BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

Petition for rate increase by Tampa Electric Company.
DOCKET NO. 20240026-EI

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

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

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|---|---|
| PROCEEDINGS: | HEARING |
| COMMISSIONERS PARTICIPATING: | CHAIRMAN MIKE LA ROSA<br>COMMISSIONER ART GRAHAM<br>COMMISSIONER GARY F. CLARK<br>COMMISSIONER ANDREW GILES FAY<br>COMMISSIONER GABRIELLA PASSIDOMO |
| DATE: | Friday, August 30, 2024 |
| TIME: | Commenced: 9:00 a.m.<br>Concluded: 11:57 a.m. |
| PLACE: | Betty Easley Conference Center<br>Room 148<br>4075 Esplanade Way<br>Tallahassee, Florida |
| TRANSCRIBED BY: | DEBRA R. KRICK<br>Court Reporter and<br>Notary Public in and for<br>the State of Florida at Large |
| APPEARANCES: | (As heretofore noted.) |

I N D E X

EXHIBITS

| NUMBER: | | ID | ADMITTED |
|---|---|---|---|
| 34 | As identified in the CEL | | 3814 |
| 152 | As identified in the CEL | | 3814 |
| 546-548 | As identified in the CEL | | 3815 |
| 550 | As identified in the CEL | | 3815 |
| 654 | As identified in the CEL | | 3815 |
| 673-675 | As identified in the CEL | | 3815 |
| 688-692 | As identified in the CEL | | 3815 |
| 694-695 | As identified in the CEL | | 3815 |
| 743 | As identified in the CEL | | 3815 |
| 3-15 | As identified in the CEL | | 3816 |
| 243 | As identified in the CEL | | 3823 |

P R O C E E D I N G S

(Transcript follows in sequence from Volume 16.)

CHAIRMAN LA ROSA: Good morning. All right. Today is Friday, August 30th. Hopefully, potentially our last day of hearing on this case.

Before we get started, I just want to thank everybody. I know it's been a long week. We started the week by me saying, hey, I would love for this to be a one-week hearing. It looks like we are going to get to that possibility today.

I know that we walk in this room and maybe we don't all have the same thoughts and beliefs, and maybe have some disagreements, but I think we have all handled ourselves very well. There has certainly been some contentious issues, but I appreciate everyone's professionalism in getting us to this point. So I am excited. It's been an honor to work with you guys this week, and let's just keep on continuing the good work as we move through this day. So thank you all for being here.

Hopefully the extra hour today was helpful. I noticed a little bit more of a buzz around the eight o'clock hour, right? So it's nice to be here at 9:00. Absolutely. Well, I certainly appreciate

it. I thought that was a good decision when I got rolling this morning.

So let's jump back in. We have one witness remaining for TECO, and so I will start today by tossing it over to them to introduce their next witness.

MR. MEANS: Thank you, Mr. Chairman. Tampa Electric calls Jordan Williams.

CHAIRMAN LA ROSA: Mr. Williams, before you have a seat, just remain standing and we will administer the oath. You brought lots of documents with you today.

THE WITNESS: I do a lot of work.

CHAIRMAN LA ROSA: Yes, sir.

Please raise your right hand when you are ready.

Whereupon,

JORDAN WILLIAMS

was called as a witness, having been first duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

THE WITNESS: I do.

CHAIRMAN LA ROSA: Excellent. Thank you.

TECO, it's back in your hands once you are all ready.

EXAMINATION

BY MR. MEANS:

**Q Good morning, Mr. Williams.**

A Good morning.

**Q Can you please state your full name for the record?**

A Jordan Michael Williams.

**Q And you were just sworn in, correct?**

A I was.

**Q Who is your current employer and what is your business address?**

A Tampa Electric Company, 702 North Franklin Street, Tampa, Florida 33602.

**Q Did you prepare and cause to be filed in this docket, on April 2nd, 2024, prepared direct testimony consisting of 49 pages?**

A Yes, I did.

**Q Did you prepare and cause to be filed in this docket, on July 2nd, 2024, prepared rebuttal testimony consisting of 22 pages?**

A Yes, I did.

**Q And did you prepare and cause to be filed Exhibit No. TEC-13, Supplemental MFRs for the 2026 and 2027 Subsequent Year Adjustment Rate Design on May 23rd, 2024?**

A Yes, I did.

**Q Do you have any additions or corrections to your prepared direct or rebuttal testimony?**

A No, I do not.

**Q If I were to ask you the questions contained in your prepared direct and rebuttal testimony today, would your answers be the same?**

A Yes, they would.

MR. MEANS: Mr. Chairman, Tampa Electric requests that the prepared direct and rebuttal testimony of Mr. Williams be inserted into the record as though read.

CHAIRMAN LA ROSA: Okay.

(Whereupon, prefiled direct testimony of Jordan Williams was inserted.)

TAMPA ELECTRIC COMPANY
DOCKET NO. 20240026-EI
FILED: 04/02/2024


**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**PREPARED DIRECT TESTIMONY**

**OF**

**JORDAN WILLIAMS**

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

**A.** My name is Jordan Williams. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or the "company") in the Regulatory Affairs Department as Director Pricing & Financial Analysis.

**Q.** Please describe your duties and responsibilities in that position.

**A.** My present responsibilities include regulatory oversight of Tampa Electric's Cost-of-Service Study ("COSS"), retail base rate design, tariff administration, Federal Open Access Tariff formula rate updates, state and federal policy and compliance; regulatory filings and representation at the Florida Public Service Commission ("FPSC" or "Commission") and the Federal Energy Regulatory Commission ("FERC") regarding rates; service programs; and compliance-related matters.

**Q.** Please provide a brief outline of your educational background and business experience.

**A.** In 2011, I received a Bachelor of Arts in Economics and a Bachelor of Science in Business Administration from Florida Southern College. In 2014, I received a Master of Arts in Economics from the University of South Florida.

I joined Tampa Electric in 2011 as an Energy Accounting and Billing Analyst. In 2014, I joined Tampa Electric's Regulatory Affairs Department as a Forecast Analyst. In 2020, I transitioned to another Emera Inc. affiliate named Peoples Gas System Inc., formerly Peoples Gas System, as Manager, Regulatory Rates. In 2022, I rejoined Tampa Electric's Regulatory Affairs Department as Senior Manager, Pricing & Financial Analysis. In 2023, I was promoted to my current role as Director, Pricing and Financial Analysis. Each of the roles that I have held has been tied directly to COSS or rates.

**OVERVIEW**

**Q.** What are the purposes of your prepared direct testimony in this proceeding?

**A.** The first purpose of my direct testimony is to present and

explain Tampa Electric's filed COSS and proposed base rates and service charges that will produce the company's jurisdictional revenue requirement increase of $296.611 million. I also explain Tampa Electric's proposed miscellaneous tariff changes and a proposed new program offering.

**Q.** Did you prepare any exhibits in support of your prepared direct testimony?

**A.** Yes. Exhibit No. JW-1 was prepared under my direction and supervision. My exhibit consists of:

| | |
|---|---|
| Document No. 1 | List of Minimum Filing Requirements Schedules Sponsored or Co-Sponsored By Jordan Williams |

**Q.** Are Tampa Electric's Jurisdictional Separation Study and COSS provided as part of the company's Minimum Filing Requirement ("MFR") Schedules?

**A.** Yes. I have provided both studies in MFR Schedule E. Due to their size, the Jurisdictional Separation Study and COSS were provided as separate volumes under MFR Schedule E, respectively as Volume I and Volume II. Volume II contains

Tampa Electric's COSS under present and proposed rates, fully implementing the Minimum Distribution System ("MDS") cost classification methodology and the Four Coincident Peak ("4 CP") cost allocation methodology. Volume III contains the FPSC required COSS using a Twelve Coincident Peak and One-Thirteenth Average Demand ("12 CP and 1/13th AD") cost allocation methodology and excludes the implementation of MDS. The COSS for Lighting is provided in Volume IV.

**Q.** What are the primary goals reflected in Tampa Electric's proposed COSS?

**A.** The primary goals of Tampa Electric's proposed COSS were to implement agreed upon changes to the COSS model and to fairly allocate costs. Paragraph 6d of the 2021 Stipulation and Settlement Agreement ("2021 Agreement"), approved by the FPSC in Order No. PSC-2021-0423-S-EI, requires Tampa Electric to make three changes to its proposed COSS Model for this base rate proceeding. These are:

(1) For retail-related costs, implement a full MDS cost classification methodology.

(2) For retail-related costs, implement a 4 CP cost allocation methodology.

(3) Substantially and materially improve the position of all above-parity customer classes toward parity, such that costs

are allocated and revenue is collected consistent with 4 CP and full MDS methods.

The proposed Cost-of-Service Study meets each of the requirements and fairly allocates costs.

**JURISDICTIONAL SEPARATION STUDY**

**Q.** What is a Jurisdictional Separation Study?

**A.** A Jurisdictional Separation Study allocates costs between Tampa Electric's wholesale and retail customers or jurisdictions. While all costs are allocated, the allocation of joint costs is the focal point of the study. Joint or common costs are costs that are incurred to serve multiple customers at the same time. An example of a common cost is a generating plant that provides power to the aggregate load requirements of all customers served by the company's power system. The joint costs of the generating plant are recorded in the company's books and records in total, and the Jurisdictional Separation Study allocates the joint costs between retail and wholesale customers. Only the costs associated with retail customers are applicable in this proceeding.

The Jurisdictional Separation Study allocates revenue, rate

base, and operating expense items, whether jointly or specifically assigned to a single jurisdiction, to derive the company's retail jurisdiction cost of service for the test period. Costs are first functionalized, then classified, and finally allocated between wholesale and retail jurisdictions. These allocations utilize electric loads and other factors that best represent each jurisdiction's cost responsibility to achieve this purpose. A detailed description of how costs are functionalized, classified, and allocated is provided below. The overall methodology is the same in both the Jurisdictional Separation Study and the Retail COSS, which I will discuss later.

**Q.** Why is it necessary to prepare a Jurisdictional Separation Study for Tampa Electric?

**A.** Since early 1991, the company has provided wholesale power sales and transmission service to some wholesale power purchasers in Florida at rates that are under the jurisdiction of the FERC. Although the company operates in two regulatory jurisdictions, its investments, revenue, and expenses are maintained on a total company basis in accordance with the Uniform System of Accounts prescribed by the FERC and the FPSC. The Jurisdictional Separation Study is designed to assign or allocate total system costs to each jurisdiction

for reporting purposes.

**Q.** Is the Jurisdictional Separation Study provided in this proceeding consistent with Tampa Electric's previous Commission filings and industry practice?

**A.** Yes. The company provided a Jurisdictional Separation Study in its last base rate proceeding, in Docket 20210034-EI, that led to an approved methodology by the FPSC. The approved methodology has been used to produce separation factors for Tampa Electric's annual projected surveillance reports and is used in MFRs for this proceeding.

**Q.** What were the major steps followed in performing the Jurisdictional Separation Study?

**A.** There are several steps. First, the company's accounting cost information provided by FERC account, shown in the MFR Schedules B, C, and D, is adjusted for the 2025 test period. The accounts are then functionalized into production, transmission, distribution, and general functions. The functionalized accounts are then classified into demand, energy, or customer cost components. After classification, the cost components are allocated between the retail and wholesale jurisdictions using allocation factors. For the

Jurisdictional Separation Study, the allocation factors are predominantly based on demand data during the time of the company's projected system monthly peak loads, although other factors are used that directly allocate certain costs to the specific jurisdiction for which the costs are incurred. In addition, other metrics such as energy sales and number of customers are used in the allocation process.

**Q.** Are any wholesale power sales customers included in the 2025 test year?

**A.** No. Currently, and as forecasted for the 2025 test year, Tampa Electric is not providing long-term firm requirements electric power service to any wholesale customers.

**Q.** Does Tampa Electric currently provide transmission service to other Open Access Transmission Tariff ("OATT") customers?

**A.** Yes. Tampa Electric is providing long-term firm transmission service in the test year under the company's OATT to Seminole Electric Cooperative, Inc. and Duke Energy Florida, LLC.

**Q.** Please summarize the results of the Jurisdictional Separation Study.

**A.** In 2025, Tampa Electric's retail business represents the vast majority of the electric service provided by the company. As the results show in Volume I, Jurisdictional Separation Study, the retail business is responsible for 100 percent of production and distribution plant and 93.52 percent of transmission plant.

**COST OF SERVICE STUDY**

**Q.** What is a Cost-of-Service Study?

**A.** The COSS is an extension of the Jurisdictional Separation Study. The COSS applies to the company's retail costs, which are derived from Tampa Electric's Jurisdictional Separation Study. The COSS allocates and assigns costs to individual retail rate classes. These rate classes represent relatively homogeneous groups of customers having similar service requirements and usage characteristics. Allocations of costs to each rate class are based upon the results of a detailed cost analysis. The study provides class rates of return at present and proposed rates, class revenue surplus or deficiency from full cost of service, and functional unit cost information for use in rate design. Thus, the study serves as an important guide in determining the revenue requirement by rate class, as well as the specific charges for each rate schedule.

**Q.** What retail rate classes were used in the preparation of the Cost-of-Service Study?

**A.** Tampa Electric is not proposing any changes to its current rate class structure. Tampa Electric's current standard, time-of-day, and standby rate schedules are grouped under these major retail categories:

(1) Residential Service (RS)
(2) General Service – Non-Demand (GS)
(3) General Service – Demand (GSD)
(4) General Service – Large Demand – Primary (GSLDPR)
(5) General Service – Large Demand – Subtransmission (GSLDSU)
(6) Lighting Energy
(7) Lighting Facilities

**Q.** Why are Lighting rate classes separated by Lighting Energy and Lighting Facilities?

**A.** Dividing Lighting into two rate classes, Lighting Energy (power production and delivery) and Lighting Facilities (fixtures and associated items), provides better unit cost information for designing energy and facilities rates. The two services are distinct and are not always provided as a bundled service by Tampa Electric.

**Q.** After establishing the rate classes, what were the next steps in the Cost-of-Service Study process?

**A.** Similar to the Jurisdictional Separation Study, the development of a COSS consists of three major steps:

(1) Functionalization

(2) Classification

(3) Allocation

**Q.** How were Tampa Electric's retail costs functionalized?

**A.** Tampa Electric's costs were functionalized in accordance with the Uniform System of Accounts. Costs are categorized into the broad functions of production, transmission, distribution, and general. The distribution costs were further functionalized to the primary voltage level and the secondary voltage level.

**Q.** How were these functionalized costs then classified?

**A.** Tampa Electric's power system costs were classified into three cost-related components:

(1) Demand

(2) Energy

(3) Customer

Demand cost is a function of the capacity of plant, which in turn depends on the maximum kW for power demanded by customers. Demand cost occurs in each of the production, transmission, and distribution levels of the system. Energy cost occurs in the production level, and it is a function of the volume of kWh consumed by customers over time. Customer costs, however, are independent of kW and kWh usage. Customer costs generally vary with the number of customers on the system. Customer costs refer to the costs incurred by Tampa Electric to provide a customer with access to its system and include metering, service lines, a portion of the system known as the Minimum Distribution System, along with customer billing and certain administrative costs.

The classification of demand, energy, and customer cost components is based on the principle of cost causation.

**Q.** Are all of the company's production plant facilities classified as demand-related in the COSS?

**A.** No. There are portions of two production facilities that are classified as energy-related for purposes of allocating the FPSC jurisdictional component of these facilities on an energy basis. These facilities consist of the gasifier train equipment ("gasifier") for Polk Unit 1 and the flue gas

desulfurization, or scrubber, portion of the environmental equipment for Big Bend Unit 4.

Polk 1 is an Integrated Gasified Combined Cycle ("IGCC") plant which has two main sections: (1) the power block, which produces electric power by means of gas turbines and heat recovery steam generators and (2) the gasifier, which converts feedstock coal into combustible gas. The gasifier performs a fuel conversion function that is completely associated with the provision of fuel to the unit and not the supply of capacity. The classification of the gasifier as an energy-related cost component was applied and approved in Tampa Electric's last four COSS.

The classification of the Big Bend Unit 4 scrubber as energy-related was applied and approved in the company's last five COSS. This treatment remains appropriate because the main purpose of the plant investment is related to energy output. Since the decision to classify the scrubber investment as energy-related, additional scrubber and Selective Catalytic Reduction ("SCR") investments made by the company have been recovered through the Environmental Cost Recovery Clause ("ECRC") where they have been classified and allocated on an energy basis.

It should be noted that, for purposes of the Jurisdictional Separation Study, all production plant facilities are classified as demand-related, which is consistent with prior jurisdictional separation practices.

**Q.** What cost items were classified as customer-related?

**A.** As noted previously, customer-related costs are independent of kW and kWh consumption. They include the basic costs of service lines, meters, meter reading, billing, customer information and a portion of the primary and secondary voltage distribution system known as the Minimum Distribution System, or MDS. As agreed upon in the 2021 Agreement, Tampa Electric fully implemented MDS in its proposed COSS.

**Q.** Please describe what is meant by a Minimum Distribution System ("MDS")?

**A.** MDS represents the readiness to serve a customer, not the capacity needed to meet a customer's peak demand requirements. MDS is only about providing an appropriate utilization voltage at the point at which a customer connects to the distribution system, and costs are incurred to provide a customer with such access. The readiness to serve costs are independent of how much electricity a customer consumes;

thus, MDS costs are classified as customer-related cost components. MDS does not represent the costs of capacity necessary to meet a customer's peak load requirements, which would be classified as demand-related cost components. An MDS study separates the costs of distribution facilities into their respective customer-related and demand-related components on the basis of cost causation.

**Q.** How is a Minimum Distribution System Study performed?

**A.** Quantifying the costs of MDS is accomplished by evaluating the cost causation aspects of all distribution system equipment and facilities, including the primary and secondary lines, line transformers, and other distribution line equipment. This approach requires an understanding of the functional application of each distribution item. In so doing, some items are found to be related directly to peak load requirements (100 percent demand-related), some items are found to be independent of peak load requirements (100 percent customer-related), and other items are found to be functionally associated with both readiness to serve and capacity.

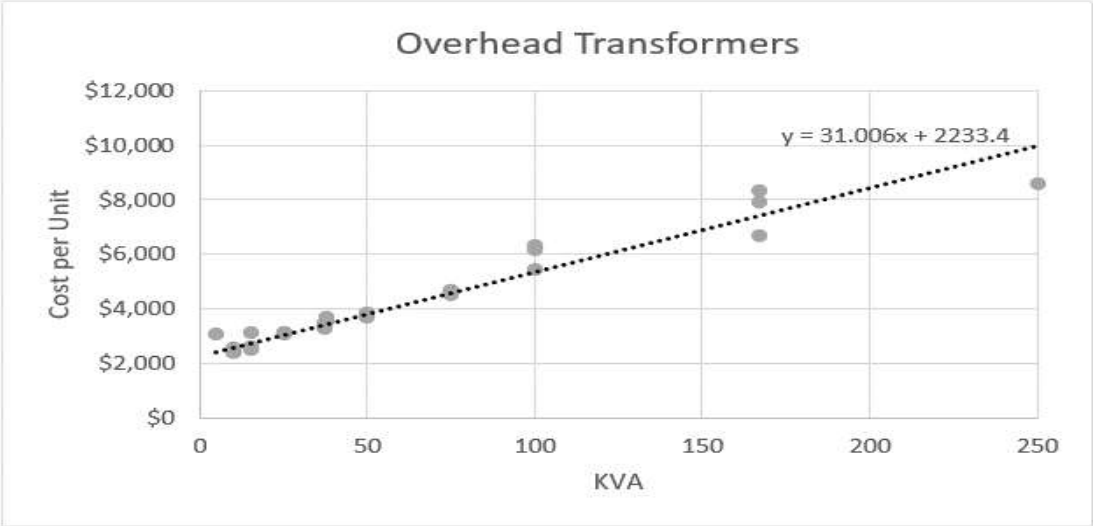
The costs of items having attributes of both customer-related and demand-related functions must be analyzed in order to

separate the total item costs into these two cost components. These items include overhead line equipment, underground line equipment, poles, transformers, and other associated equipment.

The underlying methodology of MDS is described as either the Minimum-Size Method or the Minimum-Intercept Method in the National Association of Regulatory Utility Commissioners' ("NARUC") Electric Utility Cost Allocation Manual. The Minimum-Intercept Method is also referred to as the Zero-Intercept Method.

To accomplish this cost separation, Tampa Electric applies a zero-intercept cost analysis for each of these distribution items. The zero-intercept method is a linear regression analysis that relates a distribution item's unit costs (dependent variable) to its associated capacity values (independent variable). The regression formula includes weights (*i.e.*, the number of transformers for each kVa size) since the count of the assets may vary by size and are not a uniform distribution.

An example of a regression analysis is illustrated below for overhead transformers.




