BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240010-EI

In re: Storm protection plan
cost recovery clause.
_____________________________________/

PROCEEDINGS: HEARING

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

DATE: Wednesday, September 25, 2024

TIME: Commenced: 9:50 a.m.
Concluded: 10:00 a.m.

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

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

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

APPEARANCES:

J. JEFFREY WAHLEN MALCOLM N. MEANS and VIRGINIA PONDER, ESQUIRES, Tampa Electric Company, 123 South Calhoun Street, Tallahassee, Florida 32301; appearing on behalf of Tampa Electric Company (TECO).

BETH KEATING, ESQUIRE, Gunster Law Firm, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301; appearing on behalf of Florida Public Utilities Company (FPUC).

CHRISTOPHER T. WRIGHT and DAVID M. LEE, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408-0420; appearing on behalf of Florida Power & Light Company (FPL).

DIANNE TRIPLETT, MATTHEW R. BERNIER and STEPHANIE A. CUELLO, ESQUIRES, 106 E. College Avenue, Suite 800, Tallahassee, Florida 32301; appearing on behalf of Duke Energy Florida, LLC (DEF).

WALT TRIERWEILER, PUBLIC COUNSEL; CHARLES REHWINKEL, DEPUTY PUBLIC COUNSEL; PATRICIA CHRISTENSEN, MARY A. WESSLING, OCTAVIO PONCE and AUSTIN WATROUS, ESQUIRES, OFFICE OF PUBLIC COUNSEL, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida (OPC.).

APPEARANCES CONTINUED:

SHAW STILLER and DANIEL DOSE, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission (Staff).

KEITH HETRICK, GENERAL COUNSEL; MARY ANNE HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, Advisor to the Florida Public Service Commission.

I N D E X

EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	9	9
2-46	As identified in the CEL	9	10

P R O C E E D I N G S

CHAIRMAN LA ROSA: Good morning, everybody.

Today is September 25th. It is about 9:50 a.m., and I would like to call this meeting on the storm protection plan cost recovery hearing to order.

Let's go ahead and start with staff, if you don't mind please reading the notice.

MR. DOSE: By notice issued on August 28th, 2024, this time and place has been set for a Hearing in Docket 20240010-EI. The purpose of the hearing is more -- is set out more fully in the notice.

CHAIRMAN LA ROSA: Thank you.

Before we proceed further, I would like to note for the record that Florida Industrial Power Users Group, PCS Phosphate-White Springs, Nucor Steel as well as their respective attorneys have all been excused is from this hearing.

With that noted, let's go ahead and move towards appearances and let's start with Florida Power & Light.

MR. WRIGHT: Good morning, Commissioners. Christopher Wright and David Lee for Florida Power

& Light Company.

CHAIRMAN LA ROSA: Thank you.

Tampa Electric.

MR. MEANS: Good morning, Commissioners. Malcolm Means with the Ausley McMullen Law Firm appearing on behalf of Tampa Electric. I would also enter appearances for Jeff Wahlen and Virginia Ponder.

CHAIRMAN LA ROSA: Thank you.

Florida Public Utilities.

MS. KEATING: Good morning, Commissioners. Beth Keating with the Gunster Law Firm here this morning for Florida Public Utilities.

CHAIRMAN LA ROSA: Duke Energy.

MR. BERNIER: Exam morning, Commissioners. Matt Bernier for Duke Energy Florida. I would also like to enter an appearance for Stephanie Cuello and Dianne Triplett.

Thank you.

CHAIRMAN LA ROSA: Thank you.

Office of Public Counsel.

MR. REHWINKEL: Good morning, Commissioners. Charles Rehwinkel with the Office of Public Counsel on behalf of the customers. I would like to also enter an appearance for Walt Trierweiler, Public

Counsel, Patty Christensen, Ali Wessling, Octavio Ponce and Austin Watrous.

Thank you.

CHAIRMAN LA ROSA: Thank you.

Commission staff.

MR. DOSE: Daniel Dose and Shaw Stiller for Commission staff.

MS. HELTON: And Mary Anne Helton is here as your Advisor, along with your General Counsel, Keith Hetrick.

CHAIRMAN LA ROSA: Thank you.

Staff, are there any preliminary matters that we need to discuss?

MR. DOSE: There are no preliminary matters at this time.

CHAIRMAN LA ROSA: All right. Do any of the parties have any other preliminary matters that we need to address?

All right. Seeing none, let's move on to exhibits.

Staff.

MR. DOSE: Staff has prepared a Comprehensive Exhibit List which includes the prefiled exhibits attached to each witness's prefiled testimony, exhibits identified by staff and four stipulated exhibits submitted by OPC. The list has been provided to the parties, Commissioners and the court reporter.

Staff requests that the list, itself, be marked as Exhibit No. 1 at this time, with all subsequent exhibits marked as indicated on the list.

CHAIRMAN LA ROSA: All right. Excellent. So the list will be as Exhibit 1 -- we will mark the list as Exhibit 1. The others marked 2 through 46.

(Whereupon, Exhibit Nos. 1-46 were marked for identification.)

CHAIRMAN LA ROSA: Anything else?

MR. DOSE: Staff requests that Exhibit No. 1 be entered into the record at this time.

CHAIRMAN LA ROSA: Okay. Exhibit 1 will be entered, then, into the record.

(Whereupon, Exhibit No. 1 was received into evidence.)

MR. DOSE: And it's staff's understanding that the parties don't object and stipulate to the admission of the remaining exhibits, Nos. 2 through 46. Staff requests that these exhibits be entered into the record at this time.

CHAIRMAN LA ROSA: Seeing no objections,

Exhibits 2 through 46 of the Comprehensive Exhibit List are then moved into the record.

(Whereupon, Exhibit Nos. 2-46 were received into evidence.)

CHAIRMAN LA ROSA: Move to witness testimony.

MR. DOSE: It is staff's understanding that the parties do not object and stipulate to the admission of the prefiled direct testimony of all witnesses in this docket. Staff requests that the following witnesses' testimony be entered into the record in the following order as if read:

TECO witnesses Sizemore and Sweat.

FPUC witnesses Cutshaw and Napier.

FPL witnesses Jarro and Hume.

Duke witnesses Menendez, McCabe and Brong.

And staff witnesses Kopelvich, Mavrides and Brown.

CHAIRMAN LA ROSA: Seeing no objections to that, the prefiled testimony of all the witnesses will be moved into the record as though read.

(Whereupon, prefiled direct testimony of M. Ashley Sizemore was inserted.)

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

M. ASHLEY SIZEMORE

FILED: April 1, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

M. ASHLEY SIZEMORE

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

A. My name is M. Ashley Sizemore. 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, Rates in the Regulatory Affairs Department.

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

A. I received a Bachelor of Arts degree in Political Science and a Master of Business Administration from the University of South Florida in 2005 and 2008, respectively. I joined Tampa Electric in 2010 as a Customer Service Professional. In 2011, I joined the Regulatory Affairs Department as a Rate Analyst. I spent six years in the Regulatory Affairs Department working on environmental and fuel and capacity cost recovery clauses. During the following three years as a Program

Manager in Customer Experience, I managed billing and payment customer solutions, products and services. I returned to the Regulatory Affairs Department in 2020 as Manager, Rates. I was promoted to my current position in May 2023. My duties entail overseeing the cost recovery for fuel and purchased power, interchange sales, capacity payments, approved environmental projects, conservation and storm protection plan projects. I have over 13 years of electric utility experience in the areas of customer experience and project management as well as the management of fuel clause and purchased power, capacity, and environmental cost recovery clauses.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present and support for Commission review and approval the company's actual SPP program-related true-up costs incurred during the period of January 2023 through December 2023.

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

A. Yes. Exhibit No. MAS-1, entitled "Tampa Electric

Company, Schedules Supporting Storm Protection Cost Recovery Factor, Actual for the period January 2023-December 2023" was prepared under my direction and supervision. This Exhibit includes Schedules A-1 through A-9 which support the company's actual and prudent SPP program related true-up costs incurred during the January through December 2023 period.

Q. Will any other witnesses testify in support of Tampa Electric's actual January through December 2023 SPP costs?

A. Yes. C. David Sweat will testify on the actual 2023 SPP program achievements and describe any variances between projected and actual program costs for the period of January 2023 through December 2023. .

Q. What were the actual SPPCRC costs incurred by Tampa Electric in the period of January through December 2023?

A. For the period of January through December 2023, Tampa Electric incurred actual SPPCRC costs of $208,861,502.

Q. What were the actual SPPCRC jurisdictionally separated revenue requirements incurred by Tampa Electric in the period of January through December 2023?

A. For the period of January through December 2023, Tampa Electric incurred actual SPPCRC jurisdictionally separated revenue requirements of $70,079,782 as detailed in Schedule A-2 page 1 of 1.

Q. What is the final end of period true-up amount for the SPPCRC for January through December 2023?

A. The final SPPCRC end of period true-up for January through December 2023 is an under-recovery, including interest, of $3,515,100. This calculation is detailed on Schedule A-1, page 1 of 1.

Q. Please summarize how Tampa Electric's SPPCRC actual jurisdictionally separated revenue requirement program costs for January through December 2023 period compared to the actual/estimated costs presented in Docket No. 20230010-EI?

A. For the period January through December 2023, Tampa Electric had a variance of $5,657,059 or 8.8 percent more than the estimated amount. The estimated total SPPCRC jurisdictionally separated revenue requirement program costs were projected to be $64,422,723 which was the amount approved in Order No. PSC 2022-0418—FOF-EI, issued December 12, 2022, as compared to the incurred actual jurisdictionally separated revenue requirement SPPCRC costs of $70,079,782.

Q. Please summarize the reasons why the actual jurisdictionally separated revenue requirement expenses were more than projected expenses by $5,657,059?

A. Each SPP program's detailed variance and common variance contribution is shown on Schedules A-4, Page 1 of 1 and A-6, Page 1 of 1. These variances are described in greater detail in Mr. Sweat's testimony.

Q. Are all costs listed on Schedules A-5 and A-7 directly related to the Commission's approved SPP programs?

A. Yes.

Q. Did the company include any costs that are currently recovered in base rates?

A. No, the company entered into the 2020 Settlement

Agreement, which was approved by the Commission on June 9, 2020. The 2020 Settlement Agreement ensures that no SPP costs recovered through the SPPCRC are also recovered through base rates.

Q. Should Tampa Electric's costs incurred during the period January 2023 through December 2023 for the SPPCRC be approved by the Commission?

A. Yes, the Commission should find that that Tampa Electric prudently incurred the 2023 costs to implement its approved SPP.

Q. Does that conclude your testimony?

A. Yes, it does.

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

M. ASHLEY SIZEMORE

FILED: May 1, 2024
REVISED: July 26, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

M. ASHLEY SIZEMORE

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

A. My name is M. Ashley Sizemore. 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, Rates in the Regulatory Affairs Department.

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

A. I received a Bachelor of Arts degree in Political Science and a Master of Business Administration from the University of South Florida in 2005 and 2008, respectively. I joined Tampa Electric in 2010 as a Customer Service Professional. In 2011, I joined the Regulatory Affairs Department as a Rate Analyst. I spent six years in the Regulatory Affairs Department working on environmental and fuel and capacity cost recovery clauses. During the following three years as a Program

Manager in Customer Experience, I managed billing and payment customer solutions, products and services. I returned to the Regulatory Affairs Department in 2020 as Manager, Rates. I was promoted to my current position in May 2023. My duties entail overseeing the cost recovery for fuel and purchased power, interchange sales, capacity payments, approved environmental projects, conservation and storm protection plan projects. I have over 13 years of electric utility experience in the areas of customer experience and project management as well as the management of fuel clause and purchased power, capacity, and environmental cost recovery clauses.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes. I have filed direct testimony in the Fuel & Purchased Power & Capacity and Environmental Cost Recovery Clause ("ECRC") dockets since 2020.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present, for Commission approval: (1) the calculation of the January 2024 through December 2024 Storm Protection Plan actual/estimated amounts to be recovered in the January 2025 through December 2025 projection period; (2) the calculation of the January 2025 through December 2025 Storm Protection Plan projected amounts to be recovered in the January 2025 through December 2025 projection period; and (3) the proposed 2025 SPPCRC cost recovery factors. I will describe the process used to develop the company's SPPCRC projections, which complies with Rule 25-6.031, Florida Administrative Code ("F.A.C.") and Section 366.96, Florida Statutes. The projected 2025 SPPCRC factors have been calculated based on the current approved allocation methodology that was approved by the Commission in Docket No. 20210034-EI.

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

A. Yes. Exhibit Nos. MAS-2 and MAS-3 were prepared under my direction and supervision. Exhibit No. MAS-2 includes Schedules P-1 through P-4 using the 2021 settlement agreement methodology that was approved by the Commission in Docket No. 20210034-EI. Exhibit MAS-3 also includes Schedules P-1 through P-2, and associated data which support the development of the storm protection plan cost recovery factors for January through December 2025 using data from Tampa Electric's 2024 petition for rate increase in Docket No. 20240026-EI.

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Q. Did Tampa Electric follow all requirements of the 2020 Settlement Agreement in developing its request for cost recovery in this docket?

A. Yes, the company followed all requirements of the Agreement in developing the company's request for cost recovery in the SPPCRC.

Q. Please explain the difference between Exhibit Nos. MAS-2 and MAS-3?

A. Exhibit No. MAS-3 was prepared using the same methodology as MAS-2 with the exception of the following: Weighted Average Cost of Capital ("WACC"), Return on Equity ("ROE"), and depreciation rates. The WACC, ROE, and depreciation rates reflect what has been proposed in Tampa Electric's 2024 petition for rate increase in Docket No. 20240026-EI.

Q. Do Exhibit Nos. MAS-2 and MAS-3 meet the requirements of Rule 25-6.031(b), which requires the actual/estimated filing to include revenue requirements based on a comparison of current year actual/estimated costs and the previously-filed projected costs and revenue requirements for the current year?

A. Yes.

Q. Do Exhibit Nos. MAS-2 and MAS-3 meet the requirement of Rule 25-6.031(b) to include a description of the work projected to be performed during the current year for each program and project in the utility's cost recovery petition?

A. Yes.

Q. Do Exhibit Nos. MAS-2 and MAS-3 meet the requirements of Rule 25-6.031(c), which requires the projected year to include costs and revenue requirements for the subsequent year for each program filed in the company's cost recovery petition?

A. Yes.

Q. Do Exhibit Nos. MAS-2 and MAS-3 meet the requirements of Rule 25-6.031(c), which requires the projected year to include identification of each of the utility's Storm Protection Plan programs for which costs will be incurred during the subsequent year, including a description of the work projected to be performed during such year, for each program in the utility's cost recovery petition?

A. Yes.

Q. Will any other witnesses testify in support of Tampa Electric's Proposed Storm Protection Plan Cost Recovery Clause?

A. Yes. C. David Sweat will testify regarding the company's storm protection programs and provide specific detail regarding the work actually performed in 2024, projected to be performed in the remainder of 2024, and projected in 2025 for each Storm Protection Program in the company's cost recovery petition. This detail includes costs, a description of the work to be performed, and an explanation of how the activities are consistent with Tampa Electric's current 2022-2031 Storm Protection Plan.

Development of the Company's SPPCRC Projections

Q. What costs are encompassed in Tampa Electric's 2024 annual estimated/actual filing?

A. Tampa Electric developed its 2024 annual estimated/actual true-up filing showing actual and projected common costs and individual program costs based upon two months of actuals and ten months of estimates.

Q. Will you please describe the Storm Protection Plan costs that Tampa Electric projects it will incur during the period January through December 2024?

A. The actual costs incurred by Tampa Electric for January through February 2024 and projected for March through December 2024 are $206,272,516. A summary of these costs and estimates are fully detailed in Exhibit No. MAS-2, Storm Protection Plan Costs Projected – Actual and Projected, pages 77 through 117.

Q. Has Tampa Electric proposed any new or modified Storm Protection Programs for SPPCRC cost recovery for the period January through December 2025 that were not included in the company's 2022-2031 Storm Protection Plan?

A. No, Tampa Electric is not proposing any new programs for SPPCRC cost recovery for the period January through December 2025. The company is in the process of developing the next ten-year Storm Protection Plan which will cover the 2026-2035 period. If there are any new or modified programs within the new 2026-2035 period, the company will seek to start SPPCRC cost recovery for these new or modified programs in 2026.

Q. Will you please describe the Storm Protection Plan costs that Tampa Electric projects it will incur during the period of January through December 2025?

A. Tampa Electric has estimated that the total storm protection costs during the 2025 period will be $211,130,442. A summary of these costs and estimates is fully detailed in Exhibit No. MAS-2, Storm Protection Plan Costs - Projected, pages 38 through 76.

DEVELOPMENT AND CALCULATION OF EXHIBIT MAS-2 PROJECTED ANNUAL REVENUE REQUIREMENTS FOR 2024 and 2025

Q. Please explain how these projected annual revenue requirements were developed?

A. The projected annual revenue requirements were developed with cost estimates for each of the SPP programs plus depreciation and return on SPP assets, as outlined in Rule 25-6.031(6), Florida Administrative Code ("F.A.C."), the SPP Cost Recovery Clause Rule.

Q. Do these revenue requirements include any costs that are currently recovered in base rates?

A. No, the company agreed to procedures during the development of the company's initial SPPCRC in 2020 that are designed to avoid double recovery of SPP costs through both base rates and the SPPCRC.

Q. Do the projected annual revenue requirements include the annual depreciation expense on SPP capital expenditures?

A. Yes, Rule 25-6.031 states that the annual depreciation expense is a cost that may be recovered through the SPPCRC. As a result, the projected annual revenue requirements in Exhibit No. MAS-2 includes the annual depreciation expense calculated on the SPP capital expenditures using the depreciation rates from Tampa Electric's most current Depreciation Study, approved by Order No. PSC-2021-0423-S-EI issued November 10, 2021 within Docket No. 20210034-EI.

