two things together.

19 MR. SPARKS: Can I just get one minute to make  
20 sure I understand? This is maybe my last question  
21 as well.

22 COMMISSIONER GRAHAM: Okay.

23 MR. SPARKS: Thank you.

24 Thank you very much. No more questions.

25 COMMISSIONER GRAHAM: Okay. Commissioners?

1 Tampa, redirect.

2 FURTHER EXAMINATION

3 BY MR. WAHLEN:

4 Q Okay. Mr. Chronister, would you agree,  
5 subject to check that it's almost seven o'clock and that  
6 I am hungry?

7 A Yes.

8 Q And I want to go home?

9 A That is correct.

10 Q And we are going to get through this with  
11 dispatch, correct?

12 A Yes. Yes, we will.

13 Q Okay. Thank you. I don't want to get hangry.

14 A Is that leading the witness?

15 Q Yes.

16 Ms. Christensen asked you about the subsequent  
17 year adjustments, and did the company have a legal  
18 obligation to spend the money as proposed. Do you  
19 remember that?

20 A Yes, I do.

21 Q And you said, no, no legal obligation, but an  
22 obligation?

23 A Yes.

24 Q If the company doesn't execute the SYAs as  
25 proposed, do you anticipate that there would be a future

1 regulatory proceeding before the Public Service  
2 Commission where the company would have to answer for  
3 that?

4 A Yes, the company would be held accountable for  
5 that.

6 Q Okay. Thank you.

7 Ms. Christensen asked you about capital cost  
8 recovery rate base in '21 to '24.

9 A Yes.

10 Q Was the -- were the GBRAs, the '23 and '24  
11 GBRAs, designed to recover the costs associated with  
12 ordinary capital investments in '21, '22, '23, '24?

13 A No. The GBRAs only covered specific assets.  
14 The revenue for the 2022 test year and the GBRA revenue  
15 in '23 and '24 was not intended to cover capital  
16 expenditures for projects outside of the GBRA.

17 Q Okay. Thank you.

18 I think it was Mr. -- the lawyer for LULAC,  
19 Mr. Jordan, asked you about the outage expenses '21  
20 through '25. Do you remember all that?

21 A Yes.

22 Q Three times, and two times, and all that. '21  
23 was the base year in the comparison, do you remember  
24 that?

25 A Yes.

1 Q Okay. Were Big Bend CT 5, Big Bend CT 6 and  
2 the new Steam Turbine No. 1 at Big Bend included in the  
3 '21 base year?

4 A No, they were not.

5 Q So are expenses for maintaining those  
6 facilities included in '25?

7 A Yes. So those units weren't in service in  
8 '21, but they are in service in '25.

9 Q So would that be an apples to apples  
10 comparison or not?

11 A No. '25 should be a bigger number because  
12 there is more generating units to operate and maintain.

13 Q Okay. You were asked about the storm cost  
14 recovery proposal for the company. Does the company's  
15 proposal also include the idea that it could file a  
16 petition and begin recovering a surcharge on an interim  
17 basis, subject to refund, before a final hearing on the  
18 costs?

19 A Yes.

20 Q Okay. One last question.

21 Would you please look at OPC No. 238? And  
22 that's the Nova Scotia Power Cost Allocation Manual.  
23 You have it there.

24 A Oh, yes. Yes.

25 Q And you were asked about whether the manual

1 mentioned Tampa Electric Company?

2 A Yes, I remember that.

3 Q Would you look at page eight and nine of that  
4 document?

5 A Yes.

6 Q And page eight begins a listing of all of the  
7 affiliates contemplated in this cost allocation manual?

8 A Yes, it does.

9 Q And would you look on the next page and tell  
10 me whether Tampa Electric is listed?

11 A Yes. On page nine, Tampa Electric Company is  
12 listed. And on page eight, Emera, Incorporated, is  
13 listed.

14 MR. WAHLEN: I believe those are my questions.

15 Thank you.

16 COMMISSIONER GRAHAM: Okay. Exhibits?

17 MR. WAHLEN: Tampa Electric moves Exhibits 31,  
18 32 and 151.

19 COMMISSIONER GRAHAM: Any objections?

20 Seeing none, we will enter those.

21 (Whereupon, Exhibit Nos. 31, 32 & 151 were  
22 received into evidence.)

23 COMMISSIONER GRAHAM: OPC.

24 MS. CHRISTENSEN: OPC would move OPC-121,  
25 which is hearing Exhibit 346; OPC-146, which is



1 hearing Exhibit 371; OPC-150, which is hearing  
2 Exhibit 375; OPC-169, which is, I believe, 394 --  
3 okay. And we have the two exhibits that we passed  
4 out that I don't believe we got hearing exhibit  
5 numbers for. Late-Filed 1, if we could get a  
6 hearing exhibit number for that.