The y-axis intercept defines the per unit customer-related cost. In the example, the y-axis intercept is at (0, 2,233.4), meaning the per unit customer-related cost is $2,233.40. From this example, the per unit customer cost would be multiplied by the total number of overhead transformers; the result would be classified as customer-related costs. The difference between the total cost of overhead transformers and the customer-related costs of overhead transformers represents the demand-related costs of overhead transformers. The resulting customer-related costs and demand-related costs are represented as percentages, which are then applied to the embedded plant account total for overhead transformers to determine the embedded customer-related and demand-related cost components to be used in the COSS.

Separate regression analyses were conducted on overhead

transformers, underground transformers and for primary and secondary overhead conductors, underground conductors, and distribution poles to separate the total costs of these items into their respective customer and demand components.

**Q.** Please summarize the resultant classifications of distribution facilities that were derived under the MDS concept.

**A.** Below, the MDS results are summarized by voltage level and cost component.

| FERC Account | Voltage Level | Customer | Demand |
|---|---|---|---|
| 364 Poles | Secondary | 57% | 43% |
| | Primary | 54% | 46% |
| 365 OH Lines | Secondary | 73% | 27% |
| | Primary | 43% | 57% |
| 366/367 UG Lines | Secondary | 16% | 84% |
| | Primary | 47% | 53% |
| 368 Transformers | Secondary | 65% | 35% |
| | Primary | 72% | 28% |

Supporting workpapers for the MDS analysis are provided in MFR Schedule E – Rate Schedules, Class Cost-of-Service Studies, Volume II.

**Q.** How were the MDS study results incorporated in the COSS?

**A.** As agreed upon in the 2021 Agreement, Tampa Electric fully implemented and incorporated the results of the MDS study into the COSS. This means the distribution costs deemed customer-related as a result of the MDS study were aggregated with customer-related costs like meter reading, billing, and customer services. The aggregated customer-related costs were used to derive Tampa Electric's proposed fixed daily customer charges.

**Q.** Aside from MDS-related equipment and facilities, how are the other distribution system equipment and facilities classified?

**A.** Distribution assets that are classified as 100 percent demand-related costs include voltage regulators and capacitors. This equipment is installed on the primary voltage lines and is utilized to maintain circuit voltages within an acceptable operating range during heavy loading conditions. If there was no load current flowing on the energized system, line voltage would not sag, and voltage regulation equipment would not be required. Thus, these devices are classified as demand-related costs.

Distribution assets that are independent of load are classified as 100 percent customer-related costs. These assets include reclosers, sectionalizers, and fused cutouts. The aforementioned equipment is installed on the primary voltage lines and functions together to provide distribution system protection under fault (short circuit) conditions. These devices work in a coordinated fashion to isolate a fault location and maintain a voltage connection to as many customers as possible during the fault event. Without their intended intervention during a fault, line conductors and equipment would be damaged from the fault current flows that occur and many, if not all, customers on the affected circuit could experience a major power outage. The protection equipment functions the same with or without load connected to the energized circuit because it responds to the severe overcurrent situation caused by a fault, which is why these assets are classified as customer-related costs.

In addition, arresters are installed on primary lines to abate damaging overvoltage conditions that occur during electrical storms. These arresters function the same with or without load connected to the circuit, which is why they are classified as customer-related costs.

While cutouts and arresters are utilized for line protection,

they are also applied to provide protection from overcurrent and overvoltage conditions for specific equipment, *e.g.*, each overhead transformer. Cutouts and arresters used for this purpose are classified in the same manner as the assets they protect.

**Q.** After costs were functionalized and classified, how were they allocated?

**A.** After determining the functionalization and classification of costs based upon causation principles, the methodologies for cost apportionment to classes were determined by Tampa Electric. The resulting methodologies produce allocation factors, which were then used to apportion the demand, energy, and customer cost responsibilities to the rate classes. The derivation of the allocation factors used in the 2025 COSS are shown in MFR Schedule E-10.

**Q.** What are the primary considerations when allocating demand costs?

**A.** The primary considerations in allocating demand costs include (1) customers' demand usage characteristics and their related responsibility for system coincident peaks ("CP") and non-coincident peaks ("NCP"); (2) the design and configuration of

production, transmission, and distribution facilities; and (3) unique customer service or reliability requirements and system operating data. These considerations provide guidance in determining what components should be used to derive the demand allocation factors for each of the functional levels of the power system. Coincident peak demands, non-coincident peak demands, customer peak (maximum) demands, and percentages of energy have been used to best represent those considerations.

**Q.** Please explain CP, NCP, and customer peak demand.

**A.** CP demand reflects the contribution to the total system monthly peak demand for each of the rate classes. For example, at the hour of the system peak in a particular month, the CP demand for the residential class would be that class's proportion of that hour's system peak demand.

NCP demand reflects the monthly peak demand of a rate class on its own, regardless of when the system peak occurs. For example, while the system may peak in the late afternoon, a class may peak during a nighttime hour. The class NCP would then be its demand during the nighttime hour.

For each rate class, the customer peak demand is the maximum

aggregation of all individual customers' monthly maximum demands, regardless of when they occur.

Each of these different measures of demand captures the unique load diversity characteristics of customers' usage throughout the power system. To produce a cost-causation based allocation of the cost elements at each functional level of the system, these different measurements of demand are applied objectively in accordance with the load diversity characteristics exhibited at each of those levels. The CP demand reflects a high load diversity, which is prevalent at the generators and the transmission voltage portion of the system. The NCP demand reflects a medium load diversity, which is prevalent at the primary distribution voltage level. The customer peak demand reflects a low load diversity, which is prevalent at the secondary distribution voltage level.

**Q.** Please describe the company's proposed cost allocation methodology for its demand-related production facilities costs.

**A.** As agreed upon in the 2021 Agreement, Tampa Electric proposes to use a 4 CP methodology to allocate the demand-related production costs. The proposed 4 CP methodology allocates costs to rate classes based on the rate classes' projected

average contribution to the system peak during the test year period months of January, June, July, and August. The selected months were agreed upon in the 2021 Agreement. The derivation of the 4 CP allocation methodology, alongside the other allocation factors, is in MFR Schedule E-10.

**Q.** Please describe the company's proposed cost allocation methodology for its demand-related transmission facilities costs.

**A.** As agreed upon in the 2021 Agreement, Tampa Electric proposes to use a 4 CP methodology to allocate the demand-related transmission costs. The proposed 4 CP methodology allocates costs to rate classes based on the rate classes' projected average contribution to the system peak during the test year period months of January, June, July, and August. The selected months were agreed upon in the 2021 Agreement. The derivation of the 4 CP allocation methodology, alongside the other allocation factors, is in MFR Schedule E-10.

**Q.** Please explain why Tampa Electric is proposing that its demand-related production and demand-related transmission costs be allocated to rate classes using a 4 CP methodology.

**A.** First, as I previously mentioned, use of the 4 CP methodology

was a requirement of the 2021 Agreement. Second, the 4 CP methodology is an accepted cost allocation methodology for several reasons. The parties to the 2021 Agreement identified some of these reasons in response to Staff's data requests in Tampa Electric's last base rate case. These included:

(1) The 4 CP methodology reflects cost causation in relation to Tampa Electric's peak demands. Tampa Electric's peaks are primarily a function of energy consumption associated with weather. There is a strong correlation between weather and residential and small commercial energy consumption. When it is hot, those rate classes tend to consume more energy through cooling, and when it is cold, those rate classes tend to consume more energy through heating. Tampa Electric's large commercial and industrial customers tend to be high load factor customers and are not as strongly correlated with weather, so their energy consumption stays fairly consistent throughout the year. Since the residential and small commercial rate classes are highly correlated with weather, they are the rate classes that cause Tampa Electric's peaks, so they are allocated costs based on cost causation.

(2) Tampa Electric's transition away from large, baseload, coal-fired generating units to cleaner generating resources like solar has diminished the importance of shoulder months for operational planning and cost attribution purposes.

(3) The 4 CP methodology can serve as a catalyst for economic

development, as it could make manufacturers and other large employers in Tampa Electric's service area more competitive than competing regions.

**Q.** Please describe the company's proposed cost allocation methodology for demand-related distribution costs.

**A.** Tampa Electric proposes to allocate demand-related distribution costs in the same manner as in the company's previous rate proceeding in Docket No. 20210034-EI. This allocation relies on a mixture of rate class NCP and customer maximum demands.

**Q.** Please provide a summary of Tampa Electric's proposed COSS in this proceeding.

**A.** In accordance with the 2021 Agreement, Tampa Electric successfully modified its Cost-of-Service Model to:

(1) Use the full MDS classification methodology

(2) Use the 4 CP allocation methodology

(3) Substantially and materially improve the position of all above-parity customer classes toward parity

**BASE REVENUE AND SERVICE CHARGES**

**Q.** Did Tampa Electric prepare a forecast of base revenues from

the sale of electricity for 2025? If so, how was the forecast of base revenue derived?

**A.** Yes. The 2025 base revenue from the sale of electricity forecast for present and proposed rates is summarized in MFR Schedule E-8 and calculated in detail in MFR Schedules E-13c and E-13d. I applied the rates currently in effect to the forecasted billing determinants that I received from Tampa Electric witness Lori Cifuentes to derive projected total annual base revenues for the 2025 test year.

**Q.** What is the projected retail billed electric revenue for 2025?

**A.** The projected retail billed electric revenue shown in MFR Schedule E-8 for 2025 is $1,480,725,000 under present rates and $1,774,352,000 under proposed rates, an increase of $293,627,000.

**Q.** Did Tampa Electric prepare a forecast of service charge revenues? If so, how was the forecast of service charge revenues derived?

**A.** Yes. The 2025 projected service charge revenues for present and proposed rates are presented in MFR Schedule E-13b. Tampa Electric conducted a Time-and-Motion Study to determine the

costs associated with Service Charges which are presented in MFR Schedule E-7. Tampa Electric is proposing a gradual increase to its current service charges, shown in MFR Schedule E-13b. MFR Schedule E-8 shows an increase of $2,976,000 in service charge-related revenues.

**Q.** What changes are being proposed to the company's service charges?

**A.** Tampa Electric is only proposing to change the charge amount for its service charges. The company is not proposing to add or remove any service offerings.

**Q.** What is the total amount of additional base revenue from the sale of electricity and service charges that are produced by the company's proposed rate design?

**A.** Including unbilled revenue, MFR Schedule E-8 demonstrates the total increase is $296.611 million, which is equivalent to MFR Schedule A-1.

**RATE DESIGN PROPOSED CHANGE**

**Q.** What are good ratemaking practices?

**A.** James C. Bonbright is one of the most, if not the most,

respected names in utility ratemaking; he is the author of Principles of Public Utility Rates, which laid the foundation for public utility pricing theories, policies, and the economic concepts supporting rate design. Bonbright's principles for rates are summarized as:

Rates should have the attributes of simplicity, understandability, public acceptability, and stability. Rate design should effectively yield the total revenue requirements and the apportionment of costs should be fair to avoid any undue discrimination. Additionally, rate design should promote the efficient use of energy.

**Q.** Is Tampa Electric proposing to make any changes to its current rate schedule structure?

**A.** Yes. Tampa Electric proposes changing the company's Time-of-Day periods for each of its optional Time-of-Day rate schedules. Tampa Electric is proposing to add a Super Off-Peak period and to remove the seasonality of its Time-of-Day periods. Tampa Electric proposes changing its Time-of-Day periods from:

| **Peak Hours:** | **April 1 – October 31** | **November 1 – March 31** |
|---|---|---|
| (Monday- Friday) | 12:00 Noon – 9:00 PM | 6:00 AM – 10:00 AM<br>and<br>6:00 PM – 10:00 PM |
| **Off-Peak Hours:** | All other weekday hours, and all hours on Saturdays, Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be off-peak. | |

to:

| **Category** | **January 1 – December 31** | **Days of the Week** |
|---|---|---|
| Super Off-Peak | 10:00 AM – 5:00 PM | Monday – Sunday |
| Off-Peak | 12:00 AM – 6:00 AM<br>and<br>9:00 PM – 12:00 AM | Monday - Friday |
| Off-Peak | 12:00 AM – 10:00 AM<br>and<br>5:00 PM – 12:00 AM | Saturday – Sunday<br>and<br>Defined Holidays |
| Peak | 6:00 AM – 10:00 AM<br>and<br>5:00 PM – 9:00 PM | Monday – Friday |

Defined Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**Q.** Why is Tampa Electric changing the company's Time-of-Day periods to add a Super Off-Peak period?

**A.** Tampa Electric has not changed the time periods for the optional Time-of-Day rate schedules since the 1980s. With the company's recent and continued investment in renewable generation assets, Tampa Electric's hourly cost profile has changed. Tampa Electric is proposing this new structure to better align with the company's hourly cost profile.

**Q.** How did Tampa Electric derive its proposed base rates for its optional Time-of-Day rate schedules?

**A.** Tampa Electric used a marginal cost methodology to help determine its time periods and the rate differentials. Tampa Electric ensured that the rates were revenue neutral to 2024 base rates. Tampa Electric then applied the rate differentials and scaled the 2024 revenue neutral rates to 2025 requirements based upon the company's projected billing determinants and projected revenue requirement during the test year. This means that the average customer on a Time-of-Day rate schedule would not experience an increase or

decrease to their bill because of the time-period change; the increase to a customer's bill is a function of Tampa Electric's need to increase base rates.

**Q.** Does the proposed change align with Bonbright's principles for rates?

**A.** Yes. Tampa Electric recognizes there are seasonal components to its peaks. However, Tampa Electric is proposing to eliminate the seasonal change in its pricing periods to achieve simplicity and understandability. Tampa Electric believes that removing the seasonal time-period change makes it easier for customers to set their operations without the need to alter their operation schedule due to the month of the year. The rate structure change was designed with revenue neutrality in mind, meaning neutral bills should equate to public acceptance and stability. Fairness and cost apportionment are demonstrated in Tampa Electric's COSS. Revenue recovery is demonstrated in MFR Schedule E-13c. Additionally, by design, Time-of-Day rate structures promote the efficient use of energy by incentivizing customers to consume energy at times when it is cost-effective to do so. It also provides customers the opportunity to change their behavior to reduce their bills.

**Q.** Is Tampa Electric proposing any other changes to the company's rate schedule structure?

**A.** No.

**PROPOSED (TARGET) CLASS REVENUES**

**Q.** Please describe the procedure used to determine what portion of the company's proposed (target) base rate increase was assigned to each rate class.

**A.** The basis for determining the proposed (target) base rate revenue increase to be assigned to each rate class is the company's proposed COSS, which has been provided under MFR Schedule E Vol II. The first step in the procedure is the determination of the company's revenue deficiency. From there, service charge revenues and other operating revenues are applied to offset the base rate revenue deficiency. The company proposes to collect the remaining balance via base rate increases and is produced out of the company's proposed COSS. As described earlier in my testimony, the proposed COSS assigns and allocates costs to each rate class based on a detailed analysis of cost causation. I then attempted to meet each rate class's targeted class revenue by adjusting the rate schedules' base rates.

**Q.** Is Tampa Electric proposing any changes to the company's LS-1 base rates?

**A.** No.

**Q.** Was Tampa Electric able to design proposed rates for each rate class to produce each class's targeted revenues and reflect the requested increase?

**A.** Yes. MFR Schedule E-5 summarizes the targeted revenues by rate class. MFR Schedule E-8 reflects that rate setting is consistent with Tampa Electric's revenue deficiency shown in MFR Schedule A-1.

**Q.** As required by the 2021 Agreement, did Tampa Electric substantially and materially improve the position of all above-parity customer classes toward parity, such that costs are allocated and revenue is collected consistent with 4 CP and full MDS methods?

**A.** Yes. Tampa Electric's proposed COSS fully implemented MDS and used the agreed upon 4 CP allocation methodology. Additionally, MFR Schedule E-8 demonstrates all above-parity customer classes were substantially and materially moved towards parity.

**Q.** What is meant by parity?

**A.** "Parity" is the comparison of the rate of return of a class to the system average rate of return. The term is used interchangeably with the term "rate of return index." Since parity is calculated by dividing the rate of return for a particular class by the system average rate of return, a class with parity of 100 percent would be earning the same rate of return as the system average, and a class with parity below 100 percent would be earning less than the system average. Parity is useful when determining the development of class revenue targets associated with the proposed base rate revenue increase. As reflected in MFR Schedule E-8, each rate class is reasonably close to parity. An index ratio of 1.00 indicates rates are set exactly on the cost of service. A ratio of less than 1.00 indicates that class is served below cost, and a class ratio of more than 1.00 indicates that class is served above cost.

**Q.** Why is each rate class's parity not equal to 1.00 under the proposed rate designs?

**A.** Tampa Electric's COSS indicates its Lighting rate classes are earning above the system rate of return and should therefore be entitled to a revenue reduction. The Commission has

previously provided guidance that no class should receive a decrease. To adhere to this guidance, Tampa Electric proposes to keep Lighting's target class revenue flat, which will substantially and materially improve Lighting's parity position. However, without a decrease to Lighting's class revenue, a parity of 1.00 is not achievable at this time. The revenue reduction the COSS indicated for Lighting was spread to other rate classes.

**Q.** Where can the company's proposed rate design be viewed in greater detail?

**A.** MFR Schedule E-13a shows proposed base rate increases wholistically. MFR Schedule E-13c shows proposed base rate increases at the granular rate structure and rate schedule level. MFR Schedule E-13d shows proposed lighting facilities base revenue increases at the granular rate code level. MFR Schedule E-13b shows proposed service charges revenue increases.

**Q.** Where can bill impacts of the proposed base revenue increases be viewed?

**A.** The typical monthly bill impacts can be viewed in MFR Schedule A-2. The base rate differentials can be viewed in MFR Schedule

A-3.

**Q.** How do Tampa Electric's proposed rates impact the typical residential bill?

**A.** MFR Schedule A-2 reflects the proposed increase, assuming the clause and mechanism rates in effect on January 1, 2024, to the typical 1,000 kWh residential bill. The proposed increase is 12.2 percent. However, referring to the FPSC's March 2024 data comparing typical bills, Tampa Electric would still have the 2nd lowest typical residential bill amongst the Investor-Owned Utilities ("IOU") in Florida and our 2025 typical residential bill will be slightly lower than in 2023.

**Florida Investor-Owned Electric Utilities Total Cost for 1,000 Kilowatt Hours - Residential Service**

**March 2024**

| | Florida Power & Light Co. | Florida Power & Light Company (former Gulf Power) | Duke Energy Florida [1] | Tampa Electric Company [2] | Florida Public Utilities Company |
|---|---|---|---|---|---|
| Base Rate Charges | $80.72 | $80.72 | $83.91 | $107.01 | $40.68 |
| Fuel and Purchased Power Cost Recovery Clause | $34.19 | $34.19 | $49.47 | $35.36 | $102.59 |
| Energy Conservation Cost Recovery Clause | $1.24 | $1.24 | $3.30 | $2.15 | $1.44 |
| Environmental Cost Recovery Clause | $3.32 | $3.32 | $0.46 | $0.89 | N/A |
| Capacity Cost Recovery Clause | $1.70 | $1.70 | $9.46 | $0.62 | N/A |
| Storm Damage Cost Surcharge | $6.65 | $6.65 | $5.09 | $0.00 | $12.80 |
| Storm Protection Plan Cost Recovery | $5.57 | $5.57 | $5.10 | $6.58 | $4.32 |
| Asset Securitization Charge | N/A | N/A | $2.36 | N/A | N/A |
| Transition Rider/Credit | -$1.19 | $12.64 | N/A | N/A | N/A |
| Clean Energy Transition Mechanism | N/A | N/A | N/A | $4.30 | N/A |
| Gross Receipts Tax and Regulatory Assessement Fee | $3.49 | $3.86 | $4.20 | $4.02 | $4.15 |
| **Total** | **$135.69** | **$149.89** | **$163.35** | **$160.93** | **$165.98** |

(1) Duke's 2024 base rates for December - February bill is $92.08; for the March - November bill is $81.19. Weighted average: (($92.08x3)+($81.19x9))/12 = $83.91

(2) Proposed 2025 base rates with 2024 clause rates

**Q.** How do Tampa Electric's proposed rates impact the typical small commercial bill?

**A.** For a 1,200 kWh typical bill, the proposed increase, assuming the clause and mechanism rates in effect on January 1, 2024, will be $0.23 or 0.1 percent; Tampa Electric's proposed typical small commercial bill will be about 10% lower than in 2023. Below shows a comparison to other IOUs in Florida.