Q. Were the depreciation savings on the retirement of assets removed from service during the SPP capital projects considered in the development of the revenue requirement?

A. Yes, in the development of the revenue requirements, depreciation expense from the SPP capital asset additions was reduced by the depreciation expense savings resulting from the estimated retirement of assets removed from service during the SPP capital projects.

C1-99

Q. Do the projected annual revenue requirements include a return on the undepreciated balance of the SPP assets?

A. Yes, Rule 25-6.031 (6)(c) states that the utility may recover a return on the undepreciated balance of the asset costs through the SPPCRC. As a result, this return was included in the estimated annual jurisdictional revenue requirement. In accordance with the Order No. PSC-2020-0165-PAA-EU issued on May 20, 2020 within Docket No. 20200118-EU, Amended unopposed joint motion to modify Order PSC-2012-0425-PAA-EU regarding weighted average cost of capital methodology, Tampa Electric calculated a return on the undepreciated balance of the asset costs using the projected mid-point return on equity 13-month average weighted average cost of capital for 2024.

Q. Did the company include Allowance for Funds Used During Construction ("AFUDC") in the calculation of the projected annual revenue requirements?

A. No, in order for projects to be eligible for AFUDC, they must involve "gross additions to plant in excess of 0.5 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified, at the time the project commences and are expected to be completed in excess of one year after commencement of construction." None of the projects in Tampa Electric's 2022-2031 SPP meet the criteria for AFUDC eligibility.

Q. Have jurisdictional distribution or transmission factors been applied to the projected annual revenue requirements in Exhibit Nos. MAS-2 and MAS-3?

A. Yes, the company applied the 2025 jurisdictional transmission factor recently submitted in the 2024 petition for rate increase in Docket No. 20240026-EI filed on April 2, 2024. The transmission factor was applied to the O&M and capital transmission costs to recognize the retail portion of the revenue requirements. This ensures the SPPCRC did not double recover those amounts collected from the company's Open Access Transmission Tariff. Tampa Electric provides wholesale transmission service to some utilities under its Open Access Transmission Tariff ("OATT") and to avoid double recovery, a portion of the total transmission related project costs must be jurisdictionally separated before being identified for cost recovery through the SPPCRC. Tampa Electric does not provide any wholesale distribution service and 100 percent of those project costs can be called jurisdictional and thus totally recovered through the SPPCRC from retail customers.

Q. In Exhibit No. MAS-2, what are the projected annual revenue requirements for Tampa Electric's Storm Protection Plan ("SPP") activities in 2024 and 2025 prior to Jurisdictional Separation?

A. In Exhibit No. MAS-2, the projected annual revenue requirements for the company's SPP activities for 2024 and 2025 prior to Jurisdictional Separation and Revenue Tax Factor are included below.

Total Projected SPP Revenue Requirement (2024-2025)	
2024	$91,027,549
2025	$117,438,601

The revenue requirements of each SPP program are detailed further in Exhibit No. MAS-2.

Q. In Exhibit No. MAS-2, what are the projected annual revenue requirements for Tampa Electric's SPP activities in 2024 and 2025 after Jurisdictional Separation?

A. The projected annual revenue requirements for the company's SPP activities for 2024 and 2025 after Jurisdictional

Separation and prior to the Revenue Tax Factor are included below.

<u>Total Projected SPP Revenue Requirement (2024-2025)</u>

2024	$90,297,357
2025	$116,458,022

The Jurisdictionally Separated revenue requirements of each SPP program are detailed further in Exhibit No. MAS-2.

Q. Is the 2025 total projected revenue requirement of $116,458,022 the amount that Tampa Electric will seek to recover in 2025 in the SPPCRC?

A. No, this projected revenue requirement in 2025 was adjusted to recognize the under-recovery of $459,097 that occurred in 2023 and the under-recovery of $606,964 that is projected to occur in 2024.

Q. What is the total over/under-recovery amount the company needed to recognize?

A. The company adjusted the Jurisdictionally Separated revenue requirements for the SPPCRC in 2025 by $1,066,061 to recognize this <u>under</u>-recovery. This value is detailed in my Exhibit MAS-2 on Form E-2.

Q. What is the final SPPCRC Revenue Requirement that the company will be seeking to recover in 2025?

A. Recognizing the under-recovery adjustment, the final SPPCRC 2025 Revenue Requirement is $117,524,083, prior to the addition of the revenue tax factor.

DEVELOPMENT AND CALCULATION OF EXHIBIT MAS-3 PROPOSED PROJECTED ANNUAL REVENUE REQUIREMENTS FOR 2025

Q. Did the company follow the same methodology to develop Exhibit MAS-3 as MAS-2?

A. Yes, the company followed the same methodology as detailed above in the development of Exhibit MAS-3.

Q. In Exhibit No. MAS-3, what are the proposed projected annual revenue requirements for Tampa Electric's Storm Protection Plan ("SPP") activities in 2025 prior to Jurisdictional Separation?

A. In Exhibit No. MAS-3, the proposed projected annual revenue requirements for the company's SPP activities for 2025 prior to Jurisdictional Separation and Revenue Tax Factor are included below.

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Total Proposed Projected SPP Revenue Requirement (2025)

2025	$ 126,447,718

The revenue requirements of each SPP program are detailed further in Exhibit No. MAS-3.

Q. In Exhibit No. MAS-3, what are the proposed projected annual revenue requirements for Tampa Electric's SPP activities in 2025 after Jurisdictional Separation?

A. The proposed projected annual revenue requirements for the company's SPP activities for 2025 after Jurisdictional Separation and prior to the Revenue Tax Factor are included below.

Total Proposed Projected SPP Revenue Requirement (2025)

2025	$125,421,133

The Jurisdictionally Separated revenue requirements of each SPP program are detailed further in Exhibit No. MAS-3.

Q. Is the 2025 total proposed projected revenue requirement of $125,421,133 the amount that Tampa Electric will seek to recover in 2025 in the SPPCRC?

A. No, this projected revenue requirement in 2025 was adjusted to recognize the under-recovery of $459,097 that occurred in 2023 and the under-recovery of $606,964 that is projected to occur in 2024.

Q. What is the total proposed over/under-recovery amount the company needed to recognize?

A. The company adjusted the Jurisdictionally Separated revenue requirements for the SPPCRC in 2025 by $1,066,061 to recognize this <u>under</u>-recovery. This value is detailed in my Exhibit MAS-3 on Form E-2.

Q. What is the final proposed SPPCRC Revenue Requirement that the company will be seeking to recover in 2025?

A. Recognizing the <u>under</u>-recovery adjustment, the final proposed SPPCRC 2025 Revenue Requirement is $126,487,194 prior to the addition of the revenue tax factor.

AVOIDANCE OF DOUBLE RECOVERY

Q. Rule 25-6.031(7), F.A.C. states that costs recoverable through the SPPCRC "shall not include costs recovered through the utility's base rates or any other cost recovery mechanism." What steps has Tampa Electric taken to ensure that the costs presented for recovery in this docket do not include any costs that are already recovered in base rates?

A. The company has taken two main steps to ensure that the costs recovered through the SPPCRC do not include any costs that are already recovered through base rates. First, the company has implemented internal procedures to accurately track SPP costs. Second, the company adheres to the 2020 Settlement Agreement approved by the Commission that includes a method for avoiding double recovery of SPP costs.

Q. What internal procedures has the company implemented to accurately track SPP costs to avoid potential double recovery through the SPPCRC?

A. All SPP Programs and SPP Projects are identified using the company's accounting system attributes including Funding Projects, Work Orders and Plant Maintenance Orders ("PMOs")/work requests. Each SPP Project is assigned a specific Funding Project number, which is "tagged" with a code indicating which SPP Program the costs are attributable to. This code clearly differentiates the SPP Capital investments from the company's other Capital assets in the accounting system. The company has also developed a set of charging guidelines for the SPP and several layers of internal review are performed on these costs. Additional measures to avoid double recovery are covered in the 2020 Settlement Agreement, discussed in detail below.

Q. In addition to the Accounting Protocols and the Settlement Agreement items, are there other processes the company follows to ensure that the costs that are recovered through the clause are prudent and that these costs are not also recovered through base rates and if so, please describe them?

A. Yes, there are several processes that company follows to ensure that only appropriate Storm Protection Plan costs go through the SPPCRC. These processes include the following:

- Monthly and ongoing reviews of Storm Protection Cost for appropriateness and accuracy. Costs are reviewed at least monthly by internal employees that work with the Storm Protection Plan and SPPCRC within three separate Departments (Energy Delivery Storm Protection Plan, Regulatory Accounting, and Regulatory Affairs).
- Monthly Storm Protection Plan touchpoint meetings. These ongoing meetings discuss new issues that need to be addressed in addition to discussing any ongoing issues that are yet to be resolved. Initially, these meetings in 2020 and 2021 were held twice a month and were shifted to monthly in 2022.

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- Collaboration meetings. These meetings are held to provide overviews of the company's Storm Protection Plan and the guidance the company follows for appropriate charging of costs to each of the programs. In addition, the processes of how the company developed the Storm Protection Plan and how projects were identified, selected, and prioritized is covered to ensure the company is following the Commission approved Storm Protection Plan to as close as practical. Also, during these meetings explanations are provided to questions of what costs are appropriate to charge to the SPPCRC and why other costs cannot be charged to the clause.
- Training of Individuals. When needed, the company's Energy Delivery Storm Protection Plan or the Regulatory Affairs Departments will train new employees on the history of the company's Storm Hardening activities which will include the Storm Protection Plan programs, activities, costs, recovery of costs, and what costs are not to be included in the SPPCRC.
- Individual Collaboration. As personnel within the company have gained knowledge while working over the past couple of years with the company's Storm Protection Plan and SPPCRC, they recognize the

C1-109

importance of appropriate and prudent charging as a mandatory requirement with the SPPCRC. Discussions will occur early on in the process when a question arises on any aspect of the Storm Protection Plan and SPPCRC. These discussions or collaborations ensure that the review for appropriate charging is really beginning at the inception of an idea and only those charges to the SPPCRC that are appropriate are occurring.

ALLOCATION OF THE PROJECTED AND PROPOSED REVENUE REQUIREMENTS

Q. How did Tampa Electric allocate the total revenue requirements to be collected from the rate classes in Exhibit Nos. MAS-2?

A. First, for each year, the programs were itemized and identified as either substation, transmission, or distribution costs. Then, Tampa Electric used the methodology that was approved by the Commission in the company's 2021 Settlement Agreement. The 2021 Settlement Agreement "Exhibit K" applies negotiated percentages to any incremental amount that is above the base 2021 clause amount. The 2021 base clause amount is allocated based upon the methodology that approved by the Commission in Docket No. 20130040-EI, Cost of Service Methodology. To perform this incremental analysis and allocate the total revenue requirements to be collected from the rate classes follows the process detailed below:

1. Determine the 2021 baseline amount to be used to calculate the 2022 revenue increase.

    a. The 2021 baseline is set by taking the 2021 actual and estimated costs submitted on May 3, 2021, revised on May 10, 2021, and applying the 2021 agreement ROE and equity ratio to determine the baseline cost recovery amount.

    b. the calculation of revenues by rate class is conducted using the allocation methodology from the company’s prior rate case.

    c. The total revenue amount of this calculation is the revenue baseline to be used to determine 2022 and future year’s increased costs.

2. Determine the 2025 total revenue to be collected. This calculation is determined using the 2021 Agreement, ROE, equity ratio, and depreciation rates.

3. Subtract the 2021 revenue baseline amount determined in 1. from the 2025 total revenue to be collected.

    a. If the increment is negative, no changes to the allocation methodology are made, i.e., the

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prior base rate case allocation method is used to allocate all revenue by class.

b. If the increment is positive, the Exhibit K allocation factors are applied to the increment to determine the class revenue allocation. A positive class allocation amount is added to the 2021 baseline revenue amount, also by class, to determine the total revenue to be collected by class.

4. The 2025 billing determinants are used to calculate the 2025 clause cost recovery factors by dividing the total revenue by class determined in 3. by the appropriate class billing determinant.

This calculation is detailed in my Exhibit No. MAS-2 on the following pages:

- 2025 Billing Determinants and Allocation Factors (Docket No. 20130040-EI, Cost of Service Methodology), page 32.
- 2025 Billing Determinants and Allocation Factors (Docket No. 20210034-EI, Cost of Service Methodology), page 33.
- Summary of Cost Recovery Clause Calculation – Base Portion (Docket No. 20130040-EI, Cost of Service Methodology), page 34.

- Summary of Cost Recovery Clause Calculation – Incremental portion (Docket No. 20210034-EI, Cost of Service Methodology), page 35.
- Summary of Cost Recovery Clause Calculation – 2025 Storm Protection Cost Recovery Factors Total, page 36
- Summary of Cost Recovery Clause Calculation – Base Portion and Incremental Portion Determination, page 37

Q. How did Tampa Electric allocate the total revenue requirements to be collected from the rate classes in Exhibit Nos. MAS-3?

A. The allocation of the total revenue requirements in Exhibit No. MAS-3 is the same as described above for Exhibit MAS-2, with the exception of the WACC, ROE, and depreciation rates that are proposed in Tampa Electric's 2024 petition for rate increase in Docket No. 20240026-EI.

This calculation is detailed in my Exhibit No. MAS-3 on the following pages:

- 2025 Billing Determinants and Allocation Factors (Docket No. 20130040-EI, Cost of Service Methodology), page 126.
- 2025 Billing Determinants and Allocation Factors (Docket No. 20210034-EI, Cost of Service Methodology),

page 127.

- Summary of Cost Recovery Clause Calculation – Base Portion (Docket No. 20130040-EI, Cost of Service Methodology), page 128.
- Summary of Cost Recovery Clause Calculation – Incremental portion (Docket No. 20210034-EI, Cost of Service Methodology), page 129.
- Summary of Cost Recovery Clause Calculation – 2025 Storm Protection Cost Recovery Factors Total, page 130
- Summary of Cost Recovery Clause Calculation – Base Portion and Incremental Portion Determination, page 131.

Q. Has Tampa Electric complied with the SPPCRC cost allocation methodology that used the allocation factors from Tampa Electric's 2021 Settlement Agreement used for the company's current base rate design?

A. Yes.

Q. In the development of the proposed 2025 SPPCRC factors, did the company use the most recent billing determinants, within the most current load forecast?

A. Yes, the 2025 SPPCRC factors are based upon the company's most current load forecast. Tampa Electric is providing the revised proposed SPPCRC rates based on the updated 2025 billing determinants.

Q. Will the rate impacts established through the 2025 SPPCRC differ from those presented in the rate impact calculations that were provided in the company's Commission approved 2022-2031 Storm Protection Plan?

A. Yes, the rate impacts presented in the company's Commission approved 2022-2031 SPP reflect the "all-in" costs of the company's SPP without regard to whether the costs would be recovered through the SPPCRC or through the company's base rates and charges. In addition, the SPP includes programs and their associated costs that were chosen to not be included in the Storm Protection Cost Recovery Clause. These programs are distribution pole replacement, unplanned vegetation management, and the company's legacy storm hardening activities such as emergency management and the company's geographical information system (GIS). Additionally, the values utilized in the SPPCRC have been adjusted to recognize any over or under-recovery that is occurring.

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SPPCRC Factors for 2025

Q. Please summarize the total proposed storm protection annualized recovery factors applicable for the period January through December 2025 using the current approved cost of service methodology based on Exhibit No. MAS-2.

A. The January through December 2025 cost recovery factors allocated based upon the company's 2021 Settlement Agreement, Cost of Service Study prepared in Docket No. 20210034-EI, for firm retail rate classes are as follows:

Rate Schedule	Cost Recovery Factors (cents per kWh)
RS	0.838
GS and CS	1.040
GSD Optional – Secondary	0.188
GSD Optional – Primary	0.186
GSD Optional – Subtransmission	0.184
LS-1 and LS-2	5.246

Rate Schedule	Cost Recovery Factors (dollars per kW)
GSD – Secondary	0.77
GSD – Primary	0.76
GSD – Subtransmission	0.76

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SBD – Secondary	0.77
SBD – Primary	0.76
SBD – Subtransmission	0.76
GSLD - Primary	0.64
GSLD - Subtransmission	0.15

Exhibit No. MAS-2, Summary of Cost Recovery Clause Calculation – 2025 Storm Protection Cost Recovery Factors Total details these estimates, Page 36.

Q. Please provide the electric bill impact for these same rate classes for a typical customer bill?

A. Using the same typical bill assumptions that were provided in the company's 2022-2031 Storm Protection Plan, the typical monthly electric bill costs for the storm protection plan cost recovery clause for residential, general service demand at secondary service and at primary service for a general service large demand class customer are as follows:

<u>Docket No. 20210034-EI, Cost of Service Methodology</u>

Residential customer using 1,000 kWh: $8.38

Commercial (GSLDPR) customer using 1,000 kW of Demand at 60 percent load factor: $640

Industrial (GSLDSU) customer using 10,000 kW of Demand at 60 percent load factor: $1,500

Q. Please summarize the total proposed storm protection annualized recovery factors applicable for the period January through December 2025 using the current approved cost of service methodology based on Exhibit No. MAS-3.

A. The January through December 2025 cost recovery factors allocated based upon the company's proposed 2024 Cost of Service Study prepared in Docket No. 20240026-EI for firm retail rate classes are as follows:

Rate Schedule	**Cost Recovery Factors (cents per kWh)**
RS	0.906
GS and CS	1.132
GSD Optional – Secondary	0.194
GSD Optional – Primary	0.192
GSD Optional – Subtransmission	0.190
LS-1 and LS-2	5.785

Rate Schedule	**Cost Recovery Factors (dollars per kW)**
GSD – Secondary	0.80
GSD – Primary	0.79
GSD – Subtransmission	0.78
SBD – Secondary	0.80
SBD – Primary	0.79
SBD – Subtransmission	0.78
GSLD - Primary	0.66
GSLD - Subtransmission	0.16

Exhibit No. MAS-3, Summary of Cost Recovery Clause Calculation – 2025 Storm Protection Cost Recovery Factors Total details these estimates, Page 130.