7 MS. HELTON: Yes, we never did. That would be  
8 843.

9 (Whereupon, Exhibit No. 843 was marked for  
10 identification.)

11 MS. CHRISTENSEN: And then the Nova Scotia  
12 CAM?

13 MS. HELTON: Would be 844.

14 (Whereupon, Exhibit No. 843 was marked for  
15 identification.)

16 MS. CHRISTENSEN: And we would ask to move in  
17 843 and 844 as well.

18 COMMISSIONER GRAHAM: Any objections to all of  
19 those?

20 MR. WAHLEN: No objections.

21 COMMISSIONER GRAHAM: Okay. We will enter  
22 those.

23 (Whereupon, Exhibit Nos. 346, 371, 375, 394,  
24 843 & 844 were received into evidence.)

25 COMMISSIONER GRAHAM: Mr. Jordan.

1 MR. LUEBKEMANN: Thank you, Commissioner. We  
2 have got just a couple here.

3 We would like to move in 487 -- these are the  
4 Comprehensive Exhibit List numbers. So LULAC and  
5 Florida Rising would move in 487, 494, 496, 564,  
6 567, 571, 572, 578, 579, 655, 661, 662, 701, 702,  
7 704, 705, 713, 714, 716, 732, 757, 774. And that  
8 will do it.

9 COMMISSIONER GRAHAM: Any objections?

10 MR. WAHLEN: No objections.

11 MR. LUEBKEMANN: Thank you, Mr. Jeff.

12 COMMISSIONER GRAHAM: We will enter all those  
13 into the record as well.

14 (Whereupon, Exhibit Nos. 487, 494, 496, 564,  
15 567, 571, 572, 578, 579, 655, 661, 662, 701, 702, 704,  
16 705, 713, 714, 716, 732, 757 & 774 were received into  
17 evidence.)

18 MR. WRIGHT: Commissioner Graham, the Retail  
19 Federation moves 810 -- CEL Exhibit Nos. 810, 811,  
20 812 and 813.

21 COMMISSIONER GRAHAM: And I already heard  
22 there is no objections to those, so we --

23 MR. WAHLEN: No objection.

24 COMMISSIONER GRAHAM: -- will enter those into  
25 the record as well.

1 MR. WRIGHT: Thank you.

2 (Whereupon, Exhibits Nos. 810, 811, 812 & 813  
3 received into evidence.)

4 COMMISSIONER GRAHAM: Is that all the  
5 exhibits?

6 MS. HELTON: Yes, sir. I think so.

7 COMMISSIONER GRAHAM: All right. The witness  
8 is excused.

9 (Witness excused.)

10 COMMISSIONER GRAHAM: Everybody, I heard quite  
11 a bit of rain since we have been sitting here, so I  
12 am sure the roads are kind of slick. So wherever  
13 you are laying your head tonight, either at home or  
14 a hotel, travel safe.

15 CAPTAIN GEORGE: Commissioner Graham, before  
16 we close --

17 COMMISSIONER GRAHAM: Who? Where?

18 CAPTAIN GEORGE: It's me, FEA.

19 COMMISSIONER GRAHAM: Okay.

20 CAPTAIN GEORGE: I would like to kindly and  
21 respectfully request that FEA be excused from  
22 appearing tomorrow. We do not have any, and waive  
23 cross for Mr. Williams tomorrow. So we would like  
24 to request to be excused for the remainder of the  
25 hearing but remain a party in the rest of the

1 proceedings.

2 COMMISSIONER GRAHAM: Don't you understand  
3 collective pain? The rest of us have to be here.

4 CAPTAIN GEORGE: I do, but --

5 COMMISSIONER GRAHAM: I don't have a problem  
6 with that. We can excuse you from the rest of the  
7 hearing.

8 CAPTAIN GEORGE: Thank you.

9 COMMISSIONER GRAHAM: As I was saying,  
10 everybody travel safe. The Chairman says we are  
11 going to start tomorrow at 9:00 a.m. So I look  
12 forward to seeing you all here tomorrow at 9:00  
13 a.m.

14 We are adjourned for the day.

15 (Transcript continues in sequence in Volume  
16 17.)

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## CERTIFICATE OF REPORTER


STATE OF FLORIDA     )  
COUNTY OF LEON     )

I, DEBRA KRICK, Court Reporter, do hereby  
certify that the foregoing proceeding was heard at the  
time and place herein stated.

IT IS FURTHER CERTIFIED that I  
stenographically reported the said videotaped  
proceedings; that the same has been transcribed under my  
direct supervision; and that this transcript constitutes  
a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,  
employee, attorney or counsel of any of the parties, nor  
am I a relative or employee of any of the parties'  
attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED this 8th day of October, 2024.

  
DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH575054  
EXPIRES AUGUST 13, 2028.