Florida Investor-Owned Electric Utilities Sample Bill Calculations - Commercial and Industrial Service

Effective March 1, 2024

| Utility/Rate Class | kW | kWh | Base Rate Charge | Fuel and Purchased Power Charge | Energy Conservation Charge | Environmental Cost Recovery Charge | Capacity Cost Recovery Charge | Storm Cost Restoration Surcharge | Storm Protection Plan Charge | Asset Securitization Charge (DEF) | Transition Rider/Credit (FPL) | Clean Energy Transition Mechanism (TECO) | Gross Receipts Tax and Regulatory Assessment Fee | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Florida Power & Light (FPL)** | | | | | | | | | | | | | | |
| GS-1 | - | 1,200 | $100 | $45 | $1 | $4 | $2 | $ 7 | $6 | N/A | ($1) | N/A | $4 | **$167** |
| **FPL Northwest FL (Formerly Gulf Power)** | | | | | | | | | | | | | | |
| GS-1 | - | 1,200 | $100 | $45 | $1 | $4 | $2 | $7 | $0 | N/A | $17 | N/A | $5 | **$180** |
| **Duke Energy Florida (DEF)** | | | | | | | | | | | | | | |
| GS-1* | - | 1,200 | $104 | $63 | $3 | $1 | $10 | $ 5 | $6 | $2 | N/A | N/A | $5 | **$200** |
| **Tampa Electric Company (TECO)** [1] | | | | | | | | | | | | | | |
| GS | - | 1,200 | $120 | $46 | $2 | $1 | $1 | $ - | $9 | N/A | N/A | $5 | $5 | **$189** |
| **Florida Public Utilities Company (FPUC)** | | | | | | | | | | | | | | |
| GS | - | 1,200 | $63 | $128 | $2 | N/A | N/A | $17 | N/A | N/A | N/A | N/A | $5 | **$215** |

Gross Receipts Tax for FPL and DEF includes Regulatory Assessment Fee. For TECO and FPUC, Regulatory Assessment Fee is included in base rates and clauses.

*Closed to new customers as of 1/1/22

(1) Tampa Electric proposed 2025 rates

**CREDITS**

**Q.** Is Tampa Electric proposing to change the company's standby generator credit, commercial demand response credit, or the Contracted Credit Value?

**A.** No.

**MISCELLANEOUS PROPOSED TARIFF CHANGES**

**Q.** Is Tampa Electric proposing to make any miscellaneous tariff changes?

**A.** Yes. Tampa Electric is proposing to make several changes to its tariff to provide additional clarity and to make it easier for customers to do business with us, when and how they want to.

**Q.** Why is Tampa Electric proposing to change the company's tariff language regarding general liability?

**A.** Tampa Electric is proposing to provide greater clarity regarding customer responsibilities and company responsibilities.

**Q.** Why is Tampa Electric proposing to change the company's tariff language regarding the company's Budget Billing program?

**A.** Tampa Electric's current Budget Billing program is backward-looking, meaning a participant's monthly payment is based on historical consumption and rates. As a result, the program works well when a participant's consumption and the company's rates remain relatively stable. Changes in consumption or the company's rates, however, can result in high deferred

balances. In recent years, fuel price volatility, storm restoration costs, and base rate adjustments have caused problems for the backward-looking program. In this proceeding, Tampa Electric proposes changes to the Budget Billing program to allow the company to make adjustments to a customer's monthly payment to reflect any known changes in either consumption or rates, such as a change in fuel charges or changes at the customer's premise (*e.g.*, pool installation or electric vehicle installation). The company will perform periodic reviews quarterly. The proposed changes will help smooth out any increases or decreases to the predetermined and company-calculated monthly payment amounts, and thereby enhance bill stability, which is the reason for the program's existence.

**Q.** Why is Tampa Electric proposing to change the company's tariff language regarding the company's Economic Development Rider?

**A.** Tampa Electric wants to remain competitive in attracting new business to its service area. The company recognizes, however, that companies are becoming more efficient in their electric consumption and labor usage. As a result, Tampa Electric proposes lowering the kW and labor thresholds for eligibility for the Rider, while providing a dollar investment threshold gives Tampa Electric opportunity to

compete for business for the betterment of the local economy and customers that Tampa Electric serves.

**Q.** Why is Tampa Electric proposing to change the company's tariff language regarding Contribution in Aid of Construction ("CIAC")?

**A.** Tampa Electric has historically collected CIAC prior to commencing construction, a practice which protects the general body of rate payers from the risk of nonpayment. In some circumstances, however, it is not practical or possible to collect upfront payment. This is usually the case for governmental customers, who also generally have a lower risk of nonpayment. In fact, requiring governmental customers to pay CIAC upfront can sometimes be harmful. In one instance, a governmental customer had to pay over $15,000 a month to manually pump residential septic systems because the governmental payment processing schedule did not align with Tampa Electric's tariff requirements. In another instance, Tampa Electric almost lost a large governmental Lighting contract because of the need to collect payment upfront, which did not align with the customer's standard way of doing business. To address these and similar situations, Tampa Electric proposes a modification to its tariff that would allow customers to enter into alternative payment

arrangements for Contributions in Aid of Construction. This would make it easier for customers to do business with Tampa Electric.

If this tariff change is approved, the company would put procedures in place to monitor and mitigate risk associated with alternative payment arrangements to the general body of ratepayers. First, the company will establish a four-Director committee to review any requests for alternative payment arrangements, with great emphasis being placed on customers who are able to provide a purchase order. A purchase order mitigates risk because it is a legally binding offer by the Government to buy supplies or services. Second, the company will generate a monthly report monitoring outstanding payments that will be reviewed by the Directors and by assigned team members. These team members will be tasked with ensuring any outstanding Contribution in Aid of Construction payments are collected.

**Q.** Why is Tampa Electric proposing to change the company's tariff language regarding deposits?

**A.** Tampa Electric would like the authority to refund deposits back to agencies which may have paid the required deposit for a customer. Under Tampa Electric's current tariff, deposits

are to be refunded to customers. However, there are instances when an agency pays the deposit for a customer. When the customer moves out, the agency would like that money back rather than the deposit being refunded directly to the customer.

**Q.** Why is Tampa Electric requesting changes to the Bright Choices Outdoor Lighting Agreement?

**A.** Tampa Electric is requesting to correct a clerical error. The Bright Choices Outdoor Lighting Agreement was intended to be available for LS-1 and LS-2 rate schedules. Tampa Electric is requesting to allow the company to fill in the blank with either "LS-1" or "LS-2", based on the type of assets the customer desires.

**Q.** Why is Tampa Electric requesting changes to its LS-2 Monthly Rental Factors?

**A.** Tampa Electric's LS-2 customized lighting tariff opened to customers in 2022. The LS-2 tariff currently requires customers to sign a 20-year agreement. The monthly charge is derived from the In Place Value of the customer specific lighting facilities being multiplied by a monthly rate (or "rental factor"). The current monthly rental factor is

created using the net present value of an asset over a 20-year period, meaning the value of the asset will be recovered through the charge over a 20-year period. Over the last two years of offering LS-2 service, the company has learned that customers are interested in more flexibility regarding the term of the agreement. To address this customer preference, Tampa Electric is proposing to modify the tariff to allow the company and the customer to agree on terms between 1 and 25 years, rather than the current, static 20-year period. The proposed Rental Factor matrix has rental factors from 1 to 25 years. The model's outputs are consistent with how a 20-year fixed charge rate is determined; the monthly rental factor is simply calculated for each other term-year length as well. Increasing the term length range does not create additional risk for the general body of rate payers as the rental factors are designed to recover the costs of the asset over the term length. Tampa Electric's Early Termination Fee further protects the general body of rate payers by charging participating customers for the remaining balance of the asset should they choose to end the agreement early.

**Q.** Why is Tampa Electric proposing to change its LS-1 wattage variance from +/- ten percent to +/- twenty-five percent?

**A.** LED technology is continuing to develop, and the manufactured

products continue to become more efficient, reducing the wattage while increasing the lumen output. This rapid development, coupled with lack of standardization, becomes an obstacle when calculating the energy consumption of interchangeable fixtures. Tampa Electric attempted to minimize the impact to customers by incorporating a +/- ten percent variance into the wattage used in calculating the monthly energy consumption of each fixture for billing purposes. This range has proven to be too narrow, which is why Tampa Electric is requesting a +/- twenty-five percent variance.

**Q.** Why is Tampa Electric proposing to change its tariff language regarding the Standard Offer Contract?

**A.** Tampa Electric is proposing to align the Standard Offer Contract with its proposed Time of Day periods.

**Q.** Why is Tampa Electric proposing to change its tariff language regarding Vaults?

**A.** Tampa Electric is planning to streamline its current process. Tampa Electric's tariff requires a separate vault contract that offers the same protections as the tariff. Tampa Electric believes this to be unnecessary as the tariff is a contract

between the company and its customers. Therefore, Tampa Electric is requesting to do away with a separate vault agreement.

**PROPOSED NEW PROGRAM OFFERINGS**

**Q.** Is Tampa Electric proposing any new programs?

**A.** Yes. Tampa Electric is proposing a senior citizen low-income program ("Senior Care Program").

**Q.** What is the proposed Senior Care Program?

**A.** The Senior Care Program is a proposed program that offers a fixed $10 monthly bill credit to Tampa Electric's low-income customers sixty-five and older.

**Q.** How does someone qualify for the proposed Senior Care Program?

**A.** To qualify for the proposed Senior Care Program, a Tampa Electric customer of record must provide a copy of their State of Florida Agency of Healthcare Administration's Medicaid Program enrollment letter ("Medicaid Eligibility Letter"), or an alternative form of proof of enrollment acceptable to the company, and proof of their date of birth. Since Medicaid is only open to low-income Florida residents, enrollment in

Medicaid serves as proof of low-income status. Using the Medicaid Eligibility Letter and Medicaid income thresholds as eligibility criteria for the Senior Care Program avoids the need for Tampa Electric to income-qualify customers in-house. Tampa Electric can use its existing Doc Upload system to receive Medicaid enrollment letters and proof of birthdate, if necessary.

**Q.** Why is the company proposing that a customer must be 65 years old or older to qualify?

**A.** Tampa Electric needed an accurate metric for the potentially eligible population to forecast the number of potential participants and design the program. U.S. Census Bureau data is available for the percentage of the population in Hillsborough County that is 65 years old or older. Other senior citizen age data was not available; therefore, Tampa Electric is proposing the minimum age requirement be 65 as Tampa Electric is reliant upon available data for projections.

**Q.** How did Tampa Electric forecast the number of customers who would be eligible for the program?

**A.** Tampa Electric used the company's test-year projected

residential customers multiplied by the percentage of people in Hillsborough County who receive Medicaid multiplied by the percentage of people in Hillsborough County who are 65 years or older. Tampa Electric used the best available data from FLHealthCharts for Medicaid data and the U.S. Census Bureau for senior citizen data.

**Q.** How is Tampa Electric proposing to fund the Senior Care Program?

**A.** Tampa Electric is proposing to fund the program via base rates. MFR Schedule E-13c demonstrates the proposed program funding.

**SUMMARY**

**Q.** Please summarize your prepared direct testimony.

**A.** In line with the cost-of-service goals previously stated, the company successfully modified the COSS model to fully implement MDS and 4 CP, alongside moving all-above parity rate classes substantially and materially closer to parity. This resulted in fair and practical results to support the rate design process.

The support for, and design of, the proposed rates in the

case as presented in the MFRs and proposed tariffs meets the company's primary goals. The proposed rate design aligns with Bonbright's principles for rates.

The proposed changes to Tampa Electric's tariff offer greater clarity and flexibility to customers.

**Q.** Does this conclude your prepared direct testimony?

**A.** Yes it does.

(Whereupon, prefiled rebuttal testimony of Jordan Williams was inserted.)

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

**BEFORE THE**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20240026-EI**

**PETITION FOR RATE INCREASE**

**BY TAMPA ELECTRIC COMPANY**

# REBUTTAL TESTIMONY AND EXHIBIT

**OF**

**JORDAN WILLIAMS**

D14-1005

**TAMPA ELECTRIC COMPANY**
**DOCKET NO. 20240026-EI**
**FILED: 07/02/2024**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**REBUTTAL TESTIMONY**

**OF**

**JORDAN WILLIAMS**

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

**A.** My name is Jordan Williams. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or the "company") as Director Pricing & Financial Analysis.

**Q.** Are you the same Jordan Williams who filed direct testimony in this proceeding?

**A.** Yes.

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

**A.** No.

**Q.** What are the purposes of your rebuttal testimony?

**A.** My rebuttal testimony serves four general purposes. First, I will respond to the direct testimony of Jeff Pollock, filed on behalf of the Florida Industrial Power Users Group ("FIPUG"), and his recommendations regarding: (1) cost allocation for the company's Production Tax Credits ("PTC"), the Polk Unit 1 gasifier, and Big Bend scrubbers; (2) his proposed class revenue allocation; (3) the company's proposal to eliminate seasonal rates; and (4) the company's Super Off Peak Time-of-Day rate.

Second, I will comment on proposals in the direct testimony of Michael Gorman, filed on behalf of the Federal Executive Agencies ("FEA"), to increase the demand charge and decrease the energy charge for customers on the company's GSLDTPR rate schedule.

Third, I will address some misconceptions and mischaracterizations regarding Tampa Electric's residential rates and bills contained in the direct testimony of Mackenzie Marcelin, filed on behalf of Florida Rising and the League of United Latin American Citizens ("LULAC").

Finally, I will respond to the direct testimony of Karl Rábago, filed on behalf of Florida Rising and LULAC,

including (1) his assertion that the company's initial service connection charge is too high; and (2) his comments on Tampa Electric's residential rates and bills.

**Q.** Have you prepared an exhibit supporting your rebuttal testimony?

**A.** Yes. Rebuttal Exhibit No. JW-2, entitled "Rebuttal Exhibit of Jordan Williams", was prepared by me or under my direction and supervision. The contents of this rebuttal exhibit were derived from the business records of the company and are true and correct to the best of my information and belief. My rebuttal exhibit consists of the following eight documents:

| | |
|---|---|
| Document No. 1 | TECO_TOD_Workpapers Marginal Energy Costs |
| Document No. 2 | 2024 Ten Year Site Plan Marginal Energy Costs |
| Document No. 3 | GSLDTPR Demand Percentage |
| Document No. 4 | EIA Home Heating Source |
| Document No. 5 | EIA Whole Home Energy Costs |
| Document No. 6 | EIA State Data |
| Document No. 7 | Energy Burden Chart |
| Document No. 8 | Composite Notice |

**I. TAMPA ELECTRIC CORRECTLY ALLOCATED THE PTC, THE POLK UNIT 1 GASIFIER COST, AND THE BIG BEND UNIT 4 SCRUBBER COST**

**Q.** Mr. Pollock argues that PTC should be allocated on an energy basis because they are earned on megawatt-hours ("MWh") generated by the company's solar facilities. Do you agree with this proposed allocation?

**A.** No. Allocating the benefits of the PTC solely on an energy basis does not align with the company's proposed allocation of costs of the solar assets that produce the PTC. This is best illustrated using an example based on Tampa Electric's proposed Cost of Service Model. If the PTC were allocated solely based on energy consumption through that model, the residential rate class would pay for 59.84 percent of the costs of Tampa Electric's solar assets, yet only receive 50.46 percent of the PTC benefit as a reduction to the residential rate class's revenue requirement. Additionally, allocating the PTC on an energy-only basis provides incentives to rate classes that consume energy even when solar assets are not producing energy at night.

**Q.** Mr. Pollock also asserts that allocating PTC on an energy basis better reflects cost causation. Do you agree with

this position?

**A.** No. Allocating the PTC solely on an energy basis would provide unwarranted credit to rate classes that consume energy at night, when solar assets are not producing energy.

**Q.** Mr. Pollock argues that the Polk Unit 1 gasifier and the Big Bend Unit 4 scrubber should be allocated on a demand basis because they are necessary components for those units to operate. Do you agree with this proposed allocation?

**A.** No. This is not a new argument. Mr. Pollock has made this same argument since Tampa Electric's 2008 rate case; this can be seen on page 85 of Order No. PSC-09-0283-FOF-EI in Docket No. 20080317-EI. In his direct testimony in that rate case, Mr. Pollock argued that "the entire plant (including the gasifier) is needed to meet projected peak load growth..." With respect to the Big Bend scrubbers, Mr. Pollock similarly argued that they were necessary for the Big Bend units to operate.

In Order No. PSC-09-0283-FOF-EI, the Commission rejected these arguments and stated: "We agree with TECO that the

Polk Unit 1 gasifier and the Big Bend Units 3 and 4 scrubber should be classified as energy, as opposed to demand, and thus allocated to the rate classes on an energy basis." The Commission observed that scrubber units at Big Bend were classified as energy-related as far back as the company's 1992 rate case and that scrubbers allowed the company to burn lower cost varieties of coal, "thereby reducing fuel costs which are allocated on an energy basis." Similarly, the Commission found that the gasifier "performs a fuel conversion function, converting solid coal into gas," making it "appropriate to allocate the cost of the gasifier on an energy basis..."

Mr. Pollock's arguments here are effectively the same as they were in 2008. On page 24 of his testimony, he argues that "a generator needs all pieces to deliver firm capacity and energy" and therefore all plant components should be allocated in the same manner. Since Mr. Pollock has not identified any new or different rationales for changing the Commission's long-standing allocation, I recommend that the Commission reject his proposed allocation.

**Q.** Do you agree with Mr. Pollock's proposed class revenue

allocation that incorporates these proposed changes?

**A.** No. Classifying the Polk Unit 1 gasifier and the Big Bend scrubbers as demand-related conflicts with the purpose of the assets, so they should continue to be treated as energy-related. Additionally, I do not agree with allocating the PTC solely on an energy-basis, especially if the allocator is using total energy rather than daylight energy consumed.

## II. TAMPA ELECTRIC'S PROPOSED ELIMINATION OF SEASONAL RATES AND CREATION OF A SUPER OFF-PEAK PERIOD ARE REASONABLE, APPROPRIATE, AND SHOULD BE APPROVED

**Q.** Mr. Pollock asserts that Tampa Electric's proposed elimination of seasonal rates runs contrary to the four coincident peak method of allocating costs. Do you agree with this assessment?

**A.** No. The elimination of seasonal rates does not run contrary to the four coincident peak ("4 CP") method of allocating costs. Tampa Electric used the 4 CP method to allocate production-demand and transmission costs to each rate class as approved in Docket No. 20210034-EI, Order No. PSC-2021-0423-S-EI on November 10, 2021 ("2021 Stipulation and Settlement Agreement"). Tampa Electric is

simply proposing a different way of collecting such costs via an optional rate. To say that the elimination of seasonality from an optional rate is contrary to 4 CP is equivalent to saying that all of Tampa Electric's standard rates, which have no seasonal component, are contrary to 4 CP. I do not believe all of Tampa Electric's Commission-approved standard rates are contrary to 4 CP.

Tampa Electric's current Time-of-Day rate time periods were established in the 1980s, long before Tampa Electric proposed to allocate production-demand and transmission costs on a four coincident peak basis. Tampa Electric is attempting to make this optional rate easier for customers' operations and to incentivize customers to consume energy when it is cheaper, on average, for Tampa Electric to produce. This will, in turn, provide customers with the opportunity to reduce their electric bills.

**Q.** Do you agree with Mr. Pollock's assessment that eliminating seasonal rates would not create simplicity for customers, but would instead "force customers to change long-established operating practices" and create "drastic operational changes"?

**A.** No. While it is true that Tampa Electric's current Time-

of-Day time periods were established more than four decades ago, customers will only need to reset their operations once to reflect the new time periods, instead of adjusting them seasonally. Tampa Electric's proposal will therefore immediately create simplicity for its customers. In short, customers will no longer need to worry about what month of the year it is, but instead can set their operations based on specific hours for the entirety of the year and for years to come. Furthermore, Tampa Electric's business and industrial customers taking service under an optional Time-of-Day rate are generally high load factor customers, meaning their energy consumption level does not vary substantially, relative to their demand, over time. Mr. Pollock's characterization of the necessary operational changes to accommodate the new time periods as being "drastic" may be hyperbolic.

**Q.** Do you agree with Mr. Pollock's analysis showing that "marginal energy costs are not consistently low" during the proposed Super Off-Peak period?

**A.** No. Mr. Pollock presents a heat map of the average marginal cost by hour within each month but fails to show the average marginal energy cost over the course of a

year. While Mr. Pollock is correct that there are hourly variations in marginal pricing, Tampa Electric is not proposing real-time pricing or different rates for each day and/or hour of the year in this rate case. Instead, Tampa Electric is proposing three Time-of-Day time periods; the proposed Super Off-Peak period has an average marginal energy cost that is cheaper than the proposed Off-Peak and Peak periods over the course of a year. Tampa Electric's proposed cheaper rate during the Super Off-Peak period will incentivize customers to consume energy when it is cheaper, on average, for Tampa Electric to produce.

**Q.** Mr. Pollock claims that Tampa Electric's changes to the time of use period are premature. Do you agree that the changes are premature?

**A.** No. They are overdue. Rebuttal Exhibit JW-2, Document No. 1 demonstrates Tampa Electric's average marginal energy cost during the middle of the day, Tampa Electric's proposed Super Off-Peak time period, is cheaper than the other proposed time periods. Document No. 2 of my rebuttal exhibit reinforces this concept by using Tampa Electric's most recent 8760 projection of marginal energy costs which were used for Tampa Electric's most recent 2024 Ten Year

Site Plan. When Tampa Electric was solely reliant upon fossil fuel generation, the marginal energy costs during the middle of the day were not cheaper. However, the company's generation mix has changed, and is continuing to change, which is why Tampa Electric is proposing to implement new time periods that better align with Tampa Electric's current generation mix and costs.