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of C. David Sweat was inserted.)

C2-403

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

C. DAVID SWEAT

FILED: April 1, 2024

C2-403

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

C. DAVID SWEAT

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

A. My name is Cecil David Sweat. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director Storm Protection Programs and Support Services. My business address is 5321 Hartford St., Tampa, FL 33619.

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

A. My duties and responsibilities include the governance and oversight of Tampa Electric's Storm Protection Plan ("SPP" or "the Plan") development, implementation, and execution. This includes leading the development of the Plan, prioritization of projects within each of the programs, development of project and program costs and overall implementation and execution of the Plan.

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

A. I have a bachelor's degree in Electrical Engineering and a master's degree in Engineering Management from the University of South Florida. I am a registered Professional Engineer in the state of Florida. I have more than 39 years of service with Tampa Electric working in the Substation, Transmission, Distribution, Meter, Grid Operations, Safety, Lighting, Vegetation Management, Skills Training, Environmental, Project Management, Fleet, Warehouse, Technical Services, Emergency Management and Renewable Energy areas.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present and support for Commission review and approval of the company's actual SPP costs and accomplishments achieved during the January 2023 through December 2023 period. My testimony will also provide the specific detail, when necessary, regarding variances that support Tampa Electric's actual January 2023 through December 2023 SPP costs.

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

A. Yes. Exhibit No. CDS-1, entitled "Tampa Electric Company, 2023 Storm Protection Plan Accomplishments" was prepared under my direction and supervision.

Q. How is your testimony organized?

A. My testimony is organized by each of the company's SPP Programs, which includes a description of the program, a summary of the 2023 SPP accomplishments, and any detail when necessary for the variances between the projected and actual January 2023 through December 2023 SPP costs.

Q. Will your testimony address these topics for each of the SPP Programs for which the company incurred costs in 2023?

A. Yes, my testimony is organized to cover all these topics for each of the seven programs in the company's 2022-2031 SPP. In addition, I will discuss the company's SPP Planning and Common expenditures.

Distribution Lateral Undergrounding

Q. Please provide a description of the Distribution Lateral Undergrounding Program.

A. Tampa Electric's Distribution Lateral Undergrounding Program will convert existing overhead distribution lateral facilities to underground to increase the resiliency and reliability of the distribution system serving the company's customers during extreme weather events.

Q. How many Distribution Lateral Underground projects were planned for 2023?

A. Tampa Electric planned to begin engineering on 198 projects and to begin construction on 201 projects in 2023.

Q. How many Distribution Lateral Underground projects did the company initiate and complete in 2023?

A. During the January to December 2023 period, Tampa Electric began engineering 28 projects and 74 construction projects. The company completed 121 engineering projects and 89 construction projects, which is detailed in my Exhibit No. CDS-1, Table DLU.1.

Q. What was the actual project count in 2023?

A. A total of 674 projects were in progress in 2023. This includes the 594 projects estimated in the company's 2023 actual-estimate filing, projects that the company expected to close in 2022 but were still in progress in 2023, and projects previously placed on hold and reactivated in 2023 that were not included in the 2023 actual-estimate filing.

Q. What was the cost variance in the Distribution Lateral Underground in 2023?

A. During the January to December 2023 period, the Distribution Lateral Underground program had a variance in revenue requirements of $449,030 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 7 and Form A-6, line 1).

Q. What were the causes of this cost variance?

A. As I previously explained, the actual project count for 2023 was 674. This is higher than the 399 projects projected in the company's 2022 SPPCRC projection filing as well as the 594 projects estimated in the company's 2023 actual-estimate filing. This increased level of work resulted in the cost variance.

Vegetation Management

Q. Please provide a description of the Vegetation Management ("VM") Program?

A. The VM Program consists of three existing legacy storm hardening VM activities and three new VM initiatives. The three existing legacy storm hardening VM activities include the following:

- Four-year distribution VM cycle (Planned)
- Two-year transmission VM cycle (Planned)
- Transmission VM Right of Way Maintenance (Planned)

The three new VM initiatives are:

- Initiative 1: Supplemental Distribution Circuit VM
- Initiative 2: Mid-Cycle Distribution VM
- Initiative 3: 69 kV VM Reclamation

Q. What level of Vegetation Management activity did the company project for each initiative during the period 2023?

A. For the January 2023 to December 2023 period, the company projected the following activities:

- Distribution VM: 1,560 miles
- Transmission VM: 540 miles
- Initiative 1: 701 miles
- Initiative 2: 1,018 miles
- Initiative 3: 27 miles

Q. What level of Vegetation Management activity did the company complete for each initiative during 2023?

A. For the January 2023 to December 2023 period, the company completed the following activities:

- Distribution VM: 1,504.8 miles
- Transmission VM: 535.6 miles
- Initiative 1: 591.5 miles
- Initiative 2: 801.8 miles
- Initiative 3: 65.2 miles

Q. What was the cost variance in the Vegetation Management program in 2023?

A. During the January 2023 to December 2023 period, the VM program had a variance in Operating and Maintenance ("O&M") costs of $1,990,843 over budget, which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, lines 1.1, 1.2

and 1.3).

Q. Can you explain what contributed to the variance amount?

A. Yes. Planned Distribution VM had a variance of $864,735 over budget and Planned Transmission VM had a variance of $1,126,108 over budget. These variances were largely caused by resource challenges and cost increases for specialized labor and equipment and permitting fees. Another factor was that record high temperatures, wind, and rain in the summer negatively impacted the 2023 work plan.

Transmission Asset Upgrades

Q. Please provide a description of the Transmission Asset Upgrades Program.

A. The Transmission Asset Upgrades Program will proactively and systematically replace the company's remaining wood transmission poles with non-wood material.

Q. How many Transmission Asset Upgrade projects were projected for 2023?

A. Tampa Electric projected that 46 projects would be initiated in 2023.

Q. How many Transmission Asset Upgrade projects did the company complete in 2023?

A. Tampa Electric completed five projects in 2023.

Q. What was the cost variance in the Transmission Asset Upgrades program in 2023?

A. During the January to December 2023 period, the Transmission Asset Upgrades program had a variance in revenue requirements of $341,621 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 2 and Form A-6, line 2).

Q. Can you explain this cost variance amount?

Yes. The main contributing factor for the variance is that outside services providers were required to use additional matting to access transmission right-of-way, which resulted in costs exceeding the budget.

Substation Extreme Weather Hardening

Q. Please provide a description of the Substation Extreme Weather Hardening Program.

A. This program will harden and protect the company's substation assets that are vulnerable to flooding or storm surge.

Q. How many Substation Extreme Weather Hardening projects were planned for 2023?

A. Tampa Electric proposed one project during the January 2023 to December 2023 period.

Q. What was the cost variance in the Substation Extreme Weather Hardening program in 2023?

A. During the January 2023 to December 2023 period, the Substation Extreme Weather Hardening program had a variance in revenue requirements of $4,393 under budget, which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 3 and Form A-6, line 3).

Q. Can you explain what contributed to the variance amount?

A. The variance amount is due to contractor unavailability at the end of the year.

Distribution Overhead Feeder Hardening

Q. Please provide a description of the Distribution Overhead Feeder Hardening Program.

A. This program will include strategies to further enhance the resiliency and reliability of the distribution network by further hardening the grid to minimize interruptions and reduce customer outage counts during extreme weather events and abnormal system conditions.

Q. How many Distribution Overhead Feeder Hardening projects were projected for 2023?

A. Tampa Electric projected 67 Distribution Overhead Feeder Hardening projects would be in progress in 2023.

Q. How many Distribution Overhead Feeder Hardening projects did the company complete in 2023?

A. During the January to December 2023 period, Tampa Electric completed the engineering design of four Distribution Overhead Feeder Hardening projects.

Operationally, Tampa Electric worked on 25 distribution projects, and completed 7. These projects included 868 pole replacement/upgrades, 122 single-phase reclosers, and 470 fuse coordination replacements. This work is detailed in my Exhibit No. CDS-1, Table OVHF.2.

Q. What was the cost variance in the Distribution Overhead Feeder Hardening program in 2023?

A. During the January 2023 to December 2023 period, the Distribution Overhead Feeder Hardening program had a variance in revenue requirements of $714,330 under budget, which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 4 and Form A-6, line 4).

Q. Can you explain why this project count is different and what contributed to the variance amount?

A. Yes. The project count difference and variance were caused by delays in starting new engineering projects associated with transitioning the work to a new contract partner.

Infrastructure Inspections

Q. Please provide a description of the Infrastructure Inspections Program.

A. This SPP program involves the inspections performed on the company's transmission and distribution infrastructure, including all wooden distribution and transmission poles, transmission structures, and substations, as well as the audit of all joint use attachments.

Q. How many infrastructure inspection projects did the company project to complete in 2023?

A. Tampa Electric conducts thousands of inspections each year. The number of inspections by type planned for 2023 were as follows:

Distribution:	2023
Wood Pole:	35,625

Transmission:	2023
Wood Pole:	404
Above Ground:	2,616
Aerial Infrared Patrol:	Annually

Ground Patrol: Annually
Substations: Annually

Q. How many infrastructure inspection projects did the company complete in 2023?

A. Tampa Electric completed the following inspections by type in 2023:

Distribution:	2023
Wood Pole:	36,601

Transmission:	2023
Wood Pole/Groundline:	448
Above Ground:	2,616
Aerial Infrared Patrol:	Complete
Ground Patrol:	Complete
Substations:	Complete

Q. What was the cost variance in the Infrastructure Inspection program in 2023?

A. During the January 2023 to December 2023 period, the Infrastructure Inspection program had a variance in O&M of $245,223 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, lines 5.1 and 5.2).

Q. Can you explain what contributed to the variance amount?

A. This variance amount is made up of Distribution Infrastructure Inspections, which had a variance of $255,195 over budget, and Transmission Infrastructure Inspections, which had a variance of $9,972 under budget. The variance in Distribution Infrastructure Inspections was driven by two main factors. First, there was a greater number of non-wood poles on the circuits that were inspected in 2023, which meant that the inspection crews had to inspect additional poles to meet the company's annual target. Second, the company experienced a labor cost increase from the third- party organization that performs the inspections.

LEGACY STORM HARDENING INITIATIVES

Q. What are the legacy storm hardening initiatives?

A. These are storm hardening activities that were mandated by the Commission as components of the company's prior storm hardening plan.

Q. Are the legacy storm hardening initiatives the same for the company's SPP as they were in the company's most recent three-year Storm Hardening Plan that was approved by the Commission?

A. Yes, they are the same. However, Tampa Electric recovers the costs associated with some of these activities through the SPPCRC, including:

- Four-year distribution vegetation management
- Two-year transmission vegetation management
- Transmission Right of Way vegetation management
- Distribution infrastructure inspections
- Transmission infrastructure inspections
- Transmission asset upgrades

Q. What are the other legacy storm hardening initiatives for which costs are not recovered through the SPPCRC?

A. Costs associated with the following legacy storm hardening initiatives are not recovered through the SPPCRC:

- Unplanned distribution vegetation management
- Unplanned transmission vegetation management
- Geographic Information System
- Post-Storm Data Collection

- Outage Data – Overhead and Underground Systems
- Increased Coordination with Local Governments
- Collaborative Research
- Disaster Preparedness and Recovery Plan
- Distribution Wood Pole Replacements

COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS

Q. Will you please provide a description of the Common Costs?

A. Yes, the costs in the Common Costs category represent those costs that cannot be attributed to a specific Program. They also are made up of an accumulation of incremental costs associated with developing, implementing, managing, and administering the SPP. These costs benefit all SPP programs.

Q. What was the cost variance in the Common Cost category in 2023?

A. During the January 2023 to December 2023 period, the Common Cost category has a variance in O&M of $208,497 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form

A-4, line 6).

Q. Can you explain what contributed to the variance amount?

A. Yes. The company did not originally project costs associated with outside consultants brought in to assist in the development of the next SPP. The inclusion of these costs resulted in the variance.

Q. Does that conclude your testimony?

A. Yes, it does.

C2-457

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

C. DAVID SWEAT

FILED: May 1, 2024

C2-457

TAMPA ELECTRIC COMPANY
DOCKET NO. 20240010-EI
FILED: MAY 1, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

C. DAVID SWEAT

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

A. My name is C. David Sweat. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director Storm Protection Programs and Support Services. My business address is 5321 Hartford St, Tampa, FL 33619.

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

A. My duties and responsibilities include the governance and oversight of Tampa Electric's Storm Protection Plan ("SPP" or "the Plan") development, implementation, and execution. This includes leading the development of the Plan, prioritization of projects within each of the programs, development of project and program costs and overall implementation and execution of the Plan.

Q. Please describe your educational background and professional experience.

A. I have a bachelor's degree in Electrical Engineering and a master's degree in Engineering Management from the University of South Florida. I am a registered Professional Engineer in the state of Florida. I have more than 39 years of service with Tampa Electric working in the Substation, Transmission, Distribution, Meter, Grid Operations, Safety, Lighting, Vegetation Management, Skills Training, Environmental, Project Management, Fleet, Warehouse, Technical Services, Emergency Management and Renewable Energy areas.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my direct testimony is to describe each Storm Protection Plan ("SPP") Program included in the company's 2022-2031 Storm Protection Plan and to provide the detailed listing of the SPP Projects and activities that comprise each SPP program for the actual and estimated 2024 and projected 2025 periods. I will also provide an overview of how the projected Capital and Operations and Maintenance ("O&M") costs were developed.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I have prepared one exhibit entitled, "Exhibit of C. David Sweat." It consists of seven documents and has been identified as Exhibit No. CDS-2, which contains the following documents:

- Document No. 1 provides Tampa Electric's Distribution Lateral Undergrounding Program's 2024-2025 Project List and Summary of Costs.
- Document No. 2 provides Tampa Electric's Transmission Asset Upgrades Program's 2024-2025 Project List and Summary of Costs.
- Document No. 3 provides Tampa Electric's Substation Extreme Weather Hardening Program's 2024-2025 Project List and Summary of Costs.
- Document No. 4 provides Tampa Electric's Distribution Overhead Feeder Hardening Program's 2024-2025 Project List and Summary of Costs.
- Document No. 5 provides Tampa Electric's Vegetation Management Program's 2024-2025 Activities and Summary of Costs.
- Document No. 6 provides Tampa Electric's Infrastructure Inspections Program's 2024-2025 Activities and Summary of Costs.
- Document No. 7 provides Tampa Electric's Common

Storm Protection Plan 2024-2025 Activities and Summary of Costs.

Q. How is your testimony organized?

A. My testimony is organized by each of the company's SPP Programs, which includes a description of the program, a summary of project counts, a summary of the program's costs, and how project-level costs were developed.

Q. Will your testimony address these topics for each of the SPP Programs for which the company is seeking cost recovery?

A. Yes, my testimony is organized to cover all these topics for each of the seven programs in the company's Commission approved Modified 2022-2031 SPP, including the projected company's Storm Protection Plan Planning and Common expenditures.

Q. Will your testimony address how project-level costs were developed within each of the company's SPP Programs for which the company is seeking cost recovery?

A. Yes, my testimony will explain how the company developed the required Project-level details for the two years of the Plan for Tampa Electric’s Storm Protection Plan Cost Recovery Clause (“SPPCRC”).

Distribution Lateral Undergrounding

Q. Please provide a description of the Distribution Lateral Undergrounding Program.

A. Tampa Electric’s Distribution Lateral Undergrounding Program converts existing overhead distribution lateral facilities to underground to increase the resiliency and reliability of the distribution system serving the company’s customers during extreme weather events.

Q. How many Distribution Lateral Underground projects are planned for the 2024 and 2025 periods?

A. Tampa Electric plans for the following activity in calendar years 2024 and 2025:

- During the period, January 1, 2024, to December 31, 2024, there are 499 projects planned.
- During the period January 1, 2025, to December 31, 2025, there are 202 projects planned.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 1.

Q. Are these project counts the same as what the company included in its Commission-approved Modified 2022-2031 SPP, for the 2024 and 2025 periods?

A. No. The 2022-2031 approved plan indicated 436 projects for 2024 and 538 for 2025. The 2024 project count is higher because it includes carryover projects from previous years. The project count for 2025 is projected to decrease as the engineering backlog needs are stabilizing.

Q. What are the total projected capital and O&M expenditures for this Program in the 2024 and 2025 periods?

A. During the period January 1, 2024, to December 31, 2024, actual/estimated capital expenditures are $132.2 million and the actual/estimated O&M expenditures are $1.2 million.

During the period January 1, 2025, to December 31, 2025, projected capital expenditures are $133.7 million and projected O&M expenditures are $1.2 million.

Q. How did you develop a cost estimate for each of these components?

A. Project cost estimates are completed in two phases. Initially, the prioritization model provides a cost estimate based on a set of assumptions. Those assumptions are based on internal historical data, an internal cost estimation tool, and information obtained from industry sources with experience in this type of work. The combined data set used for modelling represents the company's most current cost data for both unit rates and activity rates for each type of asset. The company then supplements this data with project and cost information obtained from active and completed projects at the date of the analysis.

As the projects are initiated, designed, fully scoped and materials are ordered, the company and the contractor partners develop a more refined cost estimate.

The company's 2024 and 2025 cost projections use the projected costs from the model for all new projects. For any active projects or projects that were part of the company's 2020, 2021, and 2022 SPP work plans, the more refined cost estimates from actual design work are used.

Q. Does each project have its own unique cost estimate profile?

A. Yes, each project is assigned characteristics based on its location, the number of phases, the number of customers, and the number and type of assets that will need to be converted.