## III. TAMPA ELECTRIC'S GDSLDPR DEMAND AND ENERGY CHARGES ARE REASONABLE AND APPROPRIATE

**Q.** Mr. Gorman asserts that the proposed demand charge for the company's GSLDPR rate schedule should be increased, and the energy charge should be decreased. Do you support this recommended change?

**A.** No. Mr. Gorman is correct in that Tampa Electric's Cost of Service Study's unit costs for GSLDPR does demonstrate a higher demand charge than what Tampa Electric proposed. However, Rebuttal Exhibit JW-2, Document No. 3 shows that Tampa Electric's proposed demand-to-energy charge ratio is close to what FEA agreed to and what the Commission approved in the 2021 Stipulation and Settlement Agreement. Additionally, I do not support the GSLDPR energy charge being lower than it is today, which is what would happen if I used the unit cost.

**IV. FLORIDA RISING AND LULAC'S "AVERAGE BILL" ANALYSIS IS INACCURATE AND MISLEADING**

**Q.** Mr. Marcelin presents an analysis of Tampa Electric's "average residential bill" and makes several comparisons of that bill to other utilities. Are there any issues with his analysis?

**A.** Yes. There are several.

First, Mr. Marcelin's presented data is not current and does not represent whole home energy needs. Mr. Marcelin fails to acknowledge that electricity is the dominant source for heating, cooling, and appliances in Florida; this is not the case for many other states with large amounts of natural gas, heating oil, and/or propane consumption.

Rebuttal Exhibit JW-2, Document No. 4 demonstrates electricity is the dominant source for heating in Florida. Electricity is consumed for 90.2 percent of residential heating in Florida. The next closest state is South Carolina with electricity consumption representing 71.1 percent of home heating consumption. This information further demonstrates that Mr. Marcelin simply pointing to Tampa Electric bills compared to electric utilities in

other states is an unfair comparison. Electric bills in Florida are primarily higher than other states because electric consumption in Florida is higher than other states.

There is a limited amount of state-by-state consumption data available regarding heating oil and propane consumption, so I cannot provide an analysis including those two energy sources. However, I compiled data for electric and natural gas consumption to provide a better indication of whole-home energy needs than what Mr. Marcelin has provided. The most recent Energy Information Administration data, as provided in Rebuttal Exhibit JW-2, Document No. 5, demonstrates whole-home energy costs in Florida are fairly inexpensive relative to the rest of the country, with Florida ranking 35th cheapest in the United States. This means that even when considering only electricity and natural gas usage, the total energy bill for residents of Florida is less than 34 of the other states' residents.

Second, Mr. Marcelin fails to properly address the weather disparity between Florida and numerous other states. Tampa Electric's service area has experienced record breaking heat over the past few years, which caused higher

consumption. A comparison of what Mr. Marcelin is considering to be an "average bill" between Tampa Electric and utilities in other states is an unfair comparison because Tampa Electric's "high bills" are a function of (1) higher consumption due to weather and (2) electricity in Florida being the dominant source for cooling, heating, and appliance needs and not Tampa Electric's rates.

Third, a better comparison approach, provided in Rebuttal Exhibit JW-2, Document No. 6, is to look at the residential all-in price per kilo Watt hour ("kWh"). Based on the Energy Information Administration's Electric Power Monthly data by state for residential customers, with Tampa Electric's most recent fuel projection and assuming 1,000 kWh of usage, the company's proposed residential price is 15.14 cents per kWh. This puts Tampa Electric's price per residential kWh as being less than 22 other states and less than the national average of 16.68 cents per kWh. Even if I make the same comparison using the proposed residential price per kWh that was provided in MFR Schedule A-2, which assumed Tampa Electric's higher-than-current January 2024 fuel rate, Tampa Electric's proposed residential price per kWh is less than the national average and less than 19 other states.

In short, Mr. Marcelin's analysis is misleading.

## V. TAMPA ELECTRIC'S PROPOSED SERVICE CONNECTION CHARGES ARE REASONABLE AND APPROPRIATE

**Q.** Do you agree with Mr. Rábago's assessment that the company's proposed service connection charge is too high?

**A.** No. MFR Schedules E-7 and E-13b demonstrate that Tampa Electric's proposed service connection fee is already significantly below Tampa Electric's actual cost to provide that service. Tampa Electric is proposing a charge of $168.00 while its unit cost to perform such a service is $330.73. The updated unit cost is based on a detailed Time-and-Motion Study of the actual cost to establish the connection. Tampa Electric is proposing a service connection charge below the unit cost to employ gradualism.

## VI. TAMPA ELECTRIC'S PROPOSED RESIDENTIAL BILLS ARE REASONABLE

**Q.** Mr. Rábago and Mr. Marcelin both raise concerns related to affordability for customers. What is your assessment of the affordability of Tampa Electric bills?

**A.** First, Tampa Electric empathizes with customers that find

it difficult to pay their bills. Tampa Electric employs cost-control and efficiency efforts throughout its business, but we are not immune from the inflationary environment, and we incur costs to serve our customers. Tampa Electric remains committed to providing safe and reliable electric service to its customers in a prudent and cost-effective manner.

Second, it is difficult to assess whether a good or service is "affordable." As an economist, I can state that there is no universally accepted metric for "affordability." Instead, affordability is often a relative term. Two customers may have the same income, but each customer will have a different perspective on what is "affordable" based on their circumstances and choices. One customer may have numerous children, a lot of student debt, and family members that they are assisting financially. Their definition of an "affordable" electric bill will be very different than someone who has the same income but does not have the same financial obligations as they do.

To the extent "affordability" can be defined and tracked, it is dependent on multiple factors beyond the control of Tampa Electric and the company's customers, including

fuel prices; storm restoration costs; inflation in pricing for necessary utility equipment like transformers; the prices of services like healthcare and insurance; and labor cost increases.

Mr. Rábago and Mr. Marcelin refer to the "outsized electric bills and energy burdens faced by TECO's residential customers" and the "extraordinary energy burden TECO is proposing to place on [residential customers]," respectively, but they do not identify any facts that would support these characterizations of Tampa Electric's bills. As a result, I performed my own analysis of the energy burdens faced by Tampa Electric's low-income residential customers.

**Q.** Please explain your analysis.

**A.** I began my analysis by defining the term "energy burden" and identifying when an energy burden is considered "high." The Department of Energy defines energy burden as "the percentage of gross household income spent on energy costs." The Department of Energy then states, "A household with 6% or greater energy burden is considered to be a high energy burden household." These statements can be found at https://www.energy.gov/scep/low-income-energy-

affordability-data-lead-tool-and-community-energy-solutions.

To determine a threshold for which customers would be considered "low income," I used the eligibility standard for the Low-Income Home Energy Assistance Program ("LIHEAP"), which is a federally funded program that helps income-qualified families with home heating and cooling costs. Households with income no greater than 60 percent of the Florida State Median Income are eligible for the program. Hillsborough County, which constitutes the large majority of Tampa Electric's service area, follows this same guideline to determine LIHEAP eligibility.

Using these criteria, I compared the threshold level of household income for what LIHEAP would consider a low-income two person household over the last 21 years and for the 2025 test year relative to a Tampa Electric 1,000 kWh residential bill. I used a 1,000 kWh bill because that is what is generally used for comparison and is close to the average. The 2025 test year average use per residential service customer is 1,113 kWh per month. Mr. Rábago also indicates that low-income households consume less than higher income households, so 1,000 kWh per month seemed reasonable from that perspective. I also assumed

there are two working adults per household. The results of this analysis are presented in Rebuttal Exhibit JW-2, Document No. 7.

**Q.** What does your analysis show?

**A.** My analysis shows that Tampa Electric's historical and proposed bills are not "outsized" or "ridiculous" as Mr. Rabago and Mr. Marcelin claim. In fact, Tampa Electric's historical and proposed residential bills result in an energy burden well below the six percent defined level of a "high energy burden" at LIHEAP's low-income threshold and have had a downward linear trend over time. In the 2025 test year, the energy burden at the LIHEAP low-income threshold for a two person household is 4.54 percent. Mr. Rábago submitted testimony stating energy burden is a "key indicator of fairness, reasonableness, and justice." The result of my analysis indicates Tampa Electric's proposed rates are fair, just, and reasonable.

**Q.** Does Tampa Electric offer assistance to customers that are struggling to pay their energy bills?

**A.** Yes. Tampa Electric cares about its more vulnerable customers. In this rate proceeding, the company proposed

a $10 monthly bill credit for low-income senior citizens.

Tampa Electric also offers a variety of other programs to assist customers, regardless of age, in need of financial or energy assistance. While Tampa Electric has numerous programs to offer customers, three of the most noteworthy are Share, weatherization, and Prime Time Plus.

1. Share Program – a donation program funded by Tampa Electric, Tampa Electric team members, and customers willing to donate. Customers in need of financial assistance can apply for help through one of Tampa Electric's external Share Administrators. The Share Administrators are the Salvation Army or Catholic Charities Diocese of St. Petersburg. The maximum amount provided per customer is $450 per year.

2. Neighborhood Weatherization – Participation is available to any qualified residential customer living within a residential block deemed low-income based on Census data. Participating customers receive a Residential Walk-Through Audit, duct sealing, ceiling insulation, and an Energy Efficiency Kit.

3. Prime Time Plus – a free and easy way for participating

customers to earn credits on their electric bill. The average customer earns $144 per year, and a free smart thermostat is installed. Customers allow Tampa Electric to temporarily turn off the heating and cooling, electric water heater, and/or pool pump (if applicable) during periods of extremely high demand for electricity. In exchange, customers earn monthly bill credits.

**VII. TAMPA ELECTRIC'S COMPLIANCE WITH RULE 25-22.0406, FLORIDA ADMINISTRATIVE CODE**

**Q.** Did Tampa Electric prepare an exhibit to demonstrate the company's compliance with the public notice requirements for this proceeding set out in Rule 25-22.0406 of the Florida Administrative Code?

**A.** Yes. This is included as Document No. 8 of my Rebuttal Exhibit No. JW-2.

**SUMMARY**

**Q.** Please summarize your rebuttal testimony.

**A.** My rebuttal testimony addressed the statements made by witnesses Pollock, Gorman, Marcelin, and Rábago. I demonstrated (1) Mr. Pollock's proposed treatment of the PTC, gasifier, and scrubber does not align with their

purpose and should not be approved; (2) Tampa Electric's proposed Super Off-Peak period is reasonable, better reflects costs, and should be approved; (3) Tampa Electric's proposed GLSDTPR demand to energy charge ratio is reasonable and should be approved; (4) Mr. Marcelin's statements about Tampa Electric bills are biased and misleading; (5) Tampa Electric's proposed initial service connection charge is reasonable and should not be reduced; (6) Tampa Electric's proposed base rates are fair, just, and reasonable.

**Q.** Does this conclude your rebuttal testimony?

**A.** Yes, it does.

BY MR. MEANS:

**Q Mr. Williams, did you also prepare and cause to be filed with your direct testimony an Exhibit marked JW-1, consisting of one document?**

A Yes, I did.

**Q Did you also prepare and cause to be filed with your rebuttal testimony an Exhibit marked JW-2, consisting of eight documents?**

A Yes, I did.

**Q And did you prepare and cause to be filed revisions to Exhibit JW-1, Document No. 1, on May 3rd, 2024?**

A Yes.

MR. MEANS: Mr. Chairman, Tampa Electric would note for the record that Exhibit JW-1 and JW-2 have been identified on the CEL as Exhibits 34 and 152.

CHAIRMAN LA ROSA: Okay.

BY MR. MEANS:

**Q Mr. Williams, did you prepare a summary of your testimony?**

A Yes, I did.

**Q Will you please give that now?**

A Yes.

Good morning, Commissioners. I am the Director of Pricing and Financial Analysis at Tampa

Electric Company. In my direct testimony, I present Tampa Electric's proposed jurisdictional separation study, cost of service studies, and base rates and service charges that produce the company's requested revenue requirement.

I prepared and filed the company's proposed cost of service study using the four coincident peak and full minimum distribution system methodology, which we agreed to file as part of our 2021 stipulation and settlement agreement.

For the Commission's consideration, I also provided the 12 coincident peak and 1/13th average demand cost of service study, which does not include the minimum distribution system cost classification method.

Additionally, my direct testimony describes Tampa Electric's proposed miscellaneous tariff changes and a new program called Senior Care, that will offer a $10 monthly bill credit to low-income customers that are 65 years old or older.

In my rebuttal testimony, I respond to the recommendations of witness Jeff Pollock regarding various issues including cost classification for Tampa Electric's gasifier and scrubbers, the allocation of production tax credits, and Tampa Electric's proposed time-of-day structure.

I then respond to FEA's witness Michael Gorman regarding the demand to energy charge ratio for an optional time-of-day rate schedule. I also address misleading information in LULAC's witness MacKenzie Marcelin's testimony regarding Tampa Electric's bills. I address LULAC's witness, Karl Rabago and his assertion that Tampa Electric's initial service connection charge is too high. Lastly, I respond to both of LULAC's witnesses regarding their comments on Tampa Electric's residential rates, bills and energy burden.

This concludes my summary, and thank you for your time.

MR. MEANS: We tender the witness for cross-examination.

CHAIRMAN LA ROSA: OPC, you are recognized when you are ready.

MR. WATROUS: Thank you, Mr. Chairman.

EXAMINATION

BY MR. WATROUS:

**Q And good morning, Mr. Williams.**

A Good morning to you as well.

**Q I only have a couple of questions for you today regarding the CIAC installment payments in your miscellaneous tariff charges.**

**All CIAC associated with a specific plant**

**investment will reduce plant amount when it is placed into service?**

A As it sits today, yes.

**Q Okay. And that's regardless of whether there are outstanding installment payments?**

A I am not exactly sure how the accounting for it works down the line.

**Q Okay. Thank you so much for your time today.**

MR. WATROUS: OPC has no more questions.

CHAIRMAN LA ROSA: Great. Thank you.

Florida Rising/LULAC.

MR. MARSHALL: Thank you, Mr. Chairman.

EXAMINATION

BY MR. MARSHALL:

**Q Good morning, Mr. Williams. I am afraid my cross is going to be a little longer than that one.**

**If I could bring up staff Exhibit 831. This is going to be master F16-102. If you could let me know when it's on your screen.**

A It is on my screen.

**Q And this is one of your work papers as part of the Senior Care Program?**

A That's correct.

**Q And it shows income qualified customers continuing to grow in Hillsborough County?**

A It does. I would imagine that's associated to population growing as well.

**Q And so it shows that currently over 26 percent are on Medicaid?**

A That was the best available data, yes.

**Q And 15 percent are seniors over 65?**

A Yes, that was census data.

**Q And for the purposes of what you are projecting forward, you don't expect those percents to change relative to the overall population?**

A I used the best available data.

**Q And so here, the percents stayed the same through the projection?**

A Yes, it did.

**Q If I could next direct your attention to Exhibit 550 on the CEL. This is going to be master number F3.1-2882, Exhibit FLL-90.**

**This first page shows the 2021 service cost model?**

A Yes, that's what appears on the -- appears to be.

**Q And under the approved service cost model in 2021, the cost for reconnecting at the meter was $11.75?**

A That's what this -- yes, that's what this shows.

**Q And the fee charged was $12?**

A Yes, that's what this shows.

**Q And if you could scroll down to the next page. This is the 2024 proposed service charge model results?**

A Yes, these are the results.

**Q And under TECO's new model, that goes up to $20.42 with the proposed fee of $18?**

A Yes, that's what this reflects.

**Q And so that's a 50-percent increase in the proposed fee?**

A Yes. That's correct.

**Q If I could next direct your attention to Exhibit 695. This is going to be master page F3.4-14771. This is going to be Exhibit FLL-235.**

**Do you have it on your screen?**

A It's available on my screen, yes.

**Q And this the work papers to support the service cost model?**

A Yes. This is a time in motion study that was conducted under my oversight to collect the cost associated to each of Tampa Electric's proposed service charges. So through a time in motion study, we go out and work with each of the team members involved in actually administering these services and collect their time, as well as an average labor cost.

**Q And so this first tab, Proposed SC Cost Support, would be sort of a summary of it all?**

A Yes, this is a summary of it all over time.

**Q And that includes a proposed rate of $168 for an initial service connection?**

A Yes, which is significantly below the cost to actually administer that service.

**Q And if you go over to increase the column M, percentage change in rate, would you agree that most of the service charges are proposed to increase by about 50 percent?**

A Yes. Tampa Electrics proposes to employ gradualism.

**Q If I could direct your attention next to the tab, Historical Tariff Rates.**

A I can see it.

**Q And this tab contains sort of a history of some of these service charges?**

A Yes, it does.

**Q And the service charges have dropped before, such as the initial service, connection from 2009 to 2013?**

A Yes, it has.

**Q And then some of these other reductions more recently reflect the implementation of AMI metering?**

A That would be correct. Yes.

**Q And so the reconnect after disconnect at meter for cause dropped from $55 in 2013 to $12 in 2022?**

A Yes, that's what this demonstrates.

**Q If I could next direct your attention to tab SC3.**

A Okay. I am on the tab.

**Q And this would be the calculation for reconnecting after disconnect at meter for cause for nonpayment?**

A Yes, that's what this is.

**Q And it shows that, on line eight, that 95 percent of successful disconnects are automated and not manually monitored?**

A That's what this demonstrates. Yes.

**Q And so is what's going to be driving up some of that cost of this service charge is when the AMI process fails?**

A Seems to be very minimal. Realistically, what's driving these costs are associated to labor.

Additionally, the last time that this model was done, it was done kind of outside of the -- outside of this group. So I took it back on and came to the realization that there were components of actually doing these -- or conducting these services that were missing

from the model, you know, complete people missing from the model, and their time associated to it.

**Q And so I guess my question is, though, is that when the AMI process fails, there would be more human labor involved in getting the disconnect done, correct?**

A If the AMI process fails, yeah, that would require a truck roll.

**Q All right. Switching topics now to cost of service. The purpose of conducting cost of service is to properly collect costs from the folks that caused those costs to be incurred?**

A That's correct. And this is one of my favorite topics, so that's why I am smiling.

**Q And the cost of service studies at issue in this case all have various numbers of CPs, is that right?**

A There -- that we filed two, two models. One of them was required by the Tampa Electric's 2021 Settlement Agreement, which includes four coincident peaks. And then the other one is a requirement in MFR E-1, which includes 12 coincident peaks.

**Q AND coincident peak, that's the highest peak in the entire month with the contribution of each rate class to that peak?**

A That's correct.

**Q And all the cost of service studies in this case account for the various rate classes?**

A Both cost of service studies filed in this rate proceeding do account for the various rate classes. That's correct. Yes.

**Q And the reason for rate classes is to attempt to allocate costs to customers that are like?**

A Yes, those with like characteristics. I think, in the industry, we call that homogeneous.

**Q So a large industrial customer that's served at the primary or subtransmission level isn't going to be using the secondary distribution system, for example?**

A Yes, that's correct.

**Q And both the, you know, both the cost of service studies that you filed in this case recognize that?**

A Yes, that is correct.

**Q And so is the primary difference in the cost of service studies that you filed in this case is, one, whether to include the minimum distribution system methodology; second, the number of coincident peaks to include in allocating generation and transmission plant; and three, the amount, if any, to include an average demand in allocating generation plant?**

A Yes, that would summarize the difference

between the two filed cost of service studies.

**Q Average demand is really a form of measuring energy, is that right?**

A Yeah, it really is an energy allocator. It's just called average demand.

**Q And for example, in your cost of service study, you allocate the gasifier to energy because its use is directly proportional to fuel use, which is an energy?**

A Yes. This commission has considered the gasifier to be fuel related, thus energy related, since at least Tampa Electric's last four rate cases.

**Q And so, the 12 CP and 1/13th AD methodology looks at the coincident peak for each month of the year, and also recognizes that there is an energy component in generation plant?**

A The 1/13th piece of it, or known as 1/13th average demand, recognizes that there is an energy component associated to production assets, or generation.

**Q And that 1/13th component means it's given a 1/13th weight in relation to the 12 CP component, is that right?**

A Yes, so roughly eight percent.

**Q And the 12 CP and 1/13th AD is the cost of**

**service study required to be filed with the MFRs?**

A Yes. MFR E-1 is fairly prescriptive as to what needs to be supplied.

**Q And so a 12 CP and 50 percent AD cost of service study would equally weight coincident peaks and energy valuing equally the capacity demands on the generation system and the energy demands on the system?**

A That is what a 12 CP in a 50 percent AD methodology would do. Yeah.