Q. Were the distribution undergrounding lateral conversion project costs estimated using a single average that was then applied to all projects?

A. No, the company used the information described above to develop a cost estimate reflective of the unique characteristics, number and type of assets, and number of customer services for each project. This information was supplemented with averages for specific activities or phases of a project.

Q. Were the same underlying cost assumptions used to develop the cost estimate for each project?

A. Yes, the company used the same methodology for all modeled projects and the same methodology for all active projects.

Q. Can you explain how the cost assumptions were used to develop a cost estimate?

A. Yes. Each asset type is multiplied by the activity or unit rate to determine a cost estimate for that asset type. The project-level estimate represents the sum of the estimates for each asset type. The activity rates include the external labor rates as well as materials. In addition, the company used actual project data from completed projects to estimate the cost of projects. The end result is an estimate based on unique project characteristics, actual design estimates, and average activity rates.

Q. How do the project characteristics such as number of customers, number of phases, and location of existing assets factor into the cost estimates?

A. These characteristics directly affect the required volume of work, the number and types of assets within the project scope, and the activity rate that is used for the project-level cost estimate.

Q. Are the Distribution Lateral Undergrounding project costs the same as what the company included in its Commission approved Modified 2022-2031 SPP?

A. No, the actual/estimated costs for 2024 and the projected costs for 2025 for the Distribution Lateral Undergrounding program have changed from what was filed in the company's Modified 2022-2031 SPP.

Q. Would you explain why the costs for the Distribution Lateral Undergrounding program have changed for 2024 and 2025?

A. Yes, since the filing of the company's Modified 2022-2031 SPP in November 2022, the company has continued to experience cost increases. The company expects that upward pressure on labor, equipment, and boring costs will continue. In support of controlling costs, Tampa Electric also submitted a new Request for Proposal ("RFP") to seek competitive market rates for the Lateral Undergrounding work which resulted in new contracts for both engineering and construction.

As the company continues to fine tune the process, it anticipates that the new contracts, competitive rates, and improvements in contractor efficiencies should provide some cost relief.

Transmission Asset Upgrades

Q. Please provide a description of the Transmission Asset

Upgrades Program.

A. The Transmission Asset Upgrades Program proactively and systematically replaces the company's remaining wood transmission poles with non-wood material.

Q. How many Transmission Asset Upgrade projects are planned for the 2024 and 2025 periods?

A. Tampa Electric plans for the following activity in calendar years 2024 and 2025:

- January 1, 2024, to December 31, 2024 – The company will initiate 10 new projects and continue work on the prior year's projects to obtain a yearly total goal of 472 poles installed.
- January 1, 2025, to December 31, 2025 – 10 new projects and continued work on the prior year's projects to obtain a yearly total goal of 471 poles installed.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 2.

Q. Are these project counts the same as what the company included in its Commission-approved modified 2022-2031 SPP for the 2024 and 2025 periods?

A. Yes, the project counts in the company’s SPP reflected 10 projects in 2024 and 10 projects in 2025.

Q. What are the total projected capital and O&M expenditures for this Program in the 2024 and 2025 periods?

A. Tampa Electric estimates expenditures for this program during 2024 and 2025 as follows:

- During the period January 1, 2024, to December 31, 2024, the actual/estimated capital expenditures are $17.6 million and the actual/estimated O&M expenditures are $0.7 million.
- During the period January 1, 2025, to December 31, 2025, projected capital expenditures are $15.1 million, and the projected O&M expenditures are $0.6 million.

Q. What are the activities that are associated with the O&M costs with this program?

A. The activity of transferring existing wires to the new non-wood pole from the existing wooden pole being replaced is accounted for as an O&M cost.

Q. How did the company develop a cost estimate for each of these components?

A. The company has reactively replaced wood transmission poles that fail an inspection with non-wood material for many years. Because of these reactive replacements, the company has developed an extensive set of historical data for transmission pole replacements and upgrades. The historical data was used as a foundation for the project-level costs estimates.

Q. Were your project costs estimated using a single average that was then applied to all projects?

A. No.

Q. Does each transmission asset upgrade project have its own unique cost estimate profile?

A. Yes, each transmission asset upgrade project represents a transmission circuit, with a unique number of poles, unique terrain, and a unique location.

Q. Are the Transmission Asset Upgrade project costs the same as what the company included in its Commission-approved modified 2022-2031 SPP?

A. No, the actual/estimated costs for 2024 and the projected costs for 2025 for the Transmission Asset Upgrade program have changed from what was filed in the company's 2022-2031 SPP.

Q. Would you explain why the costs for the Transmission Asset Upgrade program have changed for 2024 and 2025?

A. Yes, the costs for 2024 and 2025 were re-projected based on the actual historical installation costs per pole obtained from the 2022 Transmission Asset Upgrade program.

Substation Extreme Weather Hardening

Q. Please provide a description of the Substation Extreme Weather Hardening Program.

A. This program hardens and protects the company's substation assets that are vulnerable to flooding or storm surge.

Q. How many Substation Extreme Weather Hardening projects are planned for the 2024 and 2025 period?

A. There will be two projects in-flight for both years. The company started work on the first Substation Extreme

Weather Hardening project in the later part of 2023. It will be completed in May 2024. An additional project will start in early 2024, with engineering and construction to start in late 2024. The company expects it will be completed mid-year 2025. The company expects that the other 2025 projects will be complete by the end of 2025. These project details are provided in my Exhibit No. CDS-2, Document No. 3.

Q. Are these the same number of projects that were included in the company's Commission-approved modified 2022-2031 SPP, for the 2024 and 2025 periods?

A. Yes.

Q. What are the total estimated capital and O&M expenditures for this Program in the 2024 and 2025 periods?

A. Tampa Electric estimates expenditures for this Program during calendar years 2024 and 2025 as follows:

- During the period January 1, 2024, to December 31, 2024, actual/estimated capital expenditures are $1.4 million and there are no actual/estimated O&M expenditures.
- During the period January 1, 2025, to December 31,

2025, projected capital expenditures are $3.0 million and there are no projected O&M expenditures.

Q. Are the Substation Extreme Weather Hardening project costs the same as what the company included in its Commission-approved modified 2022-2031 SPP?

A. Yes. The costs are the same, but the spending will shift 3-5 months later than expected due to longer than anticipated material lead times.

Distribution Overhead Feeder Hardening

Q. Please provide a description of the Distribution Overhead Feeder Hardening Program.

A. This program includes strategies to further enhance the resiliency and reliability of the distribution network by further hardening the grid to minimize interruptions and reduce customer outage counts during extreme weather events and abnormal system conditions.

Q. How many Distribution Overhead Feeder Hardening projects are planned for the 2024 and 2025 periods?

A. Tampa Electric plans for the following activity in calendar years 2024 and 2025:

- January 1, 2024, to December 31, 2024 – 79 projects.
- January 1, 2025, to December 31, 2025 – 31 projects.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 4.

Q. Are these project counts the same as what the company included in the company's Commission-approved modified 2022-2031 SPP for the 2024 and 2025 periods?

A. No, the active project count has increased compared to the 2022-2031 SPP due to on-going work on projects from the prior year and because completed projects will receive accounting activity due to reconciliation and final invoicing.

Q. What are the total projected capital and O&M expenditures for this program in the 2024 and 2025 periods?

A. Tampa Electric estimates expenditures for this Program during calendar years 2024 and 2025 as follows:

- During the period January 1, 2024, to December 31, 2024, actual/estimated capital expenditures are

$18.5 million and the actual/estimated O&M expenditures are $0.9 million.

- During the period January 1, 2025, to December 31, 2025, projected capital expenditures are $20.0 million and the projected O&M expenditures are $0.9 million.

Q. What are the activities that are associated with the O&M costs with this program?

A. The activity of transferring existing wires to the new overhead feeder hardening equipment from the existing equipment being replaced is accounted for as an O&M cost.

Q. Does each overhead feeder hardening project have its own unique cost estimate profile?

A. Yes, each overhead feeder hardening project represents a distribution overhead feeder that will be hardened. The underlying project information is specific to each feeder. This includes location, asset type, work scope, number of assets to be installed or hardened, and other information that is unique to each circuit.

Q. How were the cost assumptions used to develop cost estimates for each project?

A. The company first defined the attributes of a hardened feeder, which includes poles meeting National Electrical Safety Code ("NESC") Extreme Wind loading criteria; no poles lower than a class 2; no conductor size smaller than 336 aluminum conductor, steel reinforced ("ACSR"); single phase reclosers or trip savers on laterals; feeder segmented and automated with no more than 200-400 customers per section and no segment longer than 2-3 miles; no more than two to three megawatts of load served on each segment; and circuit ties to other feeders with available switching capacity. These criteria were then applied to each potential overhead feeder project to develop an estimate of the cost to harden that feeder.

Q. Are the Distribution Overhead Feeder Hardening project costs the same as what the company included in its Commission-approved modified 2022-2031 SPP?

A. No, the actual/estimated costs for 2024 and the projected costs for 2025 for the Distribution Overhead Feeder Hardening program have changed from what was filed in the company's 2022-2031 SPP.

Q. Would you explain why the costs for the Distribution Overhead Feeder Hardening program have changed for 2024 and 2025?

A. Yes. Some projects have experienced delays at the design stage, which has led to later than expected start dates for the construction, which, in turn, has caused a reduction in expected program level spend. Tampa Electric is forecasting that program spending will realign with previously-filed estimates as projects in design move to construction in 2025.

Vegetation Management

Q. Can you please provide a description of the Vegetation Management ("VM") Program?

A. The VM Program consists of six VM initiatives, including:

- Distribution Four-Year Cycle VM
- Transmission VM
- Supplemental Distribution Circuit VM
- Mid-Cycle Distribution VM
- 69 kV VM Reclamation (Completed in 2023)
- Reactive VM

Q. Are the costs of any of these programs charged to base rates instead of the SPPCRC?

A. Yes. The costs of Reactive (or Unplanned) VM on both the distribution and transmission system are not charged to the SPPCRC.

Q. Does this represent the same number of initiatives the company included in its Commission-approved modified 2022-2031 SPP for the period 2024 and 2025?

A. Yes.

Q. What level of activity are you projecting for each initiative during the 2024 period?

A. For the period January 1, 2024, to December 31, 2024, the company projects the following activity for the SPPCRC VM initiatives:

- Distribution VM: 1,534 miles
- Transmission VM: 525 miles
- Supplemental Distribution Circuit VM: 700 miles and 98,973 customers
- Mid-Cycle Distribution VM: 1,000 miles and 141,391 customers
- 69kV VM Reclamation: Zero miles and zero

customers

These activities are fully detailed in my Exhibit No. CDS-2, Document No. 6.

Q. What level of activity are you projecting for each initiative during the 2025 period?

A. For the period January 1, 2025, to December 31, 2025, the company projects the following SPPCRC VM initiatives:

- Distribution VM: 1,534 miles
- Transmission VM: 530 miles
- Supplemental Distribution Circuit VM: 700 miles and 98,973 customers
- Mid-Cycle Distribution VM: 1,000 miles and 141,391 customers
- 69kV VM Reclamation: Zero miles and zero customers

These activities are fully detailed in my Exhibit No. CDS-2, Document No. 6.

Q. Does this represent the same projected activity levels in the company included in its Commission approved Modified 2022-2031 SPP, for the 2024 and 2025 periods?

A. Yes.

Q. What are the total estimated capital and O&M expenditures for this Program during the 2024 period?

A. For the period January 1, 2024, to December 31, 2024, actual/estimated SPPCRC O&M expenditures are:

- Distribution VM: $16.7 million
- Transmission VM: $3.3 million
- Initiative 1: $6.6 million
- Initiative 2: $3.7 million
- Initiative 3: $0.0 million

There are no capital VM expenditures.

Q. What are the total projected expenditures for this Program during the 2025 period?

A. For the period January 1, 2025, to December 31, 2025, projected SPPCRC O&M expenditures are:

- Distribution VM: $18.5 million
- Transmission VM: $4.1 million
- Initiative 1: $6.8 million
- Initiative 2: $3.9 million
- Initiative 3: $0.0 million

There are no capital VM expenditures.

Q. How were the estimated costs of this program developed?

A. The company used historical VM costs to develop the cost estimates for each component of this program. The company also engaged Accenture, LLP to assist in the development of the new VM initiatives, including the level of incremental work and the cost for each initiative.

Q. Can you explain how that information was used to develop a cost estimate for each initiative?

A. Yes, the initiative cost estimates were derived from historical VM costs combined with estimated resource needs and mileage.

Q. Are the Vegetation Management costs the same as what was included in the company's Commission-approved modified 2022-2031 SPP?

A. Yes, the costs are approximately the same.

Infrastructure Inspections

Q. Please provide a description of the Infrastructure Inspections Program.

A. This SPP program involves the inspections performed on the company's T&D infrastructure including all wooden distribution and transmission poles, transmission structures and substations, as well as the audit of all joint use attachments.

Q. How many infrastructure inspection projects does the company plan to complete in the 2024 and 2025 periods?

A. Tampa Electric conducts thousands of inspections each year. The number of inspections by type planned for 2024 and 2025 are as follows:

Distribution:	2024	2025
Wood Pole:	35,625	35,625

Transmission:	2024	2025
Wood Pole/Groundline:	124	161
Above Ground:	zero	zero
Aerial Infrared Patrol:	Annually	Annually
Ground Patrol:	Annually	Annually
Substations:	Annually	Annually

Note: The Above Ground inspections will be absorbed into the Ground Patrol inspections. The last year of Above Ground inspection was 2023.

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This activity detail is provided in my Exhibit No. CDS-2, Document No. 7.

Q. Does this represent the same number of distribution inspections you included in the company's Commission-approved modified 2022-2031 SPP for the period 2023 and 2024?

A. No. The distribution inspection count for 2024 remains the same at 35,625, while the 2022-2031 SPP incorrectly stated 16,625 inspections would occur in 2024. The inspection count for 2024 in the SPP should have been 35,625 as well because the company completes distribution inspections on an eight-year cycle. Tampa Electric is presently entering into the third year of the eight-year cycle.

Q. What are the total estimated capital and O&M expenditures for this Program during the period 2024?

A. For the period January 1, 2024, to December 31, 2024, the actual/estimated O&M expenditures are:

- Distribution Inspections: $1.4 million
- Transmission Inspections: $0.6 million

There are no capital inspection expenditures.

Q. What are the total projected expenditures for this Program during the period 2025?

A. For the period January 1, 2025, to December 31, 2025, projected expenditures are:

- Distribution Inspections: $1.4 million
- Transmission Inspections: $0.6 million

There are no capital inspection expenditures.

Q. What is the basis for your cost estimates?

A. The company has long-standing inspection programs with a large data set of historical activity and spend. The projected spend for each inspection type is based on projected activity and historical spending.

Q. Are the infrastructure inspection costs the same as what the company included in its Commission-approved modified 2022-2031 SPP?

A. No, with the existing contract for this work expiring in December of 2023, the company sought competitive market rates via a RFP. As a result, the new rates for this work have increased compared to the initial 2022-2031 filing.

LEGACY STORM HARDENING INITIATIVES

Q. What are the legacy storm hardening initiatives?

A. These are storm hardening activities that were mandated by the Commission as components of the company's prior storm hardening plan.

Q. Are the legacy storm hardening initiatives the same for the company's modified 2022-2031 SPP as they were in the company's most recent 2019-2021 three-year Storm Hardening Plan that was approved by the Commission?

A. Yes, they are the same, but Tampa Electric extracted the following legacy storm hardening initiatives to be separate SPP Programs and included these for cost-recovery through the SPPCRC:

- Distribution Four-Year Cycle vegetation management
- Transmission vegetation management
- Distribution infrastructure inspections
- Transmission infrastructure inspections
- Transmission asset upgrades

Q. What are the other legacy storm hardening initiatives that will not be charged to the SPPCRC?

A. The other legacy storm hardening initiatives that will not be charged to the SPPCRC include the following:

- Unplanned distribution vegetation management
- Unplanned transmission vegetation management
- Geographic Information System
- Post-Storm Data Collection
- Outage Data – Overhead and Underground Systems
- Increased Coordination with Local Governments
- Collaborative Research
- Disaster Preparedness and Recovery Plan
- Distribution Wood Pole Replacements

Q. Does the company have individual project details for these ongoing storm hardening initiatives for the period 2024 and 2025?

A. No. These "other" ongoing storm hardening initiatives are well-established, steady state programs for which the company does not propose any specific Storm Protection Projects at this time.

Q. Is the company seeking cost recovery for any of these "Other" ongoing legacy storm hardening in this SPPCRC proceeding?

A. No.

Q. Is the company planning on communicating the annual updates for these other legacy storm hardening initiatives?

A. Yes, Tampa Electric will provide updates on these other storm hardening initiatives in the annual SPP Status Report that is filed with the Commission on June 1st of each year for the prior year's achievements.

COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS

Q. Will you please provide a description of the Common Costs?

A. Yes, the costs in the Common Costs category represent those costs that cannot be attributed to a specific Program. They are an accumulation of incremental costs associated with developing, implementing, managing, and administering the SPP.

Q. What type of costs are in the Common Costs category?

A. The Common Costs reflect those SPP costs that cannot be assigned to a specific SPP program or those costs which bring benefits to the entire portfolio of SPP programs. Examples of this include incremental internal labor to support the administration of the SPP as a whole.

Q. How much does the company estimate and project to spend on common expenses in the 2024 and 2025 periods?

A. The company estimates O&M expenditures of $1.7 million in 2024 and projected expenditures of $1.3 million in 2025. There are no common capital expenditures.

CONCLUSIONS

Q. Please summarize your direct testimony.

A. My testimony identifies the programs for which Tampa Electric is seeking cost recovery for expenditures occurring in the 2024 and 2025 periods. My testimony describes the number and types of activities that will be carried out under the company's SPP in 2024 and 2025 and explains how the company developed estimates of the cost of each of these activities. My testimony also demonstrates that the estimated costs are reasonable as they are based on sound methods and because the company has a high level of confidence in its projections.

Q. Are the company's planned activities and projected costs consistent with the company's Storm Protection Plan?

A. Yes, as I explained in my testimony, the company has implemented each of the Programs in a manner consistent with the company's modified SPP filing made on November 11, 2022. While schedules have been refined in some cases, the planned activities are prioritized consistently with the SPP and the projected costs are largely consistent at both the program and project levels.

Q. Should the Commission approve the company's projected expenditures for its Distribution Lateral Undergrounding, Transmission Asset Upgrades, Substation Extreme Weather Hardening, Distribution Overhead Feeder Hardening, Vegetation Management, Infrastructure Inspections Programs and Common SPP costs?

A. Yes, these projected expenditures should be approved. The projected costs are reasonable and consistent with the company's SPP.

Q. Does this conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Mark Cutshaw was inserted.)

Before the Florida Public Service Commission

Direct Testimony (True Up) of P. Mark Cutshaw

On Behalf of

Florida Public Utilities Company

Docket 20240010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw. My business address is 780 Amelia Island Parkway, Fernandina Beach, Florida 32034.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My electrical engineering career began with Mississippi Power Company in June 1982. I spent nine years with Mississippi Power Company and held positions of increasing responsibility that involved budgeting, as well as operations and maintenance activities at various locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division and have since worked extensively in both the Northwest Florida and Northeast Florida divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance. My responsibilities have also included involvement with Cost of Service Studies and Rate Design in other rate proceedings before the Commission, as well as other regulatory issues. During January 2024, I moved into my current role as Manager, Electric Operations.

Q. Have you previously testified before the Commission?

A. Yes, I've provided testimony in a variety of Commission proceedings, including the Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony in Docket No. 20180061-EI, testimony in Docket No. 20190156-EI for the Limited Proceeding to recover storm costs incurred as a result of Hurricane Michael and numerous dockets for Fuel and Purchased Power Cost Recovery. Most recently, I provided testimony in the Storm Protection Plan Dockets No. 20220049-EI and No. 20230010-EI.

II. <u>PURPOSE AND SUMMARY OF TESTIMONY</u>

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission and Distribution costs for the time period January 2023 through December 2023 associated with FPUC's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"), pursuant to Rule 25-6.031, F.A.C. and to explain material variances between 2023 estimated and actual program expenditures.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am co-sponsoring Exhibit PTN-1 included in the testimony by Witness Phuong Nguyen and did personally prepare Form 8-A contained in this exhibit.

Q. Please provide a summary of your testimony.

A. FPUC filed its first SPP in April 2022, which was approved, with modifications, by Order PSC-2022-0387-FOF-EI, issued November 10, 2022. FPUC's initial Final True Up for 2022 was therefore based on an eight month (May through December) prorated calendar year. Overall, FPUC's SPP intentionally contains a methodical ramp up of investments that allows for the acquisition of resources, initiation of design activities, and the refinement of projects in the early years of the plan. FPUC's focus in 2022 was, therefore, to stand-up the new SPP programs and implement approved adjustments to programs that were carried over from legacy storm hardening initiatives. During 2023, based on experience from 2022, improvements were noted and efforts resulted in a continuation of engineering design, material procurement and construction as detailed in Form 8A. Advancements in SPP program engineering and construction activities were achieved, positioning the company well for continued execution into 2024. Additionally, efforts to significantly reduce the distribution pole replacement backlog were completed.

III. 2023 ACTUAL SPP PROJECT COSTS AND VARIANCES

Q. Can you please describe what was accomplished in 2023 with the incurred expense (O&M) and explain any significant variances against estimates provided in the SPP?

A. Yes. Most of the expense-related charges within the SPP were related to the vegetation management and distribution pole inspection programs. Both programs were carried over from legacy storm hardening initiatives. Costs were incurred throughout all of 2023 for these programs, which are partially recovered through base rates. As noted in the testimony of Witness Nguyen, FPUC has accounted for this to avoid double recovery. In 2023, FPUC completed the final year of the 2nd 8-year inspection cycle of distribution poles and trimmed 163.4 miles of overhead lines. 2023 expense cost were $2.01M compared to the projected amount of $1.59M. Form 4A in Exhibit PTN-1 reflects a variance of $.42M which is mostly driven by the vegetation management program which had a variance of $.61M. This additional expense was due in part to abnormal volume of deceased tree removals and transmission easement clearing in the NE requiring specialty equipment to complete.

Q. Can you please describe what was accomplished in 2023 with the incurred capital costs and explain any significant variances against estimates provided in the SPP?

A. Yes. FPUC is committed to the effective and efficient implementation of SPP related expenditures. To ensure this occurs, and for the reasons stated above, FPUC's focus during 2023 was to continue the engineering of a substantial number of projects in order to prepare for future construction, increase the procurement of materials needed for construction and begin construction of projects that were designed in 2022. Contract engineering and construction resources were acquired who continued engineering design activities and began construction on the projects identified in the SPP. 2023 capital cost were $7.78M compared to the projected amount of $8.73M reflecting a variance of $.95M below original projections, which is mostly driven by the lack of costs associated with transmission pole replacements and overhead lateral undergrounding. FPUC was unable to replace any of the originally targeted twelve (12) - 69kv wood transmission poles but did make progress on engineering design and ordering the necessary materials to begin replacements in future years. During 2023, the overhead feeder program was able to complete designs on 11.05 miles of line and completed construction on 2.36 miles of line. The overhead lateral hardening program was able to complete designs on 1.15 miles of line and completed construction on 0.47 miles of line. The overhead lateral undergrounding program was able to complete designs on .11 miles. Although accomplishments were less than projected, experience on the programs should allow improvement in future activities related to these programs. Also during 2023, FPUC continued efforts to work towards the addition of a full-time equivalent position to focus on the SPP Program Management. Projections for SPP Program Management were not included in 2023 and 2024, however, it is possible that the 2024 forecast may be revised assuming this position is filled during 2024.

Q. What will be the overall impact of the ($.53M) variance for the 2024 SPP?

A. The negative variance will be incorporated into the 2024 and 2025 capital projects to re-align SPP investments with the 10-year projected totals reflected in the SPP.

Q. Does this conclude your testimony?

A. Yes, it does.

Before the Florida Public Service Commission

Direct Testimony of P. Mark Cutshaw

On Behalf of

Florida Public Utilities Company

Docket 20240010-EI: Storm Protection Plan Cost Recovery Clause

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw. My business address is 780 Amelia Island Parkway, Fernandina Beach, Florida 32034.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My electrical engineering career began with Mississippi Power Company in June 1982. I spent nine years with Mississippi Power Company and held positions of increasing responsibility that involved budgeting, as well as operations and maintenance activities at various locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division and have since worked extensively in both the Northwest Florida and Northeast Florida divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance. My responsibilities have also included involvement with Cost of Service Studies and Rate

Design in other rate proceedings before the Commission, as well as other regulatory issues. During January 2024, I moved into my current role as Manager, Electric Operations.

Q. Have you previously testified before the Commission?

A. Yes, I've provided testimony in a variety of Commission proceedings, including the Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony in Docket No. 20180061-EI, testimony in Docket No. 20190156-EI for the Limited Proceeding to recover storm costs incurred as a result of Hurricane Michael and numerous dockets for Fuel and Purchased Power Cost Recovery. Most recently, I provided testimony in the Storm Protection Plan Dockets No. 20220049-EI and No. 20230010-EI.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my direct testimony is to support the Company's request for recovery of Storm Protection Plan ("SPP") program costs associated with FPUC's Transmission and Distribution system for January 2024 through December 2024, as well as for January 2025 through December 2025, through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"), pursuant to Rule 25-6.031, F.A.C. My testimony supports the year to date costs in 2024, projected remaining expenditures through December 2024, estimated costs in 2025, and shows how these are consistent with the revised FPUC Storm Protection Plan approved in Docket 20220049-EI.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am co-sponsoring Exhibit MDN-2 included in the testimony by Witness Michelle Napier and did personally prepare Form 8-E contained in this exhibit.

Q. Please provide a summary of your testimony.

A. FPUC filed its first SPP in April 2022, which was approved, with modifications, by Order No. PSC-2022-0387-FOF-EI, issued November 10, 2022. FPUC's Final True Up for 2023 is based on the January 2023 through December 2023 calendar year. Overall, FPUC's approved SPP intentionally contained a methodical ramp up of investments that allows for the acquisition of resources, initiation of design activities, and the refinement of projects in the early years of the plan. FPUC's focus in 2024 and 2025 is to continue to execute on the "ramp up" methodology mentioned above. FPUC's SPP introduced new programs for which project design activities began in 2022, carried over into 2023 and will continue to escalate during the years 2024 and 2025. Design, material acquisition and construction activities associated with these projects continue during these years as FPUC continues to execute in alignment with its previously approved SPP.

III. <u>2024 OVERVIEW OF THE ACTUAL/PROJECTED SPP PROJECT COSTS AND VARIANCES</u>

Q. Under which SPP programs will FPUC incur costs during calendar year 2024?

A. FPUC expects to incur costs for the Distribution Overhead Feeder Hardening, Distribution Overhead Lateral Hardening, Distribution Overhead Lateral

Undergrounding, Distribution Pole Inspection & Replacement, Transmission Inspection & Hardening, and the Transmission & Distribution Vegetation Management programs during calendar year 2024.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Distribution Overhead Feeder Hardening program?

A. FPUC's current actual/estimated 2024 expenditures are approximately $5.40M compared to the previously projected amount of $4.47M, which is a variance of $0.93M. This variance is due to the continued ramping up of the previously engineered projects and acquisition of materials that allow an increase in Feeder Hardening projects. This also is due in part to the acceleration of 2025 project identification and adjustments to designs costs as a percentage of total project costs.

Q. What is the reason for acceleration of 2025 project identification?

A. Identification of 2025 projects has been accelerated so that project design activities can begin earlier, allowing for advanced material procurement orders thus mitigating potential delays in the start of planned project construction activities the following year. Engineering acceleration also allows for flexibility in project substitution should unforeseen delays impact other projects.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Distribution Overhead Lateral Hardening program?

A. FPUC's current actual/estimated 2024 expenditures are approximately $2.30M compared to the previously projected amount of $1.22M which represents a variance

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of $1.08M. This variance is due in part to the continued ramping up of previously engineered projects and acquisition of materials that allow an increase in Overhead Lateral Hardening projects. This is also due in part to the acceleration of 2025 project identification and adjustments to designs costs as a percentage of total project costs.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Distribution Overhead Lateral Undergrounding program?

A. FPUC's current actual/estimated 2024 expenditures are approximately $4.45M compared to the previously projected amount of $3.85M, which is a variance of $0.60M. This variance is due in part to the continued ramping up of previously engineered projects and acquisition of materials that allow an increase in Overhead Lateral Undergrounding projects. This is also in part to the acceleration of 2025 project identification and adjustments to designs costs as a percentage of total project costs.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Distribution Pole Inspection & Replacement program?

A. FPUC's current actual/estimated 2024 expenditures is approximately $0.96M compared to the previously projected amount of $1.86M, which is a negative variance of $0.9M. This variance is due in part to significant backlog reduction accomplishments achieved during 2023 that reduced the projected necessary pole replacements in 2024.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Transmission Inspection & Hardening program?

A. FPUC's current actual estimated 2024 expenditures are approximately $1.10M compared to the previously projected amount of $1.02M, which is a variance of $0.08M. This variance is due in part to adjustments to projected unit cost associated with crane rentals to facilitate material handling, energized work required for the pole replacements, and necessary maintenance of traffic control measures.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Transmission & Distribution Vegetation Management program?

A. FPUC's current actual/estimated 2024 expenditures is approximately $2.59M compared to the previously projected amount of $1.20M which represents a variance of $1.39M. This is a continuation of the second year of the transition from a three-year feeder trim cycle and six-year lateral trim cycle to a four-year trim cycle on all overhead primary transmission and distribution lines. The variance is mostly due to adjustments in unit cost resulting from increase in labor required in the transition to the new 4-year cycle approved as part of the SPP.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for the Storm Protection Plan Management program?

A. FPUC's current actual/estimated 2024 expenditures are $0.00M, as compared to the previously projected amount of $0.00M, which is no variance. This full time equivalent (FTE) position was approved in the Company's Storm Protection Plan; however, the appropriate candidate was not identified and onboarded until April 2024. The SPP Management function costs will begin in April 2024 but will not be delineated separately but rather be included within the specific programs for which the work is being performed.

Q. Please describe how the 2024 current actual/estimated expenditures compare with the previously projected 2024 approved expenditures for FPUC's entire Storm Protection Plan program?

A. FPUC's current actual/estimated 2024 expenditures are $16.80M compared to the previously projected amount of $13.62M, which is a variance of $3.18M. As mentioned above, as well as in my earlier testimony filed as part of the prior year true-up portion of this Docket, FPUC has continued to ramp up the SPP Programs due to previously designed projects and has improved the acquisition of materials that has allowed the escalated expenditures which will catch up on projects not completed in previous years. Additionally, adjustments in initial cost estimating assumptions were performed as FPUC gained experience in executing these SPP projects. Assumption validation and adjustments are an on-going part of the active management of the SPP and are necessary to ensure the most up to date cost estimates are reflected.

Q. Does FPUC anticipate any future issues and what is being done to mitigate these?

A. Though difficult to say for certain what challenges may arise, thus far FPUC has realized that labor resources and supply chain issues have had a large impact on the accomplishment of goals within the SPP. FPUC continues to work towards building an accelerated backlog of engineering projects to get ahead of supply chain challenges in the market today. Based on activities in 2024, it appears that impacts from the supply chain and labor resources are reduced compared to previous years which should assist with project completions.

IV. <u>2025 OVERVIEW OF THE PROJECTED SPP PROJECT COSTS AND VARIANCES</u>

Q. Under which SPP programs will FPUC incur costs during calendar year 2025?

A. The Company will incur costs associated with the Distribution Overhead Feeder Hardening, Distribution Overhead Lateral Hardening, Distribution Overhead Lateral Undergrounding, Distribution Pole Inspection & Replacement, Transmission Inspection & Hardening, and the Transmission & Distribution Vegetation Management Programs during 2025.

Q. Does FPUC anticipate any changes in the scope or projected cost for 2025 compared to what is discussed above for 2024?

A. No, FPUC anticipates that project scope for 2025 will be consistent with what will have occurred during 2024 and contained within the approved SPP. However, during 2025, FPUC is projecting total SPP expenditures of $20.44M compared to a projected expenditure in 2025 of $16.04M against original SPP projections included in Docket 20220049-EI. This variance is due in part to project engineering acceleration and the improvements that have occurred to mitigate the supply chain challenges and labor resource shortages that were previously encountered in the market.

V. SUMMARY

Q. Are the programs included for 2024 and 2025 consistent with FPUC's approved SPP?

A. Yes. The programs and activities are consistent with FPUC's revised SPP which was approved by Order No. PSC-2022-0387-FOF-EI in Docket No. 20220049-EI. Associated cost estimates for each program are detailed in the table below.

2023-2025 Estimated and Actual SPP Costs by Program (in Millions)					
		2023 Estimated	2023 Actual	2024 Estimated	2025 Estimated
Distribution - OH Feeder Hardening	Capital	$ 3.41	$ 4.06	$ 5.27	$ 4.13
	O&M	$ 0.10	$ 0.01	$ 0.13	$ 0.08
	Total	$ 3.51	$ 4.08	$ 5.40	$ 4.21
Distribution - OH Lateral Hardening	Capital	$ 0.51	$ 0.63	$ 2.24	$ 4.77
	O&M	$ 0.02	$ -	$ 0.06	$ 0.10
	Total	$ 0.52	$ 0.63	$ 2.30	$ 4.87
Distribution - OH Lateral Underground	Capital	$ 2.03	$ 1.02	$ 4.34	$ 5.86
	O&M	$ 0.06	$ -	$ 0.12	$ 0.12
	Total	$ 2.09	$ 1.02	$ 4.45	$ 5.98
Distribution - Pole Insp. & Replace	Capital	$ 1.88	$ 1.98	$ 0.78	$ 0.08
	O&M	$ 0.19	$ 0.18	$ 0.17	$ 0.16
	Total	$ 2.08	$ 2.16	$ 0.96	$ 0.24
T&D - Vegetation Management	Capital	$ -	$ -	$ -	$ -
	O&M	$ 1.20	$ 1.81	$ 2.59	$ 2.70
	Total	$ 1.20	$ 1.81	$ 2.59	$ 2.70
Transmission - Inspection and Hardening	Capital	$ 0.90	$ 0.08	$ 0.98	$ 2.40
	O&M	$ 0.02	$ -	$ 0.11	$ 0.05
	Total	$ 0.92	$ 0.08	$ 1.10	$ 2.45
SPP Program Management	Capital	$ -	$ -	$ -	$ -
	O&M	$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -
Totals	Capital	$ 8.73	$ 7.78	$ 13.61	$ 17.24
	O&M	$ 1.59	$ 2.01	$ 3.18	$ 3.20
	Total	$ 10.32	$ 9.79	$ 16.80	$ 20.44

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Michelle Napier was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20240010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

DIRECT TESTIMONY (TRUE UP) OF PHUONG T. NGUYEN

On behalf of

Florida Public Utilities Company (FPUC)

Filed: April 1, 2024

Q. Please state your name and business address.

A. My name is Phuong Nguyen. My business address is 500 Energy Lane, Suite 100, Dover, Delaware 19901.

Q. By whom are you employed and in what capacity?

A. I am employed by Chesapeake Utilities Corporation as Regulatory Analyst IV. Chesapeake Utilities Corporation is the parent company of Florida Public Utilities Company ("Company" or "FPUC").