**Q And you would agree that one of the advantages of the 12 CP methodology is that it recognizes that TECO is required to serve load all throughout the year, including the shoulder months?**

A That is what proponents of 12 CP recognize, yes.

**Q And another one that -- and you would agree that the 12 CP and AD methodologies would be -- another pro of that would be taking into consideration residential affordability and policy?**

A I would imagine that's what proponents of that methodology would consider.

**Q And if you put more weight on the peak part of that formula, that would be to recognize that generation investments are being built in order to make sure that enough is available to serve a peak?**

A Yes, that's how NARUC's cost allocation manual kind of weights peaks in generation.

**Q Whereas, if you weight more towards the AD component, that would recognize that generation is being built and maintained for energy generation?**

A Yes, that's what it would do.

**Q And you would agree, of course, that energy is consumed by TECO's customers throughout the entire month and not just during the system peak?**

A That would be correct. Energy is consumed by rate classes and Tampa Electric's customers throughout the entirety of the month.

**Q And you would also agree that energy can play a factor in production?**

A Can you clarify that for me?

**Q Sure. That, you know, power plants -- that energy can be a reason to invest in generation production plants?**

A Yes, that's -- that would be recognized through the 1/13th AD.

**Q And you don't have an opinion, not having conducted a deep analysis, as to whether the 1/13th weight to the AD component is too high or too low for TECO?**

A No, I did not conduct an in-depth analysis on

the AD component that was proposed and -- or that was filed.

**Q And one of the reasons that you believe 12 CP and an AD cost of service methodology doesn't fully align with TECO's system is that TECO has a peaky type of service area in which the shoulder months have lower peaks than the summer and winter months?**

A I do believe that I indicated that in my direct testimony. Additionally, it aligns more closely with NARUC's cost allocation manual's description of when to use a 12 CP.

**Q That assumes, doesn't it, that those winter punk -- I'm sorry -- that those winter peaks and summer peaks are, in fact, higher than the peaks in the shoulder months?**

A Yes, that would be true.

**Q And that genera -- it also assumes that generation investments that TECO is making are being made to address those winter and summer peaks?**

A I think that's a reasonable assumption.

**Q And the cost of service study that TECO is supporting in this case is the 4 CP with MDS methodology?**

A Tampa Electric supports it to the extent of the settlement agreement in which required Tampa

Electric to file and propose this cost of service study and then either support or not oppose it.

**Q And that settlement agreement that you just referenced actually specified the months to be used as part of the 4 CP methodology?**

A Yes, the settlement agreement states that January, June, July and August need to be used when calculating the four coincident peaks.

**Q And that's true for both generation plant and transmission for that 4 CP component?**

A Yes, that's correct.

**Q And would you agree that the reasonableness of the 4 CP methodology would be dependent on whether the projected peaks for those months were reasonable?**

A Yeah, I think that's -- yes, that's accurate.

**Q If I could next direct your attention to Exhibit FLL-230. This is going to be master page F3.4-13130.**

A This is my beautiful model.

**Q I agree. Could you say a little bit more about what this is?**

A This is Tampa Electric's cost of service model. It's roughly 133 tabs or so. And it goes through and functionalizes each of Tampa Electric's assets, then classifies them as either energy demand or

customer, and then ultimately allocates them amongst the various rate classes based on numerous different allocation methodologies.

**Q And this specific one is the 4 CP with MDS cost of service model under the proposed rates?**

A Based on the name of it, yes.

**Q And if I could direct your attention to the tab Load Research. There should be a specific tab that is specifically named Load Re -- I know there is a lot of load research and have other --**

A Don't worry. I know how to navigate this model.

**Q And this shows some of the actual split between the -- well, let me just ask you. What is this page?**

A This is a summary of the allocators that are used in the model. So this is where we are deriving out what the percentage for 4 CP is, what it would be for 12 CP, and then some of the customer-related allocators as well, down at the lower -- low diversity levels.

**Q And so line -- well, Excel line 13 shows that weighted 4 CP that you were just referencing, the percent that's being allocated to the different classes?**

A Excel row 13 does show that, yes.

**Q And so under the weighted 4 CP, just under 60**

**percent is allocated to residential customers?**

A Yes, that's correct. I see 59.839.

**Q About 59.839, could that be right?**

A Yes, that's what I see.

**Q And if I could direct your attention to the tab Coincident Peak Formula.**

A Okay. I am there.

**Q And this shows the -- this is where the coincident peak calculations are derived from?**

A Yes, this is where it would be derived from.

**Q And this data, you would get that from Ms. Cifuentes and her group?**

A Yes, Ms. Cifuentes, in Load Research and Forecasting, would provide this information to my team.

**Q And this shows the projected coincident peaks by class for each month?**

A Yes, it demonstrates it by class. And then it looks like it breaks it down between primary and secondary as well, and subtransmission.

**Q And for January, it projects that residential customers are responsible for over 67 percent of the January peak?**

A I don't see the actual amount.

**Q And you would divide -- to derive that, you would divide January RS secondary, which would be**

**3,038,489, by the total, which is 4,513,000?**

A That's how it would be derived. That's correct. But I am not -- I don't see it on here.

**Q Fair enough. But subject to check, would you agree that if you divide those two numbers, that would be just over 67 percent?**

A Subject to check, yes, it looks about right, just off my quick math.

**Q And if you did the same calculation for June, July and August, subject to check, would you agree that that's all below 58 percent?**

A Subject to check, I would agree to that.

**Q And so the cost of 60 percent being allocated to residential customers, it's being -- that's being part -- in part, driven by that projected January 2025 peak?**

A Yes, because January is included in the 4 CP -- or included in those months that are used for 4 CP, yeah, that is -- that's correct.

**Q You would agree that under the cost of service model here, this cost of service model, no AD component would be assigned to TECO solar power plants?**

A Under this cost of service model, there is no energy component assigned to Tampa Electric's solar plants, which is a part of Tampa Electric's settlement

agreement. It specifically calls out that the solar plants be allocated the same way as the rest of the production plant, which would be 4 CP, with the exception of the gasifier and scrubbers.

**Q And you would agree that Mr. Aponte would be the expert for TECO on the energy versus capacity value that the solar power plants provide TECO's system?**

A Yes, he would be.

**Q In 2021, before there was a settlement agreement, TECO actually proposed allocating its solar assets as 50 percent demand related and 50 percent energy related.**

A Yes, Tampa Electric did propose that. I will state, at that point, I was actually working at PGS, so I wasn't with Tampa Electric in 2021 when that was proposed, nor was I here when the settlement agreement was negotiated. And it was -- I also wasn't a part of the company when it was approved.

**Q And that would be the same as 50 percent AD for that solar component?**

A For that solar component, yes, that would be considered 50 percent AD.

**Q And, in fact, you are aware that TECO proposed using a 12 CP and 50 percent AD methodology for assigning all of its generation costs in 2013?**

A I am aware that -- I am aware that Tampa Electric, at one point in time, did propose 12 CP and 50 percent AD. I do not believe that that was approved.

**Q And you don't actually have an opinion as to whether a 12 CP and 50 percent AD methodology would be crazy for use for TECO today?**

A It has been proposed in the past, so I don't have an opinion as to whether it's, like, it's crazy to use. I can just say that under the settlement agreement, we were required to file and propose 4 CP, and that's -- I executed the settlement agreement.

**Q Are you aware of whether Duke uses a 12 CP and 25 percent AD cost of service methodology partially on the basis of their solar expansions?**

A I am aware that -- yes, I am aware of that.

**Q And did you hear Mr. Collins testify that TECO has more solar per customer than Duke?**

A I did hear him say that.

**Q You are familiar a bit with the carbon capture sequestration, the CCS project, which is looking at capturing carbon and sequestering it as fuel is burned?**

A Yes. And you have just exhausted as much as I know about that, so...

**Q Well, one follow-up to that. That project, it's proposed to be allocated using the 4 CP methodology**

**based on classes' projected coincident peaks in 2025?**

A Yes. Per the terms of the settlement agreement, all production-related assets needed to be allocated on a 4 CP basis, so, again, I executed the settlement agreement in this cost of service study.

**Q And other than the fact that the settlement agreement required you to allocate it that way, you don't know of any other reason to allocate it on that basis?**

A No, I simply executed what the settlement agreement asked -- or what I had to do under the settlement agreement.

**Q If I could next direct your attention to FLL-86. This is going to be master number F3.1-2693.**

A Okay. I can see it.

**Q And this is an interrogatory regarding how the allocation for building improvements at some of the TECO power plants?**

A Yes, it is.

**Q And the total amount of that is $4.3 million in this case?**

A Yes, that's correct.

**Q And that is also being allocated on a 4 CP basis?**

A Yes, there -- these are functionalized as

production. And again, I executed the settlement agreement.

**Q So that means that the buildings to support the power plants, TECO's generation plants, are being allocated to the classes based on how much each class contributes to projected peaks in 2025, in January, June, July and August?**

A Yes, that's correct.

**Q If I could next direct your attention to FLL-86. This is going to be master number F3.1-2716.**

A Okay. I can see it on my screen.

**Q And this is in regards to the dismantlement costs for Big Bend, is that right?**

A The CETM would include Big Bend and the AMR meters.

**Q And specifically, the Big Bend portion of the CETM is being allocated on the 4 CP basis of methodology as well?**

A Yes. That's correct. Big Bend is functionalized as a production asset, so per the terms of the settlement agreement, they are being allocated on a 4 CP basis.

**Q Meaning that who is paying for the cost of Big Bend to be dismantled is being based on their classes' projected contribution to system peaks in January, June,**

**July and August in 2023?**

A Yes, that --

**Q 2025. I am sorry.**

A Yes. That aligns with NARUC's cost allocation manual.

**Q And TECO had no supporting documents for this explanation beyond the 2021 stipulation and settlement agreement?**

A That's correct.

**Q If I could next direct your attention to FLL-88. This is Exhibit 548 on the CEL. This is going to be master number F3.1-2832.**

A I can see it on my screen.

**Q I believe this is one of your work papers?**

A It doesn't look familiar, but I recognize what it is.

**Q This shows the number of monthly bills per customer class and average use through the course of the year.**

A Yes, it does.

**Q And so you would divide by 12 to get the number of customers?**

A Yeah, that's one way you could do it.

**Q You would agree that RS is the biggest class?**

A Yes, it is.

**Q And you would agree that GS would be the second biggest?**

A On a customer count basis, yes.

**Q And GSLDTSU, that's going to be four customers based on that customer count there?**

A You are testing my mental math here, but, yeah, that -- yes.

**Q And you would agree that they are, certainly on a per customer basis, one of the biggest users of energy?**

A Yes. These are our time-of-use subtransmission customers.

**Q If I could next direct your attention to FLL-231. This is master page F3.4-14398.**

**Do you recognize this document?**

A Yes, it's my beautiful model.

**Q This one is a little bit -- slightly different from your -- the previous version of the model that we looked at?**

A It may be. I am not -- I am not sure what the difference is.

**Q Does the title give you a -- sorry, it's kind of hard to -- the title kind of gets --**

A So the title indicates that something was revised, but I don't recall exactly what it was.

**Q Okay. If we go to the tab General Plant.**

A Okay. I am on the tab.

**Q General plant, what does that refer to?**

A It would be just kind of -- it would be various buildings, supplies, intangible assets.

**Q And that would include projects like the new headquarters?**

A Yes.

**Q And so this tab shows that 33 percent of the new headquarters is being allocated as production demand?**

A Yes. This is a historically accepted way to allocate general plant, is to base it on rate base.

**Q And so that means that 33 percent of the cost of the new headquarters are being allocated to the classes based on their projected coincident peaks in January, June, July and August of 2025?**

A Yeah, it would be -- I mean, it's in -- for 4 CP, it's an average of those months, but generally speaking, the answer to your question is yes.

**Q And the projected residential coincident peak of January 2025 doesn't change the cost of the new headquarters, does it?**

A No, it doesn't change the cost of the new headquarters. It changes the allocation.

**Q If I could next direct your attention to FLL-194. This is going to be master number F3.3-6385.**

A Okay. I can see it on my screen.

**Q And this shows how the costs of the Bearss Operations Center are being allocated?**

A Yes, this does.

**Q And again, this is using that general plant allocator, so a little over 33 percent is being allocated via production demand and the 4 CP method?**

A Yes, that's correct.

**Q And if you scroll to the next page, this indicates that this project is expected to add $1.55 to a monthly residential bill based on 1,000 kilowatt hours?**

A This was done -- so, yes, but this was done on just an energy basis. I think that we pointed out that completely separating a project out of the cost of service model is darn near impossible to do. So we made a few assumptions, and we are able to supply the bill impacts just strictly on an energy basis. It doesn't take into account how this could potentially impact the customer charge. This is just our -- this was our best guess.

**Q Fair enough.**

**If I could next direct your attention to**

**FLL-232. This is going to be master number F3.4-14637.**

A Okay. It's available on my screen.

**Q Do you recognize this document?**

A Yes, I do.

**Q And what is it?**

A Looks to be where rates would be derived.

**Q And that would include the proposed rates for this case?**

A That's correct.

**Q And if I could direct your attention to tab E-8?**

A Okay. I am on E-8.

**Q This shows the overall revenue increase, and also the revenue increase by class that's proposed?**

A Yes, it does.

**Q And this is under the 4 CP with MDS methodology?**

A That's what it looks to be, yes.

**Q And would you agree that under these proposed rates, customer class GSLDSU is further behind parity than the other classes?**

A Yes, but that's primarily because it's not really a robust rate class. And the numbers for GSLDPR, for their demand charges, were coming out higher than that of GSLDSU, and that just didn't really make sense.

So because it's not really a robust rate class, the parity had to be lowered a little bit.

**Q And GSLDSU would include some of those bigger industrial customers?**

A Yes, it would.

**Q And residential customers get a 19.42-percent increase as proposed?**

A Yes, that's what this indicates.

**Q If I could next direct your attention to master page F3.4-14668. It's going to be Exhibit FLL-234.**

A Okay. It's available on my screen as well.

**Q And this shows TECO's proposed rates in this case compared to the other investor-owned utilities in Florida as of March 2024 on a 1,000 kilowatt hour basis?**

A Yes, it's a snapshot in time. It's a comparison of what Tampa Electric proposed originally in the -- at the filing of the rate proceeding versus what the other utilities' rates were at that time.

**Q And under base rates, TECO is more than $20 above the others?**

A That's what this shows, but I don't believe that a base rate comparison is truly an apples to apples comparison. I think that it's more so looking at the total bill considering I am not sure if Tampa Electric's

clause accounting is done the exact same way as the other utilities.

Additionally, there are riders that Tampa Electric has that the other utilities don't, and there are riders that the other utilities have that Tampa Electric doesn't, such as the asset securitization mechanism with Duke and the CETM with Tampa Electric.

So I don't believe that a base rate comparison is truly apples to apples. I think that it's more -- that comparisons should be done at the total bill level.

**Q You would agree that this is a base rate proceeding?**

A This is a base rate proceeding. Yes.

**Q Next, I would like to talk to you about the minimum distribution system methodology. That assigns a portion of distribution costs as customer costs?**

A Yes. The MDS is a cost classification methodology geared towards recognizing the duality of distribution assets. Meaning that, essentially, there is a cost to be connected to the grid, and then that distribution assets serve as reliability -- or they have reliability purposes as well as capacity purposes.

**Q And so, for example, what you do is create a scatter plot to try to figure out what a, for example, a zero-load transformer would cost using a minimum**

**intercept methodology?**

A Yes. So we use the minimum -- or we use the minimum intercept methodology, which is outlined in NARUC's cost allocation manual. So we create a scatter plot for these distribution assets that are in accounts -- or FERC accounts 364 through 368, and run a linear line through it, a trend line, and then determine what the intercept is. And at that intercept, that would be considered the customer cost because there is no load on the asset.

**Q And TECO, of course, does not have transformers designed for zero load?**

A No, Tampa Electric does not have transformers designed for zero load. However, you know, the -- that's not what MDS is particularly for. It's to recognize that there is a cost to be connected to the grid.

**Q Would you agree that in order to be a customer of TECO, you need to have a meter and a service drop?**

A Yeah, that sounds correct.

**Q And those are, of course, assigned as customer costs?**

A Those are assigned as customer costs, as well as some labor and stuff associated to the billing system. And under the MDS method, there would be other

distribution assets that are assigned -- or a portion of distribution assets that are assigned as customer related cost.

**Q And you would agree that that, you know, that meter and that surface drop are real items that are on TECO's system?**

A Yes, I would agree with that.

**Q And just because a new customer is added to the system doesn't necessarily mean that the transformers in the area need to be upgraded if they are of sufficient size to handle the new load?**

A Yes, that would be correct. As it works from just a factual standpoint, is when new customers are added to the system, Tampa Electric may not need to add additional transformers, but the cost of those transformers get divided by potentially a bigger -- by a bigger number.

**Q If I could direct your attention now to part of staff Exhibit 831. This is going to be master number F16-103.**

A It's available on my screen.

**Q Do you recognize this document?**

A I do. These are my beautiful regressions.

**Q And this is the regressions for calculating how to, you know, allocate the minimum distribution**

**system?**

A Yes, they are.

**Q And if you go to the tab Summary.**

A I am on the tab.

**Q Would you agree that the majority of transformers, poles and conductors on the secondary system are assigned as customer costs?**

A Yes, that's correct.

**Q And this was the document used to support the 4 CP with MDS cost of service methodology that you filed?**

A This was the document to support the MDS piece.

**Q If I could next direct your attention to FLL-87. This is going to be master page 43.1-2737. Sorry, that's probably F -- I think that's F3. I am sorry, my notes are wrong. F-3.1-2737.**

A It's available on my screen.

**Q And did you provide this in response to a staff request asking for the cost of service breakdown of 4 CP without MDS?**

A Yes, that's what this looks to be.

**Q If I could direct your attention next to part of staff Exhibit 165. This is going to be master number E2166.**

A It's available on my screen.

**Q And would you agree that basically this says that other than the meter and the service drop, that poles, wires, transformers, you know, it varies and doesn't necessarily go one-to-one for new customers?**

A Yes, they are not necessarily a one-to-one for customers.

**Q You would agree that you are not aware of any role MDS has in the sizing of the actual equipment used in the distribution system?**

A No, I am not aware of how MDS impacts the actual sizing of the equipment in the field.

**Q You would agree that not using the MDS methodology is an accepted methodology?**

A Yes, that's been an accepted methodology.

**Q You are not aware of any other utilities in Florida that use the MDS methodology?**

A I am not aware of any other utilities in Florida that currently use the MDS methodology. I do know that, at one point in time, Gulf Power used it, but no, today I am not aware of any other utilities in Florida that use MDS.

**Q You would agree that generally speaking, that the 4 CP with MDS cost of service methodology allocates less costs onto the large commercial and industrial**

**users, and more costs on the residential and small commercial users as compared to the other cost of service study filed in this case?**

A As compared to 12 CP and 1/13th AD without MDS, that would be correct.

**Q And 4 CP with MDS was deemed cost causative in the 2021 settlement agreement, is that right?**

A That is what I read; but again, I wasn't -- I wasn't here at that time. I was working for Peoples Gas Company.

**Q You are not aware of any groups specifically representing residential customers that signed onto that settlement agreement?**

A I am not exactly sure who represents who.

**Q Fair enough.**

**If I could next direct your attention to master page E2163.**

**And this shows how much cost would be allocated to the residential customers using the two cost of service studies included in TECO's initial filing?**

A That's what this seems to indicate. Yes.

**Q And $70 million more per year is allocated to the residential class of customers under the 4 CP with full MDS, as compared to the 12 CP and 1/13th AD without**

**MDS?**

A Subject to check, but, yes, roughly, that's about right, 70 million.

**Q And just to confirm, as part of your work in this case, you did file a complete 12 CP and 1/13th AD cost of service study?**

A Yes, I did as a requirement of MFR E-1.

**Q If I could next direct your attention to master number F3.4-11598. This is going to be Exhibit FLL-229.**

**This would be your model for the 12 CP and 1/13th AD based on current rates?**

A Yes. Another one of my gorgeous models.

**Q It is.**

**If I could direct your attention to the tab Reports.**

A Okay. I am on the tab.

**Q And if you scroll down a bit, it compares the various classes under this cost of service methodology with the system average rate of return?**

A Yes, that's correct.

**Q And it shows residential customers, GS customers and the lighting classes above the system average rate of return?**

A That would be correct, compared to current

rates.

**Q And it would show the GSD and the industrial classes below?**

A Compared to current rates, that's correct. As part of the settlement agreement, I was instructed to bring each of these rate classes closer to parity, and that's what I did.

**Q And under current rates, GSD is at 0.55 of the rate of return index under this cost of service methodology?**

A Under current rates relative to this cost of service methodology, which would be the 12 CP, yes, they are at 0.55. However, under the proposed rates, they would be much closer to one.

**Q And if you could scroll down a little bit more to the row labeled row 47, Excel row 89. This shows the revenue deficiency surplus by class using this cost of service methodology?**

A Yes, that's correct.