Q. Can you please provide a brief overview of your educational and employment background?

A. I have a Bachelor of Science in Finance and Accounting from the University of New Orleans, and am a Certified Public Accountant licensed in the Commonwealth of Virginia and the State of Louisiana. Prior to my employment with CUC, I was employed at Entergy Corporation as a Regulatory Analyst, where I supported various rate proceedings for the regulated utility retail operations and the regulated utility wholesale operations under the jurisdiction of multiple Public Service Commissions and also the Federal Energy Regulatory Commission ("FERC"). Prior to that role, I was a Lead Analyst in the Utility Operations Accounting department at Entergy

Corporation, where I performed accounting and analysis for fuel costs filed in exact recovery riders and other utility costs recovered through special riders. Prior to my employment at Entergy Corporation, I held various roles in accounting and finance briefly as a Consultant for Laporte CPAs firm, and prior to that as Chief Financial Officer at St. Margaret's Daughters, a non-profit entity.

Q. Have you testified before this Commission?

A. Yes, I testified in the Company's filing Fuel and Purchased Power Cost Recovery Clause in Docket No. 20230001-EI.

Q. What is the purpose of your testimony in this docket?

A. The purpose of my testimony is to present the Company's actual SPP costs for the period January 2023 through December 2023, consistent with Order No. PSC-2024-0032-PCO-EI.

Q. Is FPUC providing the required schedules with this filing?

A. Yes. Included with this filing is Exhibit PTN-1, which includes Forms 1A – through 9A and is co-sponsored by Company witness P. Mark Cutshaw, who prepared Form 8-A in this exhibit. These forms support the Company's actual SPP program costs for the January 2023 through December 2023 period.

Q. Were the Forms filed by the Company completed by you or under your direct supervision?

A. Yes, they were completed by me, except for Form 8A, which was completed by witness Cutshaw, who will discuss details pertaining to the variances in SPPCRC program costs and a summary of the Company's 2023 SPP accomplishments in his direct testimony.

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Q. What were FPUC's actual 2023 SPP costs?

A. FPUC incurred total costs of $9,785,786, which consists of $2,006,838 in operating and maintenance ("O&M") expense and $7,778,948 of capital investment for the period January 2023 through December 2023.

Q. Please state the actual end of period true-up amount for the SPPCRC for the period January 1, 2023 – December 31, 2023.

A. During January 2023 through December 2023, the final SPPCRC end of period true-up is an under-recovery of $246,889 including interest, as detailed on Exhibit PTN-1 page 1, Form 1A.

Q. How does this amount compare with the estimated true-up amount, which was approved by the Commission in its December 2023 Final Order?

A. As recognized in Order No. PSC-2023-0364-FOF-EI, in Docket No. 20230010-EI, FPUC anticipated an over-recovery of $142,094, including interest, for the period January 2023 through December 2023.

Q. What is the final remaining true-up amount estimated to be collected or refunded for the period January 2025 – December 2025?

A. The SPPCRC final remaining true-up amount is an under-recovery of $388,983including interest, for the period ending 2023.

Q. Please summarize the variance between the projected costs and the actual costs incurred for the 2023 period.

A. Exhibit PTN-1 Page 4, Form 4A and Page 7, Form 6A detail the variances for both the O&M and Capital SPP Programs for the year. Witness Cutshaw provides variance explanations in his testimony.

Q. On Exhibit PTN-1 Page 5, Form 5A, do the costs associated with pole inspection and vegetation management include the amount that is already recovered through base rates?

A. Yes, the costs for pole inspection and vegetation management reported on Form 5A represent the total amount spent by the Company on these projects, including the amount already recovered in base rates.

Q. Did the Company make an adjustment to remove the costs included in base rates for vegetation management and distribution pole inspections from the SPPCRC calculation to prevent double recovery?

A. On Exhibit PTN-1 Page 2, Form 2A, Line 4d, the Company reduced the SPPCRC revenue requirement by $975,504 to reflect the costs associated with vegetation management of $852,743 as well as $122,762 for distribution pole inspection that are being recovered through base rates.

Q. What capital structure, components and cost rates did FPUC rely on to calculate the revenue requirement rate of return for the period January 2023 through December 2023?

A. As shown on Exhibit PTN-1, Page 34, Form 9A, the Company used the same capital structure, components, and cost rates that were approved in Docket No. 20230010-EI to calculate the revenue requirement rate of return.

Q. Should FPUC's costs related to the SPPCRC incurred during the January 2023 through December 2023 be approved?

A. Yes, they should be approved, since the costs incurred by the Company for inclusion in the SPPCRC were prudent and directly related to the Company's Commission

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approved SPP.

Q. Does this conclude your testimony?

A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20240010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

REVISED DIRECT TESTIMONY OF MICHELLE D. NAPIER

On behalf of

Florida Public Utilities Company (FPUC)

Filed: August 2, 2024

Q. Please state your name and business address.

A. My name is Michelle D. Napier. My business address is 1635 Meathe Drive, West Palm Beach, Florida 33411.

Q. By whom are you employed and in what capacity?

A. I am employed by Chesapeake Utilities Corporation as Director of Regulatory Affairs. Chesapeake Utilities is the parent company of Florida Public Utilities Company ("Company" or "FPUC").

Q. Can you please provide a brief overview of your educational and employment background?

A. I received a Bachelor of Science degree in Finance from the University of South Florida. I have been employed with FPUC since 1987. Over the course of my employment at FPUC, I have performed various roles and functions in accounting, including General Accounting Manager, before moving to the regulatory department in 2011. As previously stated, I am currently the Director, Regulatory Affairs and in this role, my responsibilities include directing the regulatory activities for all regulated distribution companies of Chesapeake Utilities Corporation. This includes regulatory analysis and filings before the Florida Public Service Commission ("FPSC" or "Commission") for FPUC natural gas and electric, as well as Delaware and Maryland Public Service Commissions.

Q. Have you testified before this or any other Commission?

A. Yes. I have previously provided written, pre-filed testimony in a variety of the Company's annual proceedings, including the Purchased Gas Adjustment, Docket No. 20170003-GU; the Gas Reliability Infrastructure Program (GRIP) Cost Recovery Factors for FPUC and our sister company, CFG, Docket No. 20120036-GU; and the Swing Service Cost Recovery for FPUC and CFG, Docket No. 20170191-GU; and the Limited Proceeding for Hurricane Michael, Docket No. 20190156 as well as the Consolidate Natural Gas Rate Proceeding, Docket No. 20220067.

Q. What is the purpose of your testimony in this docket?

A. The purpose of my revised testimony is to present the following for Commission approval:

(1) The calculation of the January 2024 through December 2024 Storm Protection Plan actual/estimated amounts to be recovered in the January 2025 through December 2025 projection period.

(2) The calculation of the January 2025 through December 2025 Storm Protection Plan projected amounts to be recovered during the January 2025 through December 2025 projection period

(3) The proposed 2025 SPPCRC cost recovery factors.

Q. Is FPUC providing the required schedules with this filing?

A. Yes. Included with this filing is Revised Exhibit MDN-2, which includes Forms 1P through 6P and Forms 1E through 9E and is co-sponsored by Company witness P. Mark Cutshaw, who prepared Form 8-E in this exhibit. These forms support the

Company's actual/estimated SPP program costs for the January 2024 through December 2024 period and the projected SPP program costs for the January 2025 through December 2025 period.

Q. Were the Forms filed by the Company completed by you or under your direct supervision?

A. Yes, they were completed by me, except for Form 8E, which was completed by Witness Cutshaw, who will discuss details pertaining to the variances in SPP program actual/estimated costs and provide an update of the status of the Company's various SPP programs.

Q. What costs did the Company include in the 2024 actual/estimated amount?

A. FPUC included three months of actual costs and nine months of estimates in its 2024 actual/estimated amount.

Q. What are the costs that FPUC has incurred and projects to incur for the Storm Protection Plan in 2024?

A. As detailed on Forms 4E and 7E, the Company projects to incur \$3.18 million of O&M expense and \$13.61 million of capital expenditures for a total of \$16.79 million in 2024.

Q. Has the Company proposed any new programs or modified any existing programs from what was approved in the Company's Storm Protection Plan at Docket No. 20220049-EI?

A. No, the Company plans to carry out the Storm Protection Plan as proposed. However, the timeline of completing these projects has changed as discussed by Witness Cutshaw in his testimony.

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Q. While the programs have not changed, has the way the Company budgeted for the programs changed?

A. Yes, previously the Company budgeted a portion of the SPP Program Management to each program. In an effort to simply things, the Company is now budgeting costs associated with program management for each program at the project level instead of budgeting a SPP Program Management total for each particular program. While budgeted costs will not change, this simplification will make it easier administratively to track and report costs by program.

Q. What are the Company's estimated costs for the Storm Protection Plan in 2025?

A. As detailed on Forms 2P and 3P Capital Project, the Company projects to incur $3.20 million of O&M expense and $17.24 million of capital expenditures for a total of $20.44 million in 2025.

Q. What are the annual revenue requirements associated with these costs in 2024 and 2025?

A. As detailed on Forms 2E and 1P, the Company's projected revenue requirements, adjusted to remove costs already included in base rates are:

2024: $3,481,578

2025: $4,153,106

Q. How did the Company develop the annual revenue requirements?

A. The Company used the projected cost estimates for the SPP programs, along with the associated depreciation and return components associated with this investment to develop the annual revenue requirement, in compliance with the SPP Cost Recovery Clause Rule, Rule 25-6.031(6), Florida Administrative Code.

Q. On Revised Exhibit MDN-2 Form 2P and Form 4E, do the costs associated with pole inspection and vegetation management include the amount that is already recovered through base rates?

A. Yes, the costs for pole inspection and vegetation management reported on both Forms represent the total amount the Company projects to spend during the associated period, including the amount already recovered in base rates.

Q. Did the Company make an adjustment to remove the costs included in base rates for vegetation management and distribution pole inspections from the SPPCRC calculation to prevent double recovery?

A. On both Form 1P Page 1, Line 1e and Form 2E Page 1, Line 4d, the Company reduced the annual SPPCRC revenue requirement by $975,504 to reflect the costs associated with vegetation management and distribution pole inspection that are being recovered through base rates.

Q. Does the Company anticipate that the plant retired due to the SPP will either be fully or mostly depreciated?

A. Yes, the Company anticipates that any plant retired as a result of the SPP will either be fully or nearly fully depreciated. As a result, the Company anticipates no depreciation expense savings, or a negligible amount on the nearly depreciated plant.

Q. What is the revised total revenue requirement for 2025?

A. As shown on Form 1P, revised total jurisdictional projected revenue requirement for 2025 including true-up amounts are $5,667,195, adjusted for taxes. This amount includes estimated true-up under-recovery for the period of January 2024 through December 2024 of $1,120,304 and the final true-up under-recovery for the period of

January 2023 through December 2023 of $388,983.

Q. Did the Commission approve FPUC's cost allocation methodology in Docket No. 20230010-EI?

A. Yes. No party disputed FPUC's proposed allocation methodology and the Commission ultimately approved FPUC's proposed cost recovery factors that reflected that allocation methodology a Type-2 stipulation. The methodology used is the allocation methodology approved in the last proceeding in which the Company's base rates were adjusted in response to the federal Tax Cuts and Jobs Act, which was in Docket No. 20180048-EI.

Q. How did the Company incorporate the methodology from that proceeding in Exhibit MDN-2?

A. On Form 5P, the Company used the same percentages and methodology approved in the Type-2 stipulation approved in Docket No. 20230010-EI.

Q. What are the revised proposed SPPCRC factors for 2025?

A. Refer to the table below.

RATE SCHEDULE	DOLLARS PER KWH	TAX FACTOR	SPP FACTORS PER KWH
RESIDENTIAL	$0.00997	1.000848	$0.00997
GENERAL SERVICE	$0.01099	1.000848	$0.01100
GENERAL SERVICE DEMAND	$0.00593	1.000848	$0.00594

GENERAL SERVICE LARGE DEMAND	$0.004507	1.000848	$0.00508
INDUSTRIAL / STANDBY	$0.01401	1.000848	$0.01402
LIGHTING SERVICE	$0.06172	1.000848	$0.06177

Q. What is the projected residential bill impact of FPUC's proposed SPPCRC factors?

A. A residential customer using 1,000 KWH per month will pay an additional $9.97 per month.

Q. What capital structure, components and cost rates did FPUC rely on to calculate the revenue requirement rate of return for the actual/estimated period of January 2024 through December 2024 and projected period of January 2025 through December 2025?

A. As shown on Revised Exhibit MDN-2, Form 9E, the Company used the capital structure, components, and cost rates that were used in its most recent earnings surveillance report for the period ending December 31, 2023 in this filing. On Form 6P, the Company used the forecasted capital structure from the proforma earnings surveillance report for the period ending December 31, 2024.

Q. What should be the effective date of the SPPCRC surcharge factors for billing purposes?

A. The SPPCRC surcharge factors should be effective for all meter reading during the period of January 1, 2025 through December 31, 2025.

Q. Does this conclude your testimony?

A. Yes.

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(Whereupon, prefiled direct testimony of Michael Jarro was inserted.)

THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

FLORIDA POWER & LIGHT COMPANY

STORM PROTECTION PLAN COST RECOVERY CLAUSE FINAL TRUE-UP

FOR THE PERIOD JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

DIRECT TESTIMONY OF

MICHAEL JARRO

Filed: April 1, 2024

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, FL, 33478.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Vice President of Distribution Operations.

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

A. My current responsibilities include the operation and maintenance of FPL's distribution infrastructure that safely, reliably, and efficiently delivers electricity to more than 5.9 million customer accounts representing more than half of our state's population. FPL's service area is divided into nineteen (19) distribution management areas with approximately 80,400 miles of distribution lines and 1.4 million distribution poles. The functions and operations within my area are quite diverse and include distribution operations, major projects and construction services, power quality, meteorology, and other operations that together help provide the highest level of service to FPL's customers.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Miami with a Bachelor of Science Degree in Mechanical Engineering and Florida International University with a Master of Business Administration. I joined FPL in 1997 and have held several leadership positions in distribution operations and customer service, including serving as distribution reliability manager, manager of distribution operations for the south Miami-Dade area, control center general manager, director of network operations, senior director of customer strategy and analytics, senior director of power delivery central maintenance and construction, and vice president of transmission and substations.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes, I have previously testified in FPL's Storm Protection Plan ("SPP") and Storm Protection Plan Cost Recovery Clause ("SPPCRC") dockets.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to: (1) present FPL's final actual SPP projects and costs for the period of January 2023 through December 2023; and (2) explain the variances between the final actual 2023 SPP costs and the actual/estimated 2023 SPP costs presented and approved in Docket No. 20230010-EI.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2023; and
- Exhibit MJ-2 – List of Explanations of Drivers for Variances in Storm Protection Plan Programs and Projects.

II. THE STORM PROTECTION PLAN

Q. Please describe the SPP that forms the basis for the final actual 2023 SPP program and project costs that are the subject of this proceeding.

A. On April 11, 2022, FPL filed its 2023-2032 SPP in Docket No. 20220051-EI (the "2023 SPP"). The programs and projects included in the 2023 SPP were approved with certain modifications by Commission Order PSC-2022-0389-FOF-EI issued November 10, 2022. The actual 2023 SPP programs and projects that are the subject of this proceeding are based on and consistent with FPL's Commission-approved 2023 SPP.[1]

III. 2023 ACTUAL SPP PROJECT COSTS AND VARIANCES

Q. How did FPL manage the SPP projects during 2023?

A. During 2023, FPL managed the SPP projects at the program level in order to maximize efficiency while still achieving the overall objectives of the SPP programs. As a result, project schedules and completion dates changed based on the actual circumstances and conditions encountered or required for a specific work site to ensure that resources were being efficiently used. For example, an unanticipated condition on a jobsite or delay in obtaining a necessary permit may impede the ability to complete a scheduled project in that location. Rather than keeping a crew at that jobsite while the condition is addressed, FPL would temporarily suspend work on that project and move the crew to another jobsite to ensure that resources are being utilized appropriately and efficiently.

Q. Did FPL previously provide a description of the SPP costs and work that was projected to be performed in 2023?

A. Yes. On May 2, 2023, FPL submitted a petition, together with supporting testimony and exhibits in Docket No. 20230010-EI requesting approval of the 2023 actual/estimated true-up amounts and the projected 2024 SPPCRC Factors. Included with that filing were schedules that provided the FPL 2023 actual/estimated SPP

[1] A true and correct copy of FPL's final, approved 2023 SPP is available in Docket No. 20220051-EI at: https://www.floridapsc.com/pscfiles/library/filings/2022/11240-2022/11240-2022.pdf.

projects and costs for the period January 1, 2023 through December 31, 2023. On November 29, 2023, the Commission issued Order No. PSC-2023-0364-FOF-EI, approving FPL's actual/estimated SPPCRC true-up amounts for the period January 1, 2023 through December 31, 2023.

Q. Has FPL provided the final actual 2023 SPP projects and costs?

A. Yes. The final project level detail and actual cost for the FPL 2023 SPP programs are provided in Exhibit MJ-1. This exhibit started with the FPL 2023 actual/estimated SPP projects and costs that were approved in Docket No. 20230010-EI, and then updated to reflect the final 2023 actual projects and costs. In addition, Exhibit MJ-1 provides the material variances between the 2023 actual/estimated and the final 2023 actual SPP projects and costs, along with explanations for each material variance.

Q. Please summarize the 2023 SPP project variances shown in Exhibit MJ-1.

A. FPL has determined that the SPP project variances for 2023 are typically the result of one or more of three occurrences: an acceleration of a project, a project delay, or change to a project estimate. Accordingly, Exhibit MJ-1 contains three general categories of project variances: "Project Acceleration," "Project Delayed," and "Project Estimate Change." Within each of these categories, FPL has identified specific drivers that cause projects to be accelerated, delayed, or changed. A detailed list and explanation of each of these drivers is provided in Exhibit MJ-2.

Q. Does the acceleration of a project impact the total overall project cost?

A. Generally, no. Accelerated projects result in a greater proportion of the overall project cost being incurred sooner rather than later, but the overall estimated cost for the project typically remains substantially the same. An accelerated project could result in greater

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costs being incurred for a project during an earlier year and less costs incurred in a later year. Importantly, however, as demonstrated in Exhibit MJ-1, FPL effectively managed the 2023 SPP projects at the program level to ensure that the total 2023 SPP program costs remained consistent with the costs projected in FPL's Commission-approved 2023 SPP.

Q. Does a project delay impact the overall project cost?

A. Generally, no. Delayed projects result in a proportion of the overall project cost being incurred later than originally estimated, but the overall estimated cost for the project typically remains substantially the same. A delayed project could result in less costs being incurred for a project during an earlier year and more costs incurred in a later year. Again, however, as demonstrated in Exhibit MJ-1, FPL effectively managed the 2023 SPP projects at the program level to ensure that the total 2023 SPP program costs remained consistent with the costs projected in FPL's Commission-approved 2023 SPP.

Q. Does a project estimate change impact the overall project cost?

A. Generally, yes. Unlike the drivers that result in a change in costs incurred during the year due to the timing of when the work is being completed (either being accelerated or delayed), changes to a project estimate may result in a change to the overall cost of a project. Any such changes are reflected in Exhibit MJ-1; however, FPL effectively managed its 2023 SPP projects at the program level to ensure that the total 2023 SPP program costs remained consistent with the costs projected in FPL's Commission-approved FPL 2023 SPP.

Q. Are there any other drivers of the 2023 SPP project variances that you wish to discuss?

A. Yes. First, Florida remains the most hurricane-prone state in the nation, and FPL's service areas are susceptible to extreme weather events. Storms or other extreme weather events impacting the FPL service areas could have significant impacts to SPP programs and projects. Work on SPP projects is suspended during storms or other extreme weather events and may not be resumed until restoration following the extreme weather event is complete, which could result in project schedules being delayed. SPP projects could also be delayed due to resources working on SPP projects becoming unavailable as crews are assigned to storm restoration activities within the FPL service areas and/or to provide mutual assistance to other utilities impacted by extreme weather events. FPL cannot predict the impact that extreme weather events may have on the SPP activities that can be completed in any given year. SPP projects that are delayed due to impacts from extreme weather events may result in changes in the timing of when the costs are actually incurred.

Second, FPL saw an increase in the costs of materials and supplies due to inflation and supply chain constraints that impacted the costs associated with many of the SPP projects as well as contractor labor. For example, the cost of conduit utilized for lateral undergrounding and poles utilized by both distribution and transmission hardening programs has significantly increased. These inflationary pressures have the effect of increasing the overall cost of SPP projects. To help mitigate these impacts, our supply chain organization has negotiated long-term contracts with multiple manufacturers to help secure more inventory at lower average costs. These efforts helped mitigate the impacts of inflation and supply chain constraints, as well as helped keep the total 2023 SPP program costs consistent with the costs projected in FPL's Commission-approved 2023 SPP.

Q. In your opinion, are the FPL final actual SPP costs reasonable and prudent?

A. Yes. The actual SPP work completed in 2023 and related costs shown in Exhibit MJ-1 were based on competitive solicitations and other contractor and supplier negotiations to ensure that FPL selected the best qualified contactors and equipment suppliers at the lowest evaluated costs. Additionally, the actual SPP costs and projects completed during 2023 are consistent with the 2023 SPP approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022. Further, FPL appropriately responded to each of the 2023 SPP project variances to ensure cost-effective management of projects, resources, and materials, while still achieving the overall statutory objectives of Section 366.96, Florida Statutes, to reduce restoration costs and outage times associated with extreme weather events.

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

FLORIDA POWER & LIGHT COMPANY

ACTUAL/ESTIMATED 2024 STORM PROTECTION PLAN COST RECOVERY CLAUSE TRUE-UP AND PROJECTED 2025 STORM PROTECTION PLAN COST RECOVERY CLAUSE FACTORS

DIRECT TESTIMONY OF MICHAEL JARRO

Topics: **2024 Actual/Estimated SPP Costs, Variances for 2024 SPP Costs, and 2025 SPP Projected Costs**

Filed May 1, 2024

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, Florida, 33478.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Vice President of Distribution Operations.

Q. Have you previously provided testimony in this docket?

A. Yes. On April 1, 2024, I submitted direct testimony in this docket, together with Exhibits MJ-1 and MJ-2, in support of FPL's Storm Protection Plan Cost Recovery Clause ("SPPCRC") final true-up amounts for the period January 1, 2023 through December 31, 2023.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to: (1) present FPL's 2024 actual/estimated costs associated with the FPL 2023-2032 Storm Protection Plan ("SPP") approved by Commission Order No. PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI; (2) explain the material variances between the actual/estimated 2024 SPP costs and the 2024 cost projections approved in Commission Order No. PSC-2023-0364-FOF-EI issued in Docket No. 20230010-EI; and (3) describe FPL's 2025 SPP programs and projects and their associated cost projections and explain how those activities and costs are consistent with the Commission-approved FPL 2023-2032 SPP.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit MJ-3 – Form 6P - Program Description and Progress Report ("Form 6P").
- Exhibit MJ-4 – FPL Actual/Estimated Storm Protection Plan Work to be Completed in 2024; and
- Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in 2025.

II. THE STORM PROTECTION PLAN

Q. Please describe the SPP that forms the basis for the actual/estimated 2024 and projected 2025 SPP programs and projects that are the subject of this proceeding.

A. On April 11, 2022, FPL filed its 2023-2032 SPP in Docket No. 20220051-EI. The programs and projects included in the FPL 2023-2032 SPP were approved with certain modifications by Commission Order PSC-2022-0389-FOF-EI issued November 10, 2022. The actual/estimated 2024 and projected 2025 SPP programs and projects that are the subject of this proceeding are based on FPL's 2023-2032 SPP.[1]

Q. Has FPL provided details on the annual SPP programs and associated costs?

A. Yes. This information is shown in Commission Staff's prescribed Form 6P provided as Exhibit MJ-3. For each SPP program, Form 6P describes the program activities, identifies the fiscal expenditures incurred to date, reports on the progress for the current year, and provides a projection of work to be completed and the associated costs for the projected year.

[1] A true and correct copy of the final, approved FPL 2023-2032 SPP is available in Docket No. 20220051-EI at: https://www.floridapsc.com/pscfiles/library/filings/2022/11240-2022/11240-2022.pdf.

III. ACTUAL/ESTIMATED 2024 SPP PROJECTS

Q. Did FPL previously provide a description of the SPP costs and work projected to be performed in 2024?

A. Yes. On May 1, 2023, FPL submitted a petition in Docket No. 20230010-EI requesting approval of the projected 2024 SPPCRC Factors, which included a description of the costs and work projected to be performed for each SPP program during 2024. On November 29, 2023, the Commission issued Order No. PSC-2023-0364-FOF-EI approving FPL's projected 2024 SPPCRC Factors.

Q. Has FPL updated the 2024 SPP costs and work that were included in the projected 2024 SPPCRC Factors?

A. Yes. The updated actual/estimated 2024 SPP costs are provided in Exhibit MJ-3 Form 6P and the updated project level detail and cost projections for the actual/estimated 2024 SPP programs are provided in Exhibit MJ-4. These exhibits started with the projected 2024 SPP project level detail and associated costs that were approved in Commission Order No. PSC-2023-0364-FOF-EI, and then updated the actual/estimated 2024 SPP projects and costs based on information that was available and known as of February 2024. In addition, Exhibit MJ-4 provides the variances between the projected 2024 SPP costs and the actual/estimated costs updated as of February 2024, along with explanations for each of the material variances provided therein.

Q. Please summarize the actual/estimated 2024 SPP project variances shown in Exhibit MJ-4.

A. FPL determined that each of its SPP project variances are the result of one of three occurrences: an acceleration of a project, a project delay, or change to a project estimate. Accordingly, Exhibit MJ-4 contains three general categories of project variances: "Project Acceleration," "Project Delayed," and "Project Estimate Change." Within each of these categories, the Company has identified specific drivers that cause projects to be accelerated, delayed, or changed. A detailed list and explanation of each of these drivers is provided in Exhibit MJ-2, which was previously provided with my direct testimony submitted in this docket on April 1, 2024. Additionally, on pages 5-8 of my direct testimony submitted in this docket on April 1, 2024, I explained the impact that each of these drivers may have on the total overall cost of the SPP projects.

Q. How does FPL manage its SPP projects?

A. FPL manages its SPP projects at the program level in order to maximize efficiency while still achieving the overall objectives of the SPP program. As a result, project schedules and completion dates are subject to change based on the actual circumstances and conditions encountered or required for a specific work site to ensure that resources are being efficiently used. For example, an unanticipated condition on a jobsite or delay in obtaining a necessary permit may impede the ability to complete a scheduled project in that location. Rather than keeping a crew at that jobsite while the condition is addressed, FPL would temporarily suspend work on that project and move the crew to another jobsite to ensure that resources are being utilized appropriately and efficiently.

By managing the SPP projects at the program level, this allows FPL to initially target and plan to the estimated program budget set forth in the approved SPP while accommodating unexpected variances and conditions that impact individual SPP projects throughout the year.

Q. Are there any other drivers of the 2024 SPP project costs that you wish to discuss?

A. Yes. In my direct testimony submitted in this docket on April 1, 2024, I explain that FPL saw an increase in the costs of materials and supplies during calendar year 2023 due to inflation and supply chain constraints that impacted the costs associated with many of the SPP projects as well as contractor labor. FPL expects these inflationary pressures will continue to impact the 2024 SPP projects and associated costs. As such, FPL's actual/estimated 2024 SPP projects and costs reflect the estimated impact of these inflationary pressures. On pages 7 and 8 of my direct testimony submitted in this docket on April 1, 2024, I explain the mitigating efforts taken by FPL to help address the impact of inflation and supply chain constraints.

Q. Are the FPL actual/estimated 2024 SPP projects and associated costs reasonable?

A. Yes. The actual/estimated SPP work to be completed in 2024 and related costs shown in Exhibit MJ-4 are based on competitive solicitations and other contractor and supplier negotiations to obtain qualified providers for services that are competitive, reasonable, and provide value for FPL and its customers. Further, the actual/estimated SPP work to be completed in 2024 and related costs shown in Form 6P and Exhibit MJ-4 are consistent with the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022. Further, FPL will appropriately respond to each of the 2024 SPP project variances to ensure cost-effective management of projects, resources, and materials, while still achieving the overall statutory objectives of Section 366.96, Florida Statutes, to reduce restoration costs and outage times associated with extreme weather events.

IV. PROJECTED 2025 SPP COSTS

Q. Has FPL provided a description of the work projected to be performed in 2025 for each SPP program?

A. Yes. Exhibit MJ-3 Form 6P and Exhibit MJ-5 identify each of the SPP programs for which costs are projected to be incurred during 2025, as well as provide a description of the work projected to be performed for each SPP program during 2025. As explained above, the projected 2025 SPP programs and projects are based on the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI.

I note that FPL's distribution and transmission annual inspection and vegetation management programs do not have project components and, instead, are completed on a cycle-basis. As such, these SPP programs do not lend themselves to identification of specific or individual projects to be performed in 2025. FPL has provided project level detail for the other 2025 SPP programs that have project components. However, the SPP projects that will actually be completed in 2025 could vary based on a number of factors, including, but not limited to: permitting; easement issues; change in scope; resource constraints (*i.e.*, labor & material); and/or extreme weather events. Any such variances will be addressed in the actual/estimated 2025 SPPCRC true-up filing to be submitted in 2025, and the final 2025 SPPCRC true-up filing to be submitted in 2026.

Q. Are the SPP activities and costs estimated for 2025 consistent with the FPL 2023-2032 SPP?

A. Yes. The SPP activities and costs estimated for each SPP program during 2025 are consistent with those described in the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI. However, as I previously stated, the number of SPP projects that will actually be completed in 2025, as well as the associated SPP costs, could vary based on a number of factors, but FPL will manage these project variances and conditions at the program level as explained above. Further, the prudence of the actual 2025 SPP costs incurred during the projected period of January 1, 2025 through December 31, 2025, will be addressed in the subsequent SPPCRC true-up filings.

Q. Are there any other drivers of the 2025 SPP project costs that you wish to discuss?

A. Yes. Similar to the 2024 SPP project, FPL expects inflationary pressures and supply chain constraints will continue to impact the 2025 SPP projects and costs. As such, FPL's projected 2025 SPP projects and costs reflect the estimated impact of these inflationary pressures. Again, FPL will continue to take steps to mitigate the impact of inflation and supply chain constraints as described in my direct testimony submitted on April 1, 2024.

Q. Are the FPL projected 2025 SPP costs reasonable?

A. Yes. Just like the actual/estimated 2024 SPP work and costs, the projected SPP work to be completed in 2025 and related costs are based on competitive solicitations to obtain qualified providers for services that are competitive, reasonable, and provide value for FPL and its customers for these projects. Further, the projected 2025 SPP work and related costs shown in Exhibit MJ-3 Form 6P and Exhibit MJ-5 are consistent with the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022. Further, FPL will appropriately respond to each of the 2025 SPP project variances to ensure cost-effective management of projects, resources, and materials, while still achieving the overall statutory objectives of Section 366.96, Florida Statutes, to reduce restoration costs and outage times associated with extreme weather events.

Q. Does this conclude your direct testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Richard I. Hume was inserted.)

THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

FLORIDA POWER & LIGHT COMPANY

STORM PROTECTION PLAN COST RECOVERY CLAUSE FINAL TRUE-UP

FOR THE PERIOD JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

DIRECT TESTIMONY OF

RICHARD L. HUME

Filed: April 1, 2024

Q. Please state your name and address.

A. My name is Richard L. Hume. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Regulatory Issues Manager, FPL Finance.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Florida in 1991 with a Bachelor of Science degree in Business Administration with a Finance Major and earned a Master of Business Administration degree with a Finance Concentration from the University of Florida in 1995. I have worked in the utility finance sector since 1998, when I was employed by New-Energy Associates, (which became a subsidiary of Siemens Power Generation), working in the areas of financial forecasting, budgeting, as well as cost of service and rate forecasting for both electric and gas utilities. In 2007, I joined Oglethorpe Power and was promoted to the position of Director of Financial Forecasting the following year. In that position, I was primarily responsible for the long-range financial forecast and resource planning along with new rate design. In 2012, I joined FPL managing a budgeting and data analytics team where my responsibilities included conducting analysis related to customer rates and bill impacts. In 2019, I joined Gulf Power Company ("Gulf") as a Regulatory Issues Manager, where my responsibilities included oversight of Gulf's Fuel and Purchased Power and Environmental cost recovery clauses, including calculation of cost recovery factors and the related regulatory filings. I am currently employed by FPL as Regulatory Issues Manager where my responsibility and oversight include support for FPL's cost recovery clause filings.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the FPL Storm Protection Plan Cost Recovery Clause ("SPPCRC") 2023 final true-up for the period January 1, 2023, through December 31, 2023.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes, I am sponsoring Exhibit RLH-1, which provides the data and information required on the following Commission-prescribed schedules and forms for the SPPCRC 2023 final true-up:

- Form 1A - Summary of Current Period Final True-up
- Form 2A - Calculation of True-up Amount
- Form 3A - Calculation of Interest Provision for True-up Amount
- Form 4A - Variance Report of Annual O&M Costs by Program
- Form 5A - Calculation of Annual Revenue Requirements for O&M Programs
- Form 6A - Variance Report of Annual Capital Investment Costs by Program
- Form 7A - Summary - Calculation of Annual Revenue Requirements for Capital Investment Programs
- Form 7A - Capital - Actual Revenue Requirements by Program
- Form 8A - Approved Capital Structure and Cost Rates

Q. What is the source of the data presented in your testimony and/or exhibit?

A. The data presented in my testimony and supporting schedules is taken from FPL's accounting books and records. The accounting books and records are kept in the regular course of the Company's business in accordance with generally accepted accounting principles and practices, as well as the provisions of the Uniform System of Accounts as prescribed by this Commission. The data for the final true-up of FPL's actual 2023 Storm Protection Plan ("SPP") projects and costs is provided in Exhibit MJ-1 attached to the testimony of FPL witness Jarro, less the cost of removal and other costs that are charged to base. The final 2023 SPP costs are consistent with estimates provided in the FPL's 2023-2032 Storm Protection Plan ("2023 SPP") approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022.

Q. Please explain the calculation of FPL's 2023 final net true-up amount.

A. The final net true-up amount for the period January 2023 through December 2023 is an under-recovery, including interest, of $5,648,042 (Exhibit RLH-1, Form 1A). The actual end-of-period under-recovery for the period January 2023 through December 2023 of $20,509,012 shown on line 4, minus the actual/estimated end of period under-recovery for the same period of $14,860,970 shown on line 9, results in the final net true-up under-recovery for the period January 2023 through December 2023 of $5,648,042 shown on line 10. FPL requests this under-recovery be included in the calculation of the SPPCRC factors for the January 2025 through December 2025 period.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240010-EI

FLORIDA POWER & LIGHT COMPANY

ACTUAL/ESTIMATED 2024 STORM PROTECTION PLAN COST RECOVERY CLAUSE TRUE-UP AND PROJECTED 2025 STORM PROTECTION PLAN COST RECOVERY CLAUSE FACTORS

DIRECT TESTIMONY OF RICHARD L. HUME

Topics: **Actual/Estimated 2024 SPPCRC True-Up, 2025 SPPCRC Factors**

Filed May 1, 2024

I. INTRODUCTION

Q. Please state your name and address.

A. My name is Richard Hume. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Regulatory Issues Manager, FPL Finance.

Q. Have you previously provided testimony in this docket?

A. Yes. On April 1, 2024, I submitted direct testimony in this docket, together with Exhibit RLH-1, in support of the Storm Protection Plan Cost Recovery Clause ("SPPCRC") final true-up for the period January 1, 2023 through December 31, 2023.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval the actual/estimated 2024 SPPCRC true-up amounts for the period January 1, 2024 through December 31, 2024; and the projected 2025 SPPCRC Factors to be applied to bills issued during the period of January 1, 2025 through December 31, 2025.