**Q And it shows that -- well, class GS, that's going to be -- that's going to include small businesses?**

A Yes, GS would include small businesses.

**Q And is this showing that class GS, even with TECO's full revenue requirement, actually has a surplus?**

A Relative to -- the current rates relative to

this, the 12 CP methodology, yes, that is what this is indicating.

**Q And if you can go to the tab Coincident Peak Formula.**

A Okay. I am on that tab.

**Q And this would be the same data used as for the 4 CP, except now it would be using all 12 months?**

A Yes, it would be the same formula, except it's an average of each of -- or an average of the 12 months rather than the four months.

**Q And so that January peak that we talked about is still there, but that would be smoothed out and given less weight, essentially, under the 12 CP method?**

A Yes, it would be given less weight under this method.

**Q If I could next direct your attention to Exhibit FLL-228. This is going to be master number F3.4-10109.**

A It's available on my screen.

**Q And this would be the 12 CP and 1/13th AD methodology that you -- cost of service methodology that you filed based on proposed rates?**

A Yes. And I have run out of adjectives, so, yes.

**Q Give me one second.**

**And if you go to the tab Functionalized Revenues.**

A Okay. I am on the tab.

**Q And if you go down to the table starting at Excel line 36. This shows the revenue deficiency being allocated to the various rate classes?**

A Yes, this would show the revenue deficiency to each of the rate classes.

**Q And class GS gets essentially no revenue increase because of that surplus that we discussed?**

A That's correct, yes.

**Q And if you go to the tab Reports, and go to Excel line 98, line 56.**

A Sorry, you confused me. Which line?

**Q Excel line 98, with a -- it has 56 sales revenue requirements index.**

A Yes, I am there.

**Q And, you know, for the system, that's going to be 1.0?**

A That's correct.

**Q And under these proposed allocation and rates as contained in this cost of service study, you would agree that LS energy and GSLDSU are still furthest below parity?**

A Did you say that I agreed that they are still

the furthest below?

**Q Yeah, under -- yes, they would still be the furthest below parity there?**

A So LS energy under the other methodology would be well above parity. So I don't agree with that.

**Q Under this methodology?**

A Under this methodology, yes, LS energy is the lowest, and then GSLDSU would be the second lowest.

**Q If I could next direct your attention to Exhibit FLL-283. This is master number F3.5-25100A, A as in alpha.**

**As part of a staff request -- did you create this document as part of a staff request?**

A Yes, I believe so.

**Q And this shows, you know, proposed rates based on the 12 CP and 1/13th AD methodology without MDS?**

A Yes, that's what this shows.

**Q And so it shows that same -- you know, if you go to the row Total Retail, that 19 point, you know, that's just under 20 percent, that 19.78 percent increase. That's the same as the E-8 we saw before?**

A Yes, this would be the E-8, same formulas as we saw, just under a different methodology.

**Q And by contrast to the class increases that we saw before, residential customers would get a just over**

**12-percent increase?**

A Under this methodology, yes, that would be correct.

**Q And GS would get -- small businesses would get 0.27 percent?**

A Yes, that's correct.

**Q And the lighting classes would be close to zero?**

A Yes, that's correct.

**Q And others, like GSD, would get an over 50-percent increase?**

A Yes, GSD shows over 50 percent.

**Q And then the GSLDPR, then that gets a 26.8-percent?**

A Yes, that's what this shows.

**Q And GSLDSU would get 39 percent?**

A Yes.

**Q And that would still be -- for class GSLDSU, they would still be at 0.92 compared to the 1.0 index?**

A Yes, that's correct. And again, it's because they -- that's not a really robust rate class, and the demand charge was coming out higher than expected. It didn't make sense that the subtransmission demand charge was higher than that of the -- or was lower than the -- sorry -- higher than that of the primary class, so the

parity is a bit lower.

**Q And these increases would reflect revenue from those classes before they get any interruptible credits?**

A Yes, that's correct.

**Q As you move to even a higher weight on the average demand component, reflecting a judgment that more than 1/13th of TECO's generation plant is appropriately reflected as an energy cost, the residential increase would go further down, and some of the others would go up to try to get closer to parity?**

A So I haven't conducted that analysis, but knowing what I know about the cost of service, I would imagine that's what would happen.

**Q And if the overall revenue requirement, you know, that 19.78-percent total increase, if that went down, you know, to get classes closer to parity, the differential between the residential class and the industrial classes would necessarily increase?**

A I am not sure that I understand that question.

**Q Let me ask it this way: You know, part of what you are trying to do is, in your design here under this methodology, the 12 CP and 1/13th AD, was get the classes closer to parity under that methodology?**

A I mean, part of what I try to do with any methodology would be to get the classes close to parity.

**Q And so to do that, there is a diff -- the different classes get different size increases?**

A Yes, that would be correct.

**Q And in some ways, the larger the overall revenue requirement increase, the bigger the percent, the smaller the difference between the classes would be in order to get to that parity?**

A I don't necessarily agree with that.

**Q Okay. And if I could direct your attention on this document to tab 2025 RS Rate Class E13C?**

A Okay. I am there.

**Q And under this cost of service methodology, the residential basic service charge would not increase?**

A Under this methodology, from a rate design perspective, the residential service charge would be the same.

**Q In fact, if it was not for not applying any decreases, it would go down?**

A Can you repeat that?

**Q Yeah. If it was for not applying any decreases in your rate design, that service charge would go down?**

A I am still not grasping how -- why it would go down.

**Q The basic service charge for residential**

**customers.**

A I hear -- I mean, I hear what you are saying, but I am not -- I am still not grasping what it is you are asking.

**Q So if you just were starting afresh with rate design, you had no previous rates and you used the 12 CP and 1/13th AD cost of service methodology to derive a basic service charge, the customer charge, the customer charge would be less than what's shown here?**

A Yes, the cost of service unit -- the unit cost shown in the cost of service study for the basic service charge is lower than what is shown here.

**Q And just to be clear, holistically speaking, you are not offering an opinion as to which cost of service methodology is superior for TECO's customers?**

A Tampa Electric's settlement agreement indicates that I am to support, or not oppose the 4 CP methodology.

**Q So you are not offering an opinion?**

A I am not offering a personal opinion.

**Q Turning to your rebuttal testimony now. In your rebuttal testimony, you did not rebut the 12 CP and 50 percent AD cost of service study methodology filed by Karl Rabago?**

A No, I didn't rebut it in my rebuttal testimony

because I didn't run an analysis on it.

**Q And so you did not rebut his reasons for supporting the 12 CP and 50 percent AD cost of service study?**

A I don't recall -- no, I don't recall rebutting anything associated to 12 CP and 50 percent AD.

**Q In your rebuttal to Mr. Marcelin's annual average monthly bill data, you argued that the information is not current, is that right?**

A I believe that I argued that, yes, it was not current, and also misleading, in that Mr. Marcelin didn't take into account that Tampa Electric's bills may be higher relative to other electric companies simply because usage here in Florida is higher.

Electricity is the dominant energy source here in Florida, whereas, that's not the case for numerous states throughout the -- or throughout the country. If you were to take natural gas or heating oil into consideration, energy in Florida is actually pretty cheap.

**Q But you would agree that 2023 is the most recent completed calendar year?**

A 2023 is the most recent completed calendar year. However, in 2023, Tampa Electric had a large fuel under-recovery within its rates, as well as a storm

surcharge within its rates. That's not the case today, or -- well, it's not as large today, and the storm surcharge will not be there in 2025.

**Q And that's hoping, as I think we all do, that there is not going to be a storm that is going to impact us and require another storm charge?**

A Yeah, hopefully not, because working out in the field is pretty tough on me.

**Q And although you find Mr. Marcelin's presentation of his data misleading, you don't disagree with his calculation that looking solely at electricity bill data for 2023, TECO had the third highest average residential electricity bills in the nation for electric utilities with more than 100,000 residential customers?**

A I don't disagree with -- no, I don't disagree with Mr. Marcelin from a factual standpoint, but I do believe that it is highly misleading. I can think of numerous things that are factually correct, but they are, you know, highly misleading.

**Q And part of your argument is that Mr. Marcelin's presentation is that he doesn't look at whole house energy usage?**

A No, it does not -- it didn't seem to indicate that he looked at whole home house energy usage, in which I provided an analysis in my rebuttal testimony

that I believe indicates that when taking into consideration whole home energy, Florida is the 35th cheapest.

**Q You would agree that northern states face harsher winters than here?**

A I would agree that they face -- yes, they do face harsher winters than here, but they do not face the summers that we face here, in which no one wants to go outside in the summer here.

**Q And for those northern states, you would agree that heating can drive a lot of that whole home energy usage?**

A Yes, I agree that heating can drive that in the northern states, just as cooling drives things here in Florida.

**Q And you would agree that Arizona can have some pretty hot summers?**

A Yes, my brother lives in Tucson, so I have been there. It's hot, but it's not -- it's not humid like it is here. It's a dry heat. I grew up in southern California, so it's a different type of heat.

**Q And Arizona is actually ranked lower on your Document No. 5 attached to your rebuttal testimony when it comes to whole home energy use?**

A Yeah, they would be ranked lower, but again,

it's a different type of heat.

**Q If I could next direct your attention to Exhibit FLL-214. This is going to be master F3.4-6948.**

A Okay. It's available on my screen.

**Q This was included as part of your work papers for your rebuttal testimony?**

A Yes, that's correct.

**Q And it shows Tampa Electric Company compared to use per residential customer kilowatt hour usage as compared to other states?**

A Yes, it does.

**Q And it shows that Mississippi and Louisiana both had higher average usage per customer than TECO's residential customers?**

A Yes, but it also indicates that states like Tennessee, Alabama, Georgia are lower than that of Florida.

**Q And the average residential electricity bill in Louisiana and Mississippi was lower than that for -- than TECO's residential customers?**

A I don't recall.

**Q Would it help refresh your recollection if I showed you your deposition transcript?**

A Probably.

MR. MARSHALL: Could have one moment, Mr.

Chairman?

CHAIRMAN LA ROSA: Sure.

BY MR. MARSHALL:

**Q If I could direct you to page 25 of the deposition transcript just to see if that could refresh your recollection.**

A I actually found the document in my rebuttal testimony too.

**Q Okay. Oh, great. And did that refresh your memory?**

A It does. I just need to find the two states that we are referring to. If you give me one moment, please.

**Q Sure.**

A Okay. I found the two states.

**Q And so the average residential electricity bill was lower in Mississippi and Louisiana than it was for TECO's customers?**

A Yes, it was in those particular states. But I would also point out that if we are looking strictly at Tampa Electric, we are lower than Alabama, North Carolina, West Virginia, and numerous other states throughout the country.

**Q If I could direct your attention to another one of your rebuttal work papers. This is going to be**

**FLL-213, tab -- well, we will do that first -- master F3.4-6846.**

A Okay. It's available on my screen.

**Q And this was one of your work papers to support your rebuttal testimony?**

A Yes, I believe so.

**Q And on this particular page, it shows the history of residential rates for TECO?**

A Yes, it does on this particular page.

**Q And in 2008, the residential customer charge was $8.50?**

A Yes, that's what this indicates.

**Q And what TECO has proposed here is $32.10?**

A Yes, that would be correct.

**Q And that's almost quadrupling?**

A I think there are numerous factors to consider in that. A few of those would be -- or one of them would be inflation. The other one would be the consideration of the MDS methodology. I believe that Archie mentioned that, on an inflation adjusted basis, Tampa Electric's bills are pretty much unchanged in the past, you know, 10 years or so.

**Q But you would agree, that's almost quadruple?**

A I would agree that that's the case for the customer charge component.

**Q And looking at the base energy charge, the base rate was a little over four cents in 2008 per kilowatt hour, and this is for both less than and over 1,000 kilowatt hours of usage?**

A Yes, I see that on here.

**Q And proposed here is about 7.5 cents per kilowatt hour for under 1,000 kilowatt hours, and about eight-and-a-half cents per kilowatt hour for over 1,000 kilowatt hours?**

A Yes, that's what this indicates.

**Q In your rebuttal testimony, you include the Department of Energy's definition of energy burden of -- is that right?**

A Yes. So energy burden, according to the Department of Energy, is taking the month -- or what a customer pays on their monthly utility bill and dividing it by their gross annual income.

I would also indicate that over the past 21 years, if you took Tampa Electric's monthly bill and divided it by household income, it's actually showing a linear decline within the trend. So there has been a downward trend in the bill over the past 21 years relative to household income.

**Q And that includes the definition that a household with six percent or greater energy burden is**

**considered to be a high energy burden household?**

A Yes. That's correct. And I did do an analysis on both the median income -- household income in Florida, and an analysis on the -- on low-income households within Florida. And Tampa Electric's energy -- as defined by the Department of Energy, Tampa Electric's energy burden is roughly 2.5 percent for Tampa -- or Florida's median income, and about 4.5 percent for low-income households, so well below that of the six percent threshold for the Department of Energy.

**Q And your low-income household analysis, in your testimony, that's based on the LIHEAP threshold amount?**

A Yes, it's based on what LIHEAP would consider to be a low-income household.

**Q And it's based on the top threshold level of household income in your analysis for that threshold?**

A Yes, it's based on the numbers stated by LIHEAP. It was the best available information.

**Q And if I could next direct your attention to Exhibit FLL-215. This is going to be master number F3.4-6954.**

**And you also did the same analysis in response to a discovery request based on one income, whereas, the one included in your rebuttal testimony was based on two**

**incomes?**

A The one included in my rebuttal testimony was based on two incomes. With that said, doing the same analysis on a one-income household, it still demonstrated that Tampa Electric has a downward linear trend, and was also below the six-percent threshold.

I also like to indicate that a one-income household, you know, I am not really sure is going to be using 1,000 KWH. They may be using less. So that would change that -- the energy burden and lower it even more.

**Q And this is the analysis based on -- it's based on -- not on a one-person household, but on a one-income household, is that right?**

A It is a one-income household.

**Q And I believe you were alluding to this, but both of your analyses were based on 1,000 kilowatt hours of usage?**

A Yes. That's the typical amount that this commission is accustomed to seeing.

**Q You would agree that average residential usage for TECO customers was higher in 2023, at 1,157 kilowatt hours per month?**

A That would be correct for 2023, which I believe Lori indicated was a really hot year. It's not significantly higher than that of 1,000 kWh.

**Q And TECO has higher rates that kick in after 1,000 kilowatt hours of usage?**

A Yes, there is a penny differential.

**Q And just to be clear, your analysis does not estimate how many people in Hillsborough County are going to meet that energy burden definition?**

A No, it doesn't. I am not sure where that information is available for the year 2025.

**Q Thank you for bearing with me, Mr. Williams. That's all my questions.**

A I appreciate it.

CHAIRMAN LA ROSA: Thank you, guys. You caught me right as I decided to eat something. Great timing.

All right. Let's move to FIPUG.

MR. MOYLE: Thank you, Mr. Chair.

EXAMINATION

BY MR. MOYLE:

**Q Good morning, Mr. Williams. How are you?**

A I am doing fantastic. How about yourself?

**Q I am good. Thank you.**

A An opportunity to talk about rate design, so scintillating conversation, so thank you.

**Q Well, I assume there is others that share that opinion.**

A No, not really.

**Q I am going to walk you through a few things and have a little bit of follow-up on some questions that you were asked, and then want to talk to you about some of your testimony.**

**So the 50-percent AD, I thought I heard you say that that has never -- that that's been rejected every time it's been put forward, is that right?**

A I am only aware of it being put forward one time, and I do not believe that was approved, so I believe the answer to your question is yes.

**Q All right. And on the minimum distribution system, it's called MDS, but the D obviously is for distribution, correct?**

A Yes.

**Q Okay. And it's an accepted methodology, is it not?**

MR. MARSHALL: I am going to object to friendly cross, if I may be heard.

CHAIRMAN LA ROSA: Go ahead.

MR. MARSHALL: Mr. Moyle's position, and the company's position on this, are aligned, and this is starting to sound a lot like redirect. So I do believe this is friendly cross.

MR. MOYLE: I -- you know, there is two cost

of service studies at issue. Mr. Marshall's client is supporting one. We are supporting the other. This is the witness who has all of this information. I think it's pertinent and allowable to allow us to explore this issue. We have said at the very beginning this was a big issue on this, so we would ask to be able to ask these questions.

CHAIRMAN LA ROSA: Sure. I am going to turn to my advisors. I have got a gut on this, but I will --

MS. CIBULA: I don't think it's friendly cross. I think he should be allowed to ask these questions.

CHAIRMAN LA ROSA: I agree. Let's allow this to continue. And obviously, you have got the right to chime back in if you think it continues too much.

So please go ahead, Mr. Moyle.

BY MR. MOYLE:

**Q So with respect to minimum distribution system, I think my question was, it's an accepted methodology, is it not?**

A In Florida, I am aware that it's been approved through settlement, but it is an accepted methodology in Florida and other states throughout the country.

**Q And there are a lot of details associated with it. I remember when I was first asking about it, it was explained to me in a certain way, and I want to tell you how it was explained and see if you generally agree with this, is that okay?**

A Yes, that's probably preferable.

**Q So what I understand it helps do is that it focuses on distribution costs, correct?**

A Yes, it does.

**Q And if you have a large commercial or industrial user that is close to a transmission line, they put in a site, it's a relatively simple connection to make from a transmission line to a large user. You step down some power and say it's within, you know, a quarter mile, you hook them up to your system and you are good to go. Does that make sense?**

A Yes, that makes sense, but that doesn't really impact the minimum distribution study or system analysis. That would be handled just within the cost of service, and indicating that primary and subtransmission customers don't use the secondary distribution system.

**Q The point, the compare/contrast for me was, with respect to that scenario, compared to, let's say, a residential development -- Florida is having a lot of residential development right now, correct?**

A I believe that to be true.

**Q And just for the conversation, a 500-unit -- 500 new homes, you know, going in somewhere, that's a new area, used to be ag land and it's being developed, that is going to require a lot of distribution costs because you are going to -- if you don't have lines there, you are going to have to run lines there. Then you are going to have to trench and put in distribution lines to each house. You are going to have to put meters, and those costs are quite significant, is that right?**

A I actually don't know the answer to that. I don't do our cost estimation, so I couldn't give you an answer as to whether that's a lot of money or not.

**Q Yeah. Assume it is for the purposes of our conversation.**

A Sure.

**Q The minimum distribution system more properly looks at how costs are allocated in what I was told, but would you agree with that?**

MR. MARSHALL: I am going to object that this is friendly cross. Mr. Moyle supports the MDS service methodology, as does the company, as does the witness.

CHAIRMAN LA ROSA: Yeah, I will go to Mr.

Moyle. I'm -- are you turning the corner on this or --

MR. MOYLE: Yes, I am. I am moving on to something else.

CHAIRMAN LA ROSA: Okay. Yeah, let -- I am going to allow it, again, to continue.

MR. MOYLE: Yeah. Thank you.

CHAIRMAN LA ROSA: Obviously, the direction is important.

BY MR. MOYLE:

**Q You can answer that question.**

A Proponents of MDS would agree with what Mr. Moyle has just stated.

**Q And you are a proponent of MDS, I guess, as Mr. Bradley noted?**

A Per the terms of the settlement agreement, Tampa Electric is to support or not oppose the implementation of MDS.

**Q Okay. A couple of other just follow-up questions. And you were shown a lot of information about, you know, residential and commercial classes. Your biggest customer class in terms of load is residential, correct?**

A I don't recall.

**Q So in terms of a lot of, you know, a**

**utilities, I have been told 85, 80, 90 percent residential. You are not aware of as far as Electric's residential load?**

A I know that it's significant, but I am not -- I don't recall how it compares to that of our subtransmission customers. I know that they also have a lot of energy usage as well.

**Q Assume it's significant, just for the purposes of the question. In terms of allocating dollars, if you say, oh, here's, you know, a bigger dollar, it follows that the customer classes that are taking the most energy would have a higher dollar allocation, correct?**

A If allocated on an energy basis, yes, that would be correct.

**Q Let's look at your testimony, if we could. I would like to go to C18-1763.**

A Okay. It's appeared on my screen.

**Q Okay. If we could go down toward the end of the page. The question there, you are asked to explain why Tampa Electric is proposing that its demand-related production and demand-related transmission costs be allocated to rate cases -- rate classes using a 4 CP methodology, right?**

A Yes. This is indicating that Tampa Electric entered into a settlement agreement, and that's --

**Q Well, let me just ask you this: Would you read your answer, please?**

MR. MARSHALL: I am going to object as friendly cross. I mean, this is really getting into redirect territory, where Mr. Moyle is using the wit -- I mean, he is trying to support the witness' position to support his position.

MR. MOYLE: I mean, it's been objected. You have ruled on it. I am going to walk him through this one page and --

CHAIRMAN LA ROSA: I don't know that he has fully gotten there yet.

MR. MARSHALL: Okay.

MR. MOYLE: I'm sorry?

CHAIRMAN LA ROSA: I don't believe that you have fully gotten to that point yet.

MR. MOYLE: Right. Right.

BY MR. MOYLE:

**Q So, Mr. Williams, would you just read your answer to the question that I just read from the record?**

A Yes. Starting on line 25?

MR. MARSHALL: I would also have to point out and object to literally asked and answered. This has been entered into the record as though read, and he is actually being asked and answered the

same question he was asked on direct.

CHAIRMAN LA ROSA: Okay. Can we maybe specify the question, if there is a question there -- or maybe just specify a portion of what you are asking him to read rather than asking him to read this entire question.

BY MR. MOYLE:

**Q You would agree, would you not, that the 4 CP methodology is an accepted cost allocation for several reasons?**

A Yes, it was approved in the 2021 settlement agreement, and numerous reasons were given during that, but, again, I wasn't here during that time.

**Q Right. But you also, in your testimony, say it's a fair approach to allocating costs, do you not?**

A Can you point me to exactly where I say fair approach?

**Q Sure. Page five, line four.**

A Yes. That's correct.

**Q And just for the record, it says: The proposed cost of service study meets each of the requirements and fairly allocates cost, correct?**

A Yes, that's what it states.

**Q And that's your view today as you sit here, correct?**

A So Tampa Electric entered into a settlement agreement in which we were required to either --

**Q Right. And you just took -- you are under oath, are you not?**

A I am.

**Q And you said you didn't have any changes to this testimony?**

A That's correct. I also don't -- I think I mentioned I wouldn't be offering a personal opinion. I am offering the opinion of the company here.

**Q Right. And is this consistent with that?**

A Yes. It says that it fairly allocates costs.

**Q On your testimony with respect to -- this is back on page 25. You say: The 4 CP methodology reflects cost causation in relation to Tampa Electric's peaks, and that those peaks are primarily a function of energy consumption associated with weather.**

**You also go on and say that there is a strong correlation between weather in residential and small commercial energy consumption. And when it's hot, those classes can tend to consume more energy through cooling, and when it's cold, these classes tend to consume more energy through heating --**

A Yes.

**Q -- is that right?**

A Yes.

**Q And when you talk about strong correlation, is that another way of saying, in effect, that the people who are, on a hot day or a cold day, they are the ones that are causing the cost?**

A Yes, that would be correct.

**Q Right. And you agree that with respect to rate design and allocation, that those who cause the cost should pay for the cost, correct?**

A Generally speaking, yes, that's correct. Rate design is a little more artistic than the cost of service model. The cost of service model is very scientific; but generally speaking, yes, I agree with that statement.

**Q Okay. You also have said -- this is on line 21, and these are reasons why 4 CP is appropriate. You say that Tampa Electric's transition away from large baseload coal-fired generating units to cleaner generating resources like solar has diminished the importance of shoulder months for operational planning and cost attribution purposes. Could you explain that, please?**

A So in the -- yes. In the shoulder months, back when Tampa Electric had coal units, they continuously needed to be operated on and shut down;

whereas, the generation fleet has significantly changed since then. Tampa Electric is -- doesn't have much of an issue meeting its shoulder months peaks today as it would relative -- or compared to previous years, simply because we don't have those units that need continuous maintenance, or, you know, significant maintenance and shutdowns.

**Q And that's another reason why the 4 CP methodology is supported, correct?**

A That is a reas -- that is a reason why it it's -- yes.

**Q Then you start on line 25. You say: The 4 CP methodology can serve as a catalyst for economic development, as it would make manufacturers and other large employers in Tampa Electric's service area more competitive than competing regions. That is also a benefit of 4 CP, correct?**

A Yes, that's stated in here. I think it's more so a byproduct of 4 CP, but that's correct.

**Q And we have had a few conversations with respect to the Florida Legislature's recent articulation of energy policy in the state.**

A Yes, I remember those conversations.

**Q Would you agree that with respect to your testimony here and the use of the 4 CP, that consistent**

**with section -- I will just, for the record, cite it -- 377.601(2)(f) -- that the 4 CP approach supports economic growth?**

A I am not really aware of that specific section, but based on my testimony and what I have stated here, it does support economic growth.

**Q Okay. And I will just represent, paragraph F says, supporting economic growth, so save you --**

A Okay.

**Q -- having to check it.**

A Then sure.

**Q So at the -- back at the top of your testimony, on line 25, you say that the 4 CP methodology is an accepted cost allocation methodology for several reasons. And then you say that the parties to the 2021 settlement agreement identified some of these reasons --**

A Yes.

**Q -- and you list them. That leads me to ask -- to say, well, if these aren't all of the reasons, what are some of the additional reasons that support the 4 CP approach?**

MR. MARSHALL: I am just going to renew my objection at this time regarding friendly cross, since I believe Mr. Moyle's position is in support of the 4 CP with MDS, and that is also the

company's position, as said through his testimony.

CHAIRMAN LA ROSA: Yeah. I think we have been toting the line, and I have been kind of waiting to see kind of what the direction of the question is. I think we are crossing over. So if there is a more direct question that's not, you know, based specifically in reading back his testimony, then I would allow that.

MR. MOYLE: All right. Can I have a second please?

CHAIRMAN LA ROSA: Sure. In fact, Mr. Moyle -- so it's a few minutes before 11:00. I wouldn't mind giving the court reporter and the witness maybe a break.

My anticipation is, is that we will come back, obviously, and pick up where we left off, and then start to wrap things up. I will allow a closing statement of some sort by the parties. You don't have to, of course, take me up on that, but I do want to offer that up.

MR. WAHLEN: Is that in lieu of briefs so we can get a bench decision or --

CHAIRMAN LA ROSA: No, that's not, but just as a wrapping up, you know, maybe kind of the proceedings from this week. So, yeah, if that's

okay with everyone, of course, we will come back to that officially.

MR. MOYLE: Thank you.

MR. WAHLEN: Of course, it's whatever the Commission wants. It was not in the Prehearing Order. We didn't come prepared to do that. If you want me to make something up in a hurry, I can, but I really was not anticipating making a closing statement.

CHAIRMAN LA ROSA: Okay.

MR. WRIGHT: I am in the same boat as my friend Mr. Wahlen.

MR. WAHLEN: I would prefer that we just brief.

CHAIRMAN LA ROSA: Okay.

MR. WRIGHT: I thought we would just brief, but if you want a closing statement, I can do one.

CHAIRMAN LA ROSA: Okay. How about --

MR. MOYLE: I think it's a great idea.

CHAIRMAN LA ROSA: Yeah. Yeah. We will come back to that after the break and I will give you time if it's necessary. Yeah, and I didn't actually tell you how long. Let's say 10 minutes.

(Brief recess.)

CHAIRMAN LA ROSA: All right. If you don't

mind maybe jumping back in your seats and we will get going.

Before the break, my intentions were to maybe just have a few brief comments. I have been advised otherwise, but I will let my advisors explain.

MS. HELTON: I appreciate your sentiments, Mr. Chairman, about wanting to hear from all the parties at the end, but unfortunately, we have not noticed the opportunity for closing arguments to the parties. They didn't -- that was not set out in the Order Establishing Procedure or the Prehearing Order, and that is not our typical process.

So if parties, when they file their briefs, they could, you know, take up some of their pages and do a short summary closing argument there if they wanted to have one place to kind of put everything together. But I do not believe that it's appropriate today to hear closing arguments from the parties.

CHAIRMAN LA ROSA: Okay. Perfect. Thank you. So we will stick to the Prehearing Order.

And then let's pick up where we left off with FIPUG and questions.

MR. MOYLE: Thank you for the time and the consideration with the break. Upon reflection, we don't have any additional questions of this witness.

CHAIRMAN LA ROSA: Okay. Perfect. Thank you.

FEA has been excused. Let's move to FRF.

MR. WRIGHT: Thank you, Mr. Chairman. I have very brief cross for Mr. Williams.

CHAIRMAN LA ROSA: Sure.

EXAMINATION

BY MR. WRIGHT:

**Q Good morning again, Mr. Williams. It was nice to meet you earlier.**

A Good morning.

**Q Thanks. I am going to have a few questions for you relating to your direct testimony. Before we go there, is it fair to say that you are Tampa Electric's cost of service guy?**

A Yes, I am Tampa Electric's cost of service guy.

**Q And the rates guy?**

A I am the rates guy too.

**Q Thanks. In my law firm, we call me the PSC guy, so -- and in my former life, I was cost of service and rates guy too, so here I am. Thanks very much.**

**Your -- I am going to ask you a few questions about your testimony at page 37 of your testimony. And you can look at it if you want to. It's the one where you have included a slightly modified version of the PSC's electric bill comparison table at the bottom of the page.**

A Okay. I am --

**Q Okay. You are there. Great.**

**So there, you testified that based on the information shown in your table, Tampa Electric would still have the second lowest rates residential 1,000 kWh bill amongst the IOUs, assuming the numbers on this table, is that accurate?**

A Yes, in combining Florida Power & Light as one company.

**Q Thanks, that got my next question.**

**You don't provide any testimony regarding the relationship of Tampa Electric's rates to either rates of municipal utilities or cooperative utilities in Florida, do you?**

A No, I do not.

**Q Thank you.**

**This exhibit is based on March 24, with the update of your projected 1,000 kWh residential bill at $160.93 for January of '25, correct?**

A Yes. It's a snapshot in time.

**Q Thank you.**

**I understand that with the company's reduced revenue requirements adjustment that I think you filed last week, I think it was August 22nd, that doesn't -- recently, that that number, that $160 number is something more like 158, $159, do you think?**

A It will come down a bit. I don't know the exact number.

**Q Okay. Thank you.**

**Do you stay abreast of other utilities, the other IOUs -- we will stick with the IOUs. Do you stay abreast of the other IOUs' typical bills?**

A Occasionally. I have looked at their Schedule A-2 and some of their more recent rate proceeding filings, but I check it every few months.

**Q Do you look at the PSC's electric bill comparison table that you have included in your testimony here as it is updated monthly -- well, as it is updated periodically, I should say?**

A I can't claim that I check -- no, I can't claim that I check it every month, but I do look at it occasionally.

**Q As of August, will you accept, subject to check, that the PSC's report shows that FPL legacy, what**

**I am going to call the main FPL, shows a bill of $121.19 per thousand?**

A I would have to take you at your word.

**Q And FPL Northwest Gulf Power is $135.39?**

A Again, I would have to take you at your word.

**Q Duke Energy Florida is currently, as of August, 157.47?**

A I would imagine that reflects a decrease in fuel, but again, I will take you at your word.

**Q And I believe Tampa Electric's current bill is $136.44. Does that sound right?**

A Yes, that sounds correct.

**Q Okay. And I think FPUC is still $165.98, correct --**

A Again, I will take you at your word.

**Q -- or subject to check?**

A Yeah, subject to check.

**Q Okay. With respect to next year, do you have any different expectation as to what FPL's, Duke Energy Florida's or FPUC's bills will be as of January of 2025, other than what you have talked about in your testimony?**

A Only what I have seen in their schedule -- or MFR Schedule A-2, but I don't recall the exact numbers. I just remember they being -- they were higher than that of Tampa Electric's.

**Q Well, if DEF is at 140 -- 157.47, then it will be probably a little less than Tampa Electric's, correct?**

A I am not sure if their 157 is inclusive of their more recent base rate settlement agreement.

MR. WRIGHT: Mr. Chairman, I am going to ask y'all to take notice of your document, the current August 2024 electric bill comparison that's on your website. It's something that's readily available. It is your information. We have talked about current information. He has criticized Mr. Marcelin for not using current information, and I simply want you to have the most current information available as of today.

CHAIRMAN LA ROSA: Okay.

MR. WRIGHT: Thank you.

MR. WAHLEN: I am a little concerned. Public Counsel went to great lengths to file a request for official recognition before the hearing. We responded to it. We had time to think about what we would do to supplement that request, and we did, and that was taken up at the beginning of the hearing.

Now, in the closing hours of the hearing, we are being asked about another request for official

recognition. I think it's untimely, and we haven't really had a chance to think about what we would do to supplement it, if anything.

So I don't like the feel of telling the Commission that you shouldn't look at stuff on your own website. We just haven't had a chance to think about how we would supplement it the way Public Counsel gave us that opportunity by filing before the hearing, so, thank you.

CHAIRMAN LA ROSA: Sure.

MR. WAHLEN: I guess we object.

MR. WRIGHT: Yeah, I would simply say, I don't think there is anything to supplement. It's your information on your website today.

CHAIRMAN LA ROSA: I will go to my advisors on this.

MS. HELTON: Mr. Chairman, we always officially recognize our orders, and you are not necessarily required to ask for official recognition as such, because we do.

I just checked with Ms. Draper, and that bill information that I think Mr. Wright is alluding to is available on our orders. So if he wants to use that as part of his arguments before the Commission, maybe Mr. Wright could cite to our

orders and where he got the information.

CHAIRMAN LA ROSA: Sure. Can we do that?

MR. WRIGHT: Sure. I can pull the updating orders.

My proffer is very simple. The numbers on your website, to the very best of my knowledge, reflect the rates as currently approved pursuant to your orders, several of them, including Tampa Electric's much lower rate, $136, and Duke Energy's slightly lower rate, are the result of midcourse corrections that were approved, I think, around the end of May or the beginning of June.

I appreciate Ms. Helton's comments and suggestion, and I am perfectly happy to use your orders to get the numbers that I am talking about.

CHAIRMAN LA ROSA: Okay.

MR. WRIGHT: Okay. Just, I think, a few seconds, if I could.

CHAIRMAN LA ROSA: Sure.

MR. WRIGHT: Thank you.

BY MR. WRIGHT:

**Q Mr. Williams, you may have answered this question. If you did, I apologize, and I don't remember it. But I asked you: Do you have an expectation -- or in your frame of knowledge, an expectation of what the**

**other utilities' bills will be in January. I think you said no, but if you could just confirm that, that would be great.**

A No, I do not know exactly what their bills will be in January of 2025.

MR. WRIGHT: Thank you. That's all I have.

CHAIRMAN LA ROSA: Great. Thank you.

Walmart.

EXAMINATION

BY MS. EATON:

**Q Good morning, Mr. Williams.**

A Good morning.

**Q You have discussed some cost causation principles today, and I just have a couple of general questions to begin.**

**Do you agree that transmission and distribution infrastructure costs are fixed costs that do not change with the amount of energy consumed by customers?**

A The cost of the assets, yes, I do agree with that, associate -- but that's with the cost of the asset itself.

**Q That's what I am speaking of, the transmission and distribution infrastructure cost of the asset.**

A Of the asset, yes.

**Q And would you agree that recovering demand-related fixed costs through an energy or variable charge would violate cost causation principles because it results in a shift in demand cost responsibility from lower load factor customers to higher load factor customers?**

A Not necessarily. That's a rate design. And rate design is -- there is a bit more discretion in rate design.

**Q I want to ask you a little bit about -- well, I will start off saying, yesterday, I was asking Mr. Chronister regarding TECO's proposal to collect via the method presented in Section 8 of the settlement agreement in the 2021 rate case, the storm cost -- or for the storm cost recovery, and he said to ask you some questions, so you can blame him later for these few questions.**

A Can I say thanks, Jeff?

**Q Yes.**

**Are you generally familiar with the storm cost recovery part of this 2021 settlement agreement?**

A At a very, very high level.

**Q If we need to pull it up, it's CEL Exhibit 830, but I think I can ask the questions without you reading what it says.**

**Would you agree that in TECO's most recent storm cost recovery docket, which was 2023-0019-EI, for its true-up, TECO agreed to refund any over-collected storm costs to customers the same way those costs were originally collected?**

A Yes, that sounds familiar.

**Q And do you agree that in TECO's most recent storm cost recovery docket, with respect to the under-collected storm cost, for its true-up, TECO agreed that it would collect any remaining amounts owed from demand-metered customers through demand charges via an adjustment to the energy conservation clause?**

A Yes, that sounds familiar as well.

**Q And subject to check, would you agree that the stipulation that was entered between TECO and Walmart regarding how the TECO -- how TECO would handle the true-up of its storm costs was memorialized in Order No. PSC-2024-0190-FOF-EI, which was entered June 13th, 2024?**

A Subject to check, I will agree with that.

**Q And would you agree that it is physically possible for TECO to collect storm costs from demand-metered customers via a demand charge?**

A For clarity sake, are you talking about on a forward basis or --

**Q Yes.**

A Physically, yes, it's possible. I do believe that it would require some upgrades to the billing system, but it's possible, so, yes.

**Q And the collection of demand -- of the storm costs from demand-metered customers through demand charge is what TECO is doing for its true-up when it collects that money, the under-collected money, through the energy conservation clause, correct?**

A Yes, that would be correct, considering the energy conservation charge as a demand component for the larger rate classes.

**Q Do you have any understanding about what the proposal is for storm costs on a going -- the collection of the storm costs on a going-forward basis?**

A No, not a strong one.

**Q I want to ask you about your Exhibit JW-2, which is in your rebuttal, and it's CEL Exhibit 152. And you have a bunch of documents attached to JW-2. And I am going to ask you about Document 8, and page 86 of 211 in that document, which is master page D14-1137. I think you have to rotate the page though, yeah, and definitely have to make it larger. It's very, very, very hard to read.**

**Was this a beautiful spreadsheet that you created?**

A You will have to give me a second to see what it is.

This is a spreadsheet that I created. I don't know that I will classify this, or categorize this one as beautiful.

**Q Okay. Fair.**

**This is the -- the header is just the full bill comparison for GSD. Do you see that?**

A Yes, I do.

**Q And at the bottom of the page, there is some headings that say, present and proposed. Do you see those headings?**

A Yes, I do.

**Q And I was looking at the column for GSDT. Would you agree that's a demand rate?**

A GSDT is a demand rate for time-of-use customers.

**Q Okay. And under those columns, there is a list. It says, demand charges, and those charges are in dollars per kilowatt. And then there is energy charges. Those are in cents per kilowatt hour. And then it goes through fuel charge, conservation cost, capacity charge, CETM, and then an environmental. All those charges are listed. Then there is a charge for SPP, which looks like it is -- and that's the storm protection plan**

**charge, is that correct?**

A Yes, that is the storm protection plan charge.

**Q And that's staying at a dollar per kilowatt hour, is that correct?**

A Yes, it's on a dollar per kilowatt basis.

**Q And then at the bottom of the headings, it says, storm surcharge. Is that the monies collected pursuant to the storm cost recovery dockets?**

A Yes, which is on a cents per kilowatt hour basis.

**Q And that's currently on a cents per kilowatt hour basis, but then there is no proposed amount on the other side. Do you see that? It's the only column that doesn't have a corresponding proposed.**

A Yes, that's because in 2025, under the proposed rates, to the best of my knowledge, there is not a storm surcharge at this time, so I left that column blank.

**Q Okay. And so I guess what I am trying to get at is if TECO's plan is to, with this rate case, is to have this commission approve the methodology for handling storm cost recovery charges, whether those charges would be collected from demand-metered customers going forward on an energy basis versus on a demand basis?**

A I don't know the answer to that.

**Q Is there anybody else that has that answer? Because I couldn't find it in the testimony, and Mr. Chronister told me to ask you.**

A Thanks, Jeff, if you are watching.

I don't know. I am not sure who would know the specific answers to that. I think that the team would have to chat and come up with a decision.

**Q Okay. But I think you agree that it's physically possible, with some adjustments on the billing system side, to collect storm cost from demand-metered customers on a demand basis, is that right?**

A It is physically possible to collect that. I mean, I believe that there would need to be upgrades to the billing system, but it is -- yes, it is physically possible to do.

**Q Okay. Thank you.**

MS. EATON: That's all I have.

CHAIRMAN LA ROSA: Great. Thank you.

Staff.

MR. SPARKS: Yes, Mr. Chairman, just a few questions.

CHAIRMAN LA ROSA: Sure.

EXAMINATION

BY MR. SPARKS:

**Q Unfortunately, I don't think we will get to look at any of the beautiful spreadsheets in my questions.**

**I just want to briefly touch on something that was touched on earlier. In your direct, you state that the 4 CP methodology could make manufacturers and other large employers in TECO's service area more competitive, is that correct?**

A I did state that in my testimony, yes.

**Q And this is simply because that the commercial/industrial rates would be lower under 4 CP than under 12 CP?**

A Yes.

**Q But TECO already has an economic development tariff available to help attract new businesses, is that correct?**

A That is correct. Tampa Electric has an economic development rider as well as a commercial/industrial service rider. So, yes, that's correct.

**Q And your testimony, in fact, discusses changes that TECO is proposing to that rider to attract new business?**

A Yes, that's correct.

**Q Thank you very much.**

MR. SPARKS: That's all the questions I have.

CHAIRMAN LA ROSA: Thank you.

Commissioners, do we have any questions?

Commissioner Clark, you are recognized.

COMMISSIONER CLARK: Thank you, Mr. Chairman. I don't anticipate my questions lasting more than an hour or two, so...

CHAIRMAN LA ROSA: Plenty of time.

THE WITNESS: I am a patient man.

COMMISSIONER CLARK: No, I just have a couple of questions, and they are kind of related to residential energy consumption. Some of the questions I believe that Mr. Marshall were asking, I just wanted to follow up and see if I could get a little better understanding.

When you look at the charts that you presented, they showed the average kilowatt hour consumption for a TECO customer, and they showed that average kilowatt hour consumption for customers in other states, Louisiana, Mississippi, I believe, if I remember from the chart right, were the two highest states that had the highest kilowatt hour consumption.

Are there things that would make kilowatt hour

consumption in those states, outside of weather, higher than, let's say, we have in Florida? Because I would think anyone would agree, the weather would be probably a bigger impact in Florida, but you saw a higher kilowatt hour consumption in those two states. Are there things that would drive that kilowatt hour consumption up relative to Florida?

THE WITNESS: Nothing that I could state definitively.

COMMISSIONER CLARK: Are you aware that the average retail -- let me ask this question: Are you aware of the average retail price of residential kilowatt hours in Louisiana and Mississippi compared to Florida?

THE WITNESS: I do have that information available.

COMMISSIONER CLARK: Could you look at that?

THE WITNESS: Yes.

COMMISSIONER CLARK: And just simply, would it be lower or higher, is the only answer I am looking for?

THE WITNESS: For those two specific states, it was lower.

COMMISSIONER CLARK: It is lower.

Are there any economic principles that come into play when you have a lower price concerning the purchase of goods?

THE WITNESS: Yes, there are. When you have a lower price, you may not conserve as much.

COMMISSIONER CLARK: So it is fair to say that the higher kilowatt hour consumption in those areas might be relative to the lower price in those specific states?

THE WITNESS: Yes, that could be --

COMMISSIONER CLARK: Okay.

THE WITNESS: -- a possibility.

COMMISSIONER CLARK: When you look at the average kilowatt hour consumption that you calculate, my understanding from ratemaking was that you take the entire residential class, the kilowatt hours that are consumed in that class, and divide by the number of customers in that class. Is that a very simplistic way of looking at it?

THE WITNESS: Very simplistic way, yes.

COMMISSIONER CLARK: What do you do with the outliers? Let's assume that, for example, that you had 10, 15 percent -- and I would assume that's probably a fair accurate number from my memory -- that 10, 15 percent of that particular class that

had zero kilowatt hour consumption, would that be possible or normal?

THE WITNESS: That is -- well, that seems like that's a high amount, but I don't do anything with the outliers. They are all embedded in those numbers.

COMMISSIONER CLARK: So what does that do -- what would that typically do to your average kilowatt hour consumption?

THE WITNESS: That would drag it downwards.

COMMISSIONER CLARK: Would lower it? Okay.

THE WITNESS: Yeah.

COMMISSIONER CLARK: And my last question has to do with the concept or, I guess, the idea of doing bill credits. In your cost of service study, is there any place where you look at or you make adjustments in the cost of service study for customers based on income?

THE WITNESS: No, not within the cost of service study.

COMMISSIONER CLARK: So that is strictly on the ratemaking aspect of it. If you looked at doing -- so there is nothing that is in a cost of service, nothing that has to do with the cost of that consumer, that has to do with their income,

how much money they make, or whether they are eligible for Medicare or Medicaid?

THE WITNESS: Not within Tampa Electric's cost of service study. It's -- we did all -- or I did all of that on the rate design side.

COMMISSIONER CLARK: Okay. And I think you answered this question for me. But when we look at the term average kilowatt hour consumption, that is a mean calculation, not a median calculation. I think your answer -- or answered that for me, but --

THE WITNESS: Yes, that's correct. It's a mean.

COMMISSIONER CLARK: Okay. Thank you.

That's all I have, Mr. Chairman. Thank you.

CHAIRMAN LA ROSA: Thank you.

Commissioner Fay.

COMMISSIONER FAY: Thank you, Mr. Chairman. I will try to be brief with my questions.

Thank you, Mr. Williams. I, too, enjoy talking about rate design, so you, me and Mr. Wright could have a pretty awesome party, I think. No one would attend.

I want to ask you about a rate design component that I don't think has been focused on.

So obviously, within the customer classes in your documentation, we have heard a lot about the CP 4 method -- all the various methods for allocation.

So when you are structuring that rate design on the residential customer side, there is that, typically that under 1,000 kilowatt and over threshold where I think you testified and your material had about a penny difference for that over 1,000 kilowatt hour charge. And from what I understand, that similar to it, maybe, like, a tax structure, and that only the amount that exceeds that thousand is charged at that higher rate, is that accurate?

THE WITNESS: Yes, that's correct.

COMMISSIONER FAY: Okay. And so then I did not see anything within the evidence you provided, but do you or any of your models review either a, I guess a different tier for that separation, or maybe even an additional tier?

And why I am asking is, when you looked at your evidence that you provided, it does seem like that kilowatt hour usage is on average lowering over time. And so the users who may exceed whatever number that would be currently pay that different charge; but beyond that, it doesn't seem

that there is any sort of distinction under the residential customer mark.

THE WITNESS: No, we didn't look at anything else other than -- we didn't do anything in the modeling associated to it. We know that the penny has been historically accepted, and so we left it at that.

COMMISSIONER FAY: Okay. And it's probably the same answer, but have you ever given consideration to an additional tier to allocate?

THE WITNESS: I have thought about it, but I can't say that I have done a comprehensive analysis on it.

COMMISSIONER FAY: Okay. Anything that you could think of, other than maybe some arguments about usage -- I know it's done on the water side, but are arguments about maybe deterrence of usage, or that sort of thing, that would be a reason not to do it on the rate design side?

THE WITNESS: Not one that I can really think of off the top of my head.

COMMISSIONER FAY: Okay. Great.

Thank you, Mr. Chairman.

CHAIRMAN LA ROSA: Great. Thank you.

Seeing no further questions, I will send it

back to TECO for redirect.

MR. MEANS: Thank you, Mr. Chairman.

FURTHER EXAMINATION

BY MR. MEANS:

**Q Mr. Williams, while you were testifying earlier, we did a little checking. And would you agree, subject to check, that the amount of CIAC is credited as a reduction of rate base immediately when the agreement to pay CIC is made and not later when the money is actually received?**

A Yes.

MR. MEANS: Okay. No further questions.

CHAIRMAN LA ROSA: All right. Let's move into exhibits. Are there exhibits that need to be moved into the record?

MR. MEANS: Yes. We would move Exhibits 34 and 152.

CHAIRMAN LA ROSA: Okay. Is there objection?

Seeing no objections, allow the record to show that they are entered into the record.

(Whereupon, Exhibit Nos. 34 & 152 were received into evidence.)

CHAIRMAN LA ROSA: Further exhibits by the other parties?

MR. MARSHALL: Yes, Mr. Chairman. We have a

list.

CHAIRMAN LA ROSA: Yep. Sure. Just say them slowly.

MR. MARSHALL: Exhibits 546 through 548, 550, 654, 673 through 675, 688 through 692, 694, 695, 743 and 831 -- although, I believe 831 was already admitted. This was a different portion we used today. I just wanted to double check on that.

CHAIRMAN LA ROSA: Okay. Is there objection, and do we need to double check on that exhibit?

MS. HELTON: I am showing that 831 has been admitted, Mr. Chairman.

CHAIRMAN LA ROSA: Okay. Are there objections to the others?

MR. MARSHALL: No objection.

CHAIRMAN LA ROSA: Okay. Seeing no objections, show them entered into the record.

(Whereupon, Exhibit Nos. 546-548, 550, 654, 673-675, 688-692, 694-695 & 743 were received into evidence.)

CHAIRMAN LA ROSA: Any other exhibits by any other parties?

MR. MEANS: Yes, Mr. Chairman. Mr. Williams is our last witness, so at this time, we would we'd like to move in Exhibits 3 through 15, which are

the minimum filing requirement schedules.

CHAIRMAN LA ROSA: Okay. I am going to look over at staff.

Any objections?

Seeing none, show them entered into the record.

MR. MEANS: Thank you, Mr. Chairman.

(Whereupon, Exhibit Nos. 3-15 were received into evidence.)

MR. WAHLEN: Just in an abundance of caution, could we double check to make sure that 217, 218 and 835 are in the record? Those are the revenue requirement updates and reconciliations that we filed. I believe they are, but I am a nervous lawyer.

MS. HELTON: I am showing 217 has been admitted. What was the next number?

MR. WAHLEN: 218.

MS. HELTON: I am showing 218 has been admitted.

MR. WAHLEN: And 835, please.

MS. HELTON: And I am showing that 835 was also admitted.

MR. WAHLEN: Thank you.

CHAIRMAN LA ROSA: Well, seeing no other

exhibits, I will thank Mr. Williams.

Thank you for your testimony today. You shall be excused.

THE WITNESS: Thank you.

CHAIRMAN LA ROSA: Thank you.

(Witness excused.)

CHAIRMAN LA ROSA: Let me throw it back to staff. Any additional matters that need to be addressed today?

MR. SPARKS: Staff is not aware of any additional matters at this time.

CHAIRMAN LA ROSA: Do parties wish to file post hearing briefs?

MR. REHWINKEL: Mr. Chairman?

CHAIRMAN LA ROSA: Yes, sir.

MR. REHWINKEL: Before the record closes, I need to make some statements for the record.

CHAIRMAN LA ROSA: Okay.

MR. REHWINKEL: Thank you.

Now that the hearing has concluded and the record complete, the Public Counsel renews and continues its objections contained in the Office of Public Counsel's motions that we enumerated on August 26th at the beginning of this hearing as a preliminary matter. We renew and continue our

objections to the case schedule --

CHAIRMAN LA ROSA: Thank you.

MR. REHWINKEL: -- as having been inadequate to protect the property interests of the customers of Tampa Electric Company.

The Office of Public Counsel renews and continues its objection to the amount of time allocated to the hearing, but I must note that although the hearing proceeded smoothly and was exceedingly well run within the allotted time under the guidance of the Chair, the designated time required the Public Counsel to compromise and curtail the presentation of its evidence.

The Office of Public Counsel renews and continues its objection to the Commission requiring the advanced delivery of documents in the form of cross-examination exhibits already in the possession of the company in a manner that discloses privileged work product, mental impressions and legal strategy.

The Public Counsel also must state this objection. We need to note for the record that the persistent and nearly consistent effort to exclude consideration of evidence related to the Duke Energy Florida settlement agreement, filed July

15th, and approved by vote of the Commission on August 21, 2024, the Public Counsel was never sure exactly what the rationale was for refusal to hear evidence related to the approved DEF agreement. At times, the fact that it was not codified in an order seemed to be an objection; that it was a settlement seemed to be an objection; or that it was improper to compare it to Tampa Electric's case was also mentioned.

To the extent the intervening parties were prohibited from undertaking a comparative exploration of the ability of Tampa Electric to finance its electric operations in the very same geographic region as where DEF operates with an ROE of less than 11.5 percent, that amounted to a violation of our rights guaranteed under chapter 120, and specifically Section 120.57(1)b, among others, as well as the access to courts equal protection and due process clauses of the Florida and United States constitutions.

Mr. Chairman, in light of this objection, and although the Public Counsel committed to counsel for Tampa Electric prior to hearing not to seek to move the DEF agreement into the record, the Public Counsel, nevertheless, requests that the Commission

include the DEF agreement in the record only for the purpose of appellate review pursuant to proffer of evidence.

To be clear, we are not asking that it go into the record for you to base your decision on since you have already ruled on its admissibility, in essence.

The Public Counsel also objects on behalf of all customers of Tampa Electric Company to the ruling disallowing cross-examination of Tampa Electric's Vice-President of Finance on whether the company could finance its operations if all revenue requirements, other than the incremental ROE above its current 10.2 percent authorized ROE, were awarded to the company. The denial of the ability to cross-examine on perhaps one of the most central issues of the case amounts to a violation of our rights guaranteed under Chapter 120, and specifically Section 120.57(1)b, among others, and the access to courts equal protection and due process clauses of the Florida and United States Constitutions.

Now, having said all that, Mr. Chairman, those were for preservation of our rights under the -- for appellate review. But I want to say, as a

matter totally unrelated to these objections that we were required to make, I am very pleased to state that on behalf of the entire office, I would like to especially thank you, Chairman La Rosa, for the way you have conducted this hearing. All witnesses for all parties were afforded the utmost consideration, courtesy and respect. For the time allotted to this hearing, it proceeded very, very smoothly, and I think that's to your credit.

And I want to extend a special thanks to Mr. Schultz, who was very helpful to the witnesses, and to the attorneys who were new to this process, his diligence. Let the lawyers and the experts focus on asking and answering questions, and I will be forever grateful for that. So thank you, Mr. Chairman.

CHAIRMAN LA ROSA: Thank you. And I appreciate those kind of words. And I have tried to be as fair as I possibly could as we, you know, went throughout the week.

Yes, sir.

MR. MARSHALL: Thank you, Mr. Chairman.

Just for the record, Florida Rising and LULAC join the Office of Public Counsel's continuing objection.

But on a better note, I would also like to extend my thanks to our Clerk because you have seen the number of exhibits that we were planning to use in this hearing, and I do not believe we could have gotten it done in the time allotted without Case Center, and without our clerk helping us through this process. And so I just wanted to extend my personal thanks on that.

And I did have an inquiry regarding the due date for the briefs on when we are going to get the transcript, just to ensure that we are going to have enough time for brief writing --

CHAIRMAN LA ROSA: Sure.

MR. MARSHALL: -- and regarding the length of the briefs. I don't know.

CHAIRMAN LA ROSA: We will go to that in a second here.

MR. MARSHALL: Okay.

CHAIRMAN LA ROSA: So I am going to go to my advisors. Is there anything I need to do on what's just been stated? Then we will pick back up with the briefs.

MS. HELTON: I think you can note the objections to the rec -- for the purposes of the record, Mr. Chairman. And I also think that we

should accept as a proffered exhibit the Duke settlement.

CHAIRMAN LA ROSA: Okay.

MR. WAHLEN: No objection to the proffer.

CHAIRMAN LA ROSA: Okay. So allow the record to reflect that accordingly.

MR. REHWINKEL: I need to state -- I should have done this. It is OPC 18, and it is 243 in the CEL. So -- and that would be separately housed as a proffer. Thank you.

Thank you, Mr. Chairman.

CHAIRMAN LA ROSA: Thank you. And allow the record to reflect that, not seeing any objection.

(Whereupon, Exhibit No. 243 was received into evidence.)

CHAIRMAN LA ROSA: Okay. Let's just make sure we close up loose ends on post hearing briefs. I am not sure we got the dates and page limits on there, at least out in the open.

MS. HELTON: Let me -- I know the transcript date. I have talked to our Clerk, Mr. Teitzman, and he says -- he promises that the transcripts should be in the docket files by next Friday, September the 6th.

CHAIRMAN LA ROSA: Okay. Great. And post

hearing briefs are due?

MR. SPARKS: September 23rd, I believe is the current date.

CHAIRMAN LA ROSA: Not to exceed 75 pages?

MR. SPARKS: Correct.

MR. MARSHALL: Mr. Chairman.

CHAIRMAN LA ROSA: Sure.

MR. MARSHALL: Based on that -- this is going to be a lengthy brief, complicated issues. And given the date of the transcript, we would ask for three weeks from when the transcript comes in. So we would ask, based on when the transcript comes in, on September 6th, for an extension to the end of the week of the 23rd, to September 27th.

CHAIRMAN LA ROSA: September 23rd is a Monday. 27th, staff?

MS. HELTON: Mr. Futrell is not down here who, you know, coordinates the staff. Can we let everyone know by the end of the day today what we can work out? I really hate to make that kind of a commitment without -- I feel like I would be failing in my duties and responsibilities to him if I were -- we were to offer up something that the staff can't do. So we will commit to emailing out a date by the end of the day.

CHAIRMAN LA ROSA: That's fair.

MR. REHWINKEL: Mr. Chairman --

CHAIRMAN LA ROSA: Yes, sir.

MR. REHWINKEL: -- with respect to the length of the brief, we think that the record, even from those of us who are just doing the size of the pie, not slicing the pie, that probably something in the neighborhood of 150 pages might be required. We would ask your consideration.

CHAIRMAN LA ROSA: So doubling the size. We will do -- can we do the same and offer that before the end of the -- before the end of the day?

MR. WAHLEN: Just for the record, Tampa Electric doesn't think we need 150 pages to brief this, but it's the discretion of the Commission.

MS. HELTON: Well -- and I guess I feel compelled to say that whatever page limit -- and I think we could do that by the end of the day also by way of an email, Mr. Chairman. Whatever page limit, I hope that none of the parties feel compelled to meet all of those pages.

CHAIRMAN LA ROSA: Agreed. Okay. Excellent.

Well, are there any additional matters that need to be discussed?

MR. WAHLEN: I don't want to belabor it, but

Tampa Electric would like to thank the Commission and the staff and the parties for a smooth hearing. We appreciate it very much.

MR. MARSHALL: Just one additional housekeeping matter before we conclude. I believe we need to make sure the confidential exhibits make their way back to OPC and to us that were handed out. So just wanted to make sure that gets done.

CHAIRMAN LA ROSA: From the Commissioner's perspective, we have them all here on the dais, and make sure those -- or y'all can make sure those get collected.

Yes, sir.

MR. MOYLE: On that point, how is that going to work? If we are putting together briefs, we need access to those confidential exhibits.

MR. REHWINKEL: Well, the parties can keep theirs.

MR. MOYLE: Okay.

MR. REHWINKEL: We are just going to collect the binder and the Commission staff and aides' documents because we provided Mr. Schultz and the Clerk's office the official.

CHAIRMAN LA ROSA: Okay. And I am assuming you need to collect these as well, or -- yeah.

MS. HELTON: Just as long as the Clerk's office has one set, then we will file that as we follow with our confidential procedures, and the parties can collect back -- I guess it's just LULAC and OPC can collect the others that were distributed to staff and the Commissioners.

CHAIRMAN LA ROSA: Okay. Perfect.

MR. MOYLE: Thank you for that clarification.

And FIPUG, like others, would also like to express their appreciation to you for running the hearing, and all the staff for everything that was provided, particularly to help with the new system.

CHAIRMAN LA ROSA: Sure. Thank you. Thank you.

MR. WRIGHT: Mr. Chairman, very briefly. I would like to thank you personally. You ran a really great hearing. Thank you very much.

I want to specifically recognize Mr. Schultz and Ms. Harrison and the legal staff with whom I interacted extensively, the attorneys and their support staff, for the wonderful job they did.

And I will just tell you, I think everybody on our side agrees that we are really impressed at how well Case Center worked. Thank you very much.

CHAIRMAN LA ROSA: Thank you.

MS. EATON: I would to say the same for Walmart. We appreciated really the collaboration of everybody so that we could get this done. Even though we were pretty tired, we definitely appreciated the extra hour today.

And a special thanks to our colleague over here for pulling up all the exhibits. That's as well as I have ever seen in any jury trial. So it's very good. I appreciate that.

CHAIRMAN LA ROSA: Excellent. Thank you.

Mr. Schultz has certainly been a rock star throughout. I always saw that he was kind of a step ahead of everybody and always knew where to pull. So thank you.

(Applause.)

CHAIRMAN LA ROSA: And thank you to everyone involved --

COMMISSIONER FAY: Just really quick, Mr. Chairman. I just make it clear that we will not allow anyone to take Mr. Schultz, including the clerk or the county.

CHAIRMAN LA ROSA: We are going to have to cement --

COMMISSIONER FAY: He did an okay job, in my opinion.

CHAIRMAN LA ROSA: We are going to cement them and handcuff them here, right. Yeah. For sure.

And I think everyone else involved in this process -- our court reporter, I know, thank you for sticking with us. We had some long nights, and I hope that I gave you the proper breaks to allow you to continue your job at your proficiency, you have done a phenomenal job. Thank you very much.

And I know there is a lot of stuff that happens behind the scenes. It's not just us up front of all this, so thank you all for the hard work.

To our Commission staff, thank you very much. I know I called timeout a few times, and everyone was quick to jump and give me great advice and allow us to continue to run smooth. I am just, you know, the person behind the microphone, so there is a lot of other things that are happening. So thank you all. To my Advisor, thank you very much. To Cristina, who is back in my office, running point for us. Certainly none of this could be done without all of them, so I want to make sure that everyone, of course, is being given the right recognition. So thank you all.

Again, great proceedings this week. We got

done on time, and if there is no other business before us, we are adjourned.

Thank you.

(Proceedings concluded.)

CERTIFICATE OF REPORTER

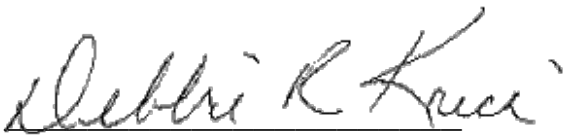
STATE OF FLORIDA )
COUNTY OF LEON )

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 9th day of October, 2024.



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