Q. Have you prepared or caused to be prepared under your direction, supervision, or control any exhibits in this proceeding?

A. Yes, I am sponsoring the forms contained in the following exhibits:

- <u>Exhibit RLH-2: FPL 2024 Actual/Estimated SPPCRC</u>
  - Form 1E - Summary of Current Period Estimated True-Up
  - Form 2E - Calculation of True-Up Amount
  - Form 3E - Calculation of Interest Provision for True-Up Amount

- Form 4E - Variance Report of Annual O&M Costs by Program
- Form 5E - Calculation of Annual Revenue Requirements for O&M Programs
- Form 6E - Variance Report of Annual Capital Investment Costs by Program
- Form 7E - Summary - Calculation of Annual Revenue Requirements for Capital Investment Programs
- Form 7E - Capital - Estimated Revenue Requirements by Program
- Form 8E - Approved Capital Structure and Cost Rates

• <u>Exhibit RLH-3: FPL 2025 Projections</u>

- Form 1P - Summary of Projected Period Recovery Amount
- Form 2P - Calculation of Annual Revenue Requirements for O&M Programs
- Form 3P - Calculation of the Total Annual Revenue Requirements for Capital Investment Programs
- Form 3P - Capital - Calculation of Annual Revenue Requirements for Capital Investment by Program
- Form 4P - Calculation of the Energy & Demand Allocation % By Rate Class
- Form 5P - Calculation of the Cost Recovery Factors by Rate Class
- Form 7P - Approved Capital Structure and Cost Rates

• <u>Exhibit RLH-4: Retail Separation Factors</u>

I note that Form 6P - Program Description and Progress Report is sponsored by and attached to the direct testimony FPL witness Jarro as Exhibit MJ-3. These Commission Forms were used to calculate the actual/estimated 2024 SPPCRC true-up amounts for the period January 1, 2024 through December 31, 2024, and FPL's proposed 2025 SPPCRC Factors for the period of January 1, 2025 through December 31, 2025.

Q. What is the source of the actual data presented in your testimony and/or exhibits?

A. The actual data presented in my testimony and supporting schedules is taken from FPL's accounting books and records. The accounting books and records are kept in the regular course of the Company's business in accordance with generally accepted accounting principles and practices, as well as the provisions of the Uniform System of Accounts as prescribed by this Commission. The data for the FPL actual/estimated 2024 Storm Protection Plan ("SPP") costs is provided in Exhibits MJ-3 and MJ-4 attached to the testimony of FPL witness Jarro, less the cost of removal and other costs that are charged to base. The data for the FPL 2025 SPP costs is provided in Exhibits MJ-3 and MJ-5 attached to the testimony of FPL witness Jarro, less the cost of removal and other costs that are charged to base. The actual/estimated 2024 and projected 2025 SPP projects and associated costs are consistent with the estimates provided in FPL's 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022.

II. ACTUAL/ESTIMATED 2024 SPPCRC TRUE-UP

Q. Please explain the calculation of FPL's actual/estimated 2024 SPPCRC true-up amount.

The actual/estimated 2024 SPPCRC true-up amount is calculated on Form 2E of

Exhibit RLH-2 by comparing actual data for January 2024 and February 2024 and revised estimates for March 2024 through December 2024 to original projections for the same period that were approved by Order No. PSC-2023-0364-FOF-EI in Docket No. 20230010-EI. The actual/estimated true-up amount for the period January 2024 through December 2024 is an under-recovery of $57,394,614 (shown on line 1 of Form 1E) plus the interest provision of $2,276,070 (shown on line 2 of Form 1E), which is calculated on Form 3E of Exhibit RLH-2. This results in a total under-recovery of $59,670,684, including interest, for the actual/estimated 2024 SPPCRC true-up amount as shown on Form 1E of Exhibit RLH-2.

Q. Are any of the 2024 SPP costs included in the actual/estimated 2024 SPPCRC true-up being recovered through base rates or any other cost recovery mechanism?

A. No. Effective January 1, 2022, all O&M and capital costs associated with the SPP programs, with the exception of the cost of removal and retirements for assets existing prior to 2021, have been and will be booked to and tracked through the SPPCRC. Thus, none of the 2024 SPP capital and O&M costs have been or will be booked to or recovered through base rates or any other clause mechanism. The cost of removal and retirements associated with the SPP programs for assets existing prior to 2021 will continue to be recovered through base rates.

III. PROJECTED 2025 SPPCRC FACTORS

Q. Please explain how the costs for the FPL projected 2025 SPPCRC Factors were determined.

A. The 2025 capital and O&M costs included in the FPL 2023-2032 SPP approved by

Commission Order PSC-2023-0364-FOF-EI were used for purposes of calculating the 2025 SPP costs to be included in the projected 2025 SPPCRC Factors. This data is provided in Exhibits MJ-3 and MJ-5 attached to the testimony of FPL witness Jarro, less the cost of removal and other costs that are charged to base.

Q. Will any of the 2025 SPP costs included in the 2025 SPPCRC projections be recovered through base rates or any other cost recovery mechanism?

A. No. Again, all O&M and capital costs associated with the 2025 SPP programs, except for cost of removal and retirements, will be separately booked to and tracked through the SPPCRC. The cost of removal and retirements associated with the SPP programs for assets existing prior to 2021 will continue to be recovered through base rates.

Q. Please explain the calculation of the 2025 SPPCRC revenue requirements.

A. The calculation of the 2025 SPPCRC revenue requirements is provided in Exhibit RLH-3. Form 2P titled "Calculation of Annual Revenue Requirements for O&M Programs" shows the monthly O&M for the projected period January 2025 through December 2025. Form 3P titled "Calculation of Annual Revenue Requirements for Capital Investment Programs" shows the calculation of the monthly revenue requirements for the capital expenditures projected to be incurred during the period January 2025 through December 2025. The monthly capital revenue requirements include the debt and equity return grossed up for income taxes on the average monthly net investment (including construction work in progress), and depreciation and amortization expense. The identified recoverable costs are then allocated to retail customers using the appropriate separation factors provided in Exhibit RLH-4.

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Q. Have you provided a schedule showing the calculation of projected SPPCRC revenue requirements being requested for recovery for the period January 2025 through December 2025?

A. Yes. Page 1 of Form 1P of Exhibit RLH-3 provides a summary of projected SPPCRC revenue requirements being requested for recovery for the period January 2025 through December 2025. Total jurisdictional revenue requirements including true-up amounts are $786,583,276 (Form 1P, line 4). This amount includes: (a) $721,264,550 of revenue requirements associated with the SPP programs projected to be incurred between January 1, 2025 and December 31, 2025 (Form 1P, line 1 Total); (b) FPL's actual/estimated true-up under-recovery of $59,670,684, including interest, for the period of January 2024 through December 2024 Form 1P, line 2); and (c) the total net final true-up under-recovery amount of $5,648,042, including interest, for the period January 2023 through December 2023 (Form 1P, line 3).[1] The detailed calculations supporting the 2023 final true-up and the 2024 actual/estimated true-up are provided in Exhibits RLH-1 and RLH-2, respectively.

Q. Does this conclude your direct testimony?

A. Yes.

[1] On April 1, 2024, FPL filed its Petition and supporting testimony, exhibits, and schedules seeking approval of the actual net final true-up of the 2023 SPPCRC costs.

(Whereupon, prefiled direct testimony of Christopher A. Menendez was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE PURSUANT TO RULE 25-6.031, F.A.C., DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240010-EI
DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

APRIL 1, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Christopher A. Menendez. My business address is Duke Energy Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director of Rates and Regulatory Planning.

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

A. I am responsible for the Company's regulatory planning and cost recovery, including the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filing.

Q. Please describe your educational background and professional experience.

A. I joined the Company on April 7, 2008. Since joining the company, I have held various positions in the Florida Planning & Strategy group, DEF Fossil Hydro Operations Finance and DEF Rates and Regulatory Strategy. I was promoted to my current position in April 2021. Prior to working at DEF, I was the Manager of Inventory Accounting and Control for North American Operations at Cott Beverages. I received a Bachelor of Science degree in Accounting from the University of South Florida, and I am a Certified Public Accountant in the State of Florida.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, DEF's actual true-up costs for the period January 2023 through December 2023 associated with DEF's Storm Protection Plan ("SPP") and recovered through the SPPCRC.

Q. Have you prepared, or caused to be prepared under your direction, supervision, or control, exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit No. __ (CAM-1) attached to my direct testimony. This exhibit is true and accurate to the best of my knowledge and belief. Portions of that exhibit are being co-sponsored by Witnesses Robert E. Brong and Robert E. McCabe (as identified in their respective testimonies).

Q. What is the source of the data that you will present in testimony and exhibits in this proceeding?

A. The actual data is taken from the books and records of DEF. The books and records are kept in the regular course of DEF's business in accordance with generally accepted accounting principles and practices, provisions of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission, and any accounting rules and orders established by this Commission. The Company relies on the information included in this testimony and exhibits in the conduct of its affairs.

Q. What is the final true-up amount DEF is requesting for the period January 2023 - December 2023?

A. DEF requests approval of an actual over-recovery amount of $23,152,840 for the year ending December 31, 2023. This amount is shown on Form 1A, Line 4.

Q. What is the net true-up amount DEF is requesting for the period January 2023 - December 2023 to be applied in the calculation of the SPPCRC factors to be refunded/recovered in the next projection period?

A. DEF requests approval of an adjusted net true-up over-recovery amount of $5,364,450 for the period January 2023 - December 2023, as reflected on Form 1A, Line 6. This amount is the difference between an actual over-recovery amount of $23,152,840 and an actual/estimated over-recovery of $17,788,390 for the period January 2023 - December 2023, as approved in Order No. PSC- 2023-03648-FOF-EI.

Q. How did actual O&M expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections as presented in previous testimony and exhibits?

A. Form 4A shows a total O&M Program variance of approximately $7.1M or 9.7% lower than projected. Individual O&M project amounts are shown on Form 5A-Projects. Explanations associated with material variances for Distribution and Transmission costs are contained in the direct testimonies of witnesses McCabe and Brong, respectively.

Q. How did actual capital recoverable expenditures for January 2023 - December 2023 compare with DEF's estimated/actual projections as presented in previous testimony and exhibits?

A. Form 6A shows a total capital investment recoverable Program cost variance of approximately $367K or 0.6% lower than projected. Individual project costs are on Form 7A-Projects. Return on capital investment, depreciation, and property taxes for each project for the period are provided on Form 7A-Details. Explanations associated with material variances for Distribution and Transmission costs are contained in the direct testimonies of witnesses McCabe and Brong, respectively.

Q. What capital structure, components and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2023 through December 2023?

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A. DEF used the capital structure and cost rates consistent with the language in Order No. PSC-2020-0165-PAA-EU and Order PSC-2022-0357-FOF-EI. The capital structure, components and cost rates relied on to calculate the revenue requirement rate of return for the period January 2023 through December 2023 are shown on Form 9A in Exhibit No. (CAM-1). This form includes the derivation of debt and equity components used in the Return on Average Net Investment, lines 7 (a) and (b), on Form 7A-Detail.

Q. Does that conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20240010-EI

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

UPDATED

JULY 31, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Christopher A. Menendez. My business address is Duke Energy Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director, Rates and Regulatory Planning.

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

A. I am responsible for the Company's regulatory planning and cost recovery, including the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filing.

Q. Please describe your educational background and professional experience.

A. I joined the Company on April 7, 2008. Since joining the company, I have held various positions in the Florida Planning & Strategy group, DEF Fossil Hydro Operations Finance and DEF Rates and Regulatory Strategy. I was promoted to my current position in April 2021. Prior to working at DEF, I was the Manager of Inventory Accounting and Control for North American Operations at Cott Beverages. I received a Bachelor of Science degree in Accounting from the University of South Florida, and I am a Certified Public Accountant in the State of Florida.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, DEF's calculation of revenue requirements and SPPCRC factors for customer billings for the period January 2025 through December 2025 as permitted by Rule 25-6.031, F.A.C. My testimony also addresses implementation activities, their associated capital and O&M costs.

Q. Have you prepared, or caused to be prepared under your direction, supervision, or control, exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit No. (CAM-2) and Exhibit No. (CAM-3) attached to my direct testimony. These exhibits are true and accurate to the best of my knowledge and belief.

Q. Please summarize your testimony.

A. My testimony supports the approval of an average SPPCRC billing factor of 0.665 cents per kWh which includes projected jurisdictional capital and O&M revenue requirements for the period January 2025 through December 2025 of approximately $270 million associated with the Storm Protection Plan ("SPP") Programs, as shown on Form 1P line 4 of Exhibit No. (CAM-3) and that the projected SPP expenditures for 2025 are appropriate for recovery through the SPPCRC. I will also present, for Commission approval, DEF's actual/estimated true-up costs associated with the SPPCRC activities for the period January 2024 through December 2024, as presented in Exhibit No. (CAM-2). Finally, my testimony presents a summary of the projected costs associated with the SPP Programs and activities. Details explaining the Company's 2024 actual/estimated variances and regarding the Company's projected 2025 SPP work are provided in the testimony of Witnesses Brong and McCabe.

<u>2024 Actual/Estimated Filing:</u>

Q. What is the actual/estimated true-up amount for which DEF is requesting recovery for the period January 2024 through December 2024?

A. The 2024 actual/estimated true-up is an over-recovery, including interest, of $10,259,107 as shown on Line 4 on Form 1E (pages 1 of 142) in Exhibit No. (CAM-2).

Q. What capital structure, components and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2024 through December 2024?

A. DEF used the capital structure and cost rates consistent with the language in Order Nos. PSC-2020-0165-PAA-EU and PSC-2022-0357-FOF-EI. The capital structure, components and cost rates relied on to calculate the revenue requirement rate of return for the period January 2024 through December 2024 are shown on Form 9E (page 142 of 142) in Exhibit No. (CAM-2). This form includes the derivation of debt and equity components used in the Return on Average Net Investment, lines 7 (a) and (b), on Form 7E. Form 9E also cites the source and includes the rationale for using the particular capital structure and cost rates.

Q. How do actual/estimated O&M expenditures for January 2024 through December 2024 compare with original projections?

A. Form 4E in Exhibit No. (CAM-2) shows that total O&M project costs are estimated to be $65,010,670. This is $14,534,847 or 18.3% lower than originally projected; the primary driver of this variance is explained in the April 1, 2024 testimony of witness McCabe. This form also lists individual O&M program variances.

Q. How do actual/estimated capital recoverable costs for January 2024 through December 2024 compare with DEF's original projections?

A. Form 6E in Exhibit No. (CAM-2) shows that total recoverable capital costs are estimated to be $131,382,682. This is $5,155,865 or 4.1% higher than originally projected. This form also lists individual project variances. The return on investment, depreciation expense and property taxes for each project for the actual/estimated period are provided on Form 7E (pages 43 through 124 of 142). Explanations for these variances are included in the direct testimonies of Witnesses McCabe and Brong.

2025 Projection Filing:

Q. Are the Programs and activities included in the Company's SPPCRC consistent with DEF's latest SPP filing?

A. Yes, the planned activities are consistent with the Programs described in detail in DEF's 2023 SPP, specifically Exhibit No. (BML-1) in Docket No. 20220050-EI, filed on April 11, 2022.

Q. Have you prepared schedules showing the calculation of the SPPCRC recoverable O&M project costs for 2025?

A. Yes. Form 2P of Exhibit No. (CAM-3) summarizes recoverable jurisdictional O&M cost estimates for these projects of approximately $62.7 million, shown on Line 11.

Q. Has DEF included any cost estimates related to administrative costs associated with the SPP and/or SPPCRC filings?

A. No. However, it is likely that DEF will incur some level of incremental costs related to increased workload in areas such as IT, billing, legal, regulatory, and accounting in the future but it is hard to quantify these costs at this time. As such, rather than speculating, DEF will record those costs to the deferred account for SPPCRC and will submit those costs in future filings.

Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2025?

A. Yes. Form 3P of Exhibit No. (CAM-3) summarizes recoverable jurisdictional capital cost estimates for these projects of approximately $222.8 million, shown on Line 5b. Form 4P (pages 34-115 of 118) show detailed calculations of these costs.

Q. What are the total projected jurisdictional costs for SPPCRC recovery for the year 2025 including true-up activity from prior periods?

A. The total jurisdictional capital and O&M costs to be recovered through the SPPCRC in 2025 are approximately $270 million, shown on Form 1P line 4 of Exhibit No. (CAM-3).

Q. Please describe how the proposed SPPCRC factors are developed.

A. The SPPCRC factors are calculated on Forms 5P and 6P of Exhibit No. (CAM-3). The demand component of class allocation factors is calculated by determining the percentage each rate class contributes to monthly system peaks adjusted for losses for each rate class which is obtained from DEF's load research study filed with the Commission in April 2023. The energy allocation factors are calculated by determining the percentage each rate class contributes to total kilowatt-hour sales adjusted for losses for each rate class. Form 6P presents the calculation of the proposed SPPCRC billing factors by rate class.

Q. When is DEF requesting that the proposed SPPCRC billing factors be effective?

A. DEF is requesting that its proposed SPPCRC billing factors be effective with the first bill group for January 2025 and continue through the last bill group for December 2025.

Q. What capital structure and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2025 through December 2025?

A. DEF used the capital structure and cost rates consistent with the language in the Joint Motion for Approval of Settlement Agreement filed July 15, 2024 in Docket No. 20240025-EI. As such, DEF used the projected mid-point ROE 13-month average Weighted Average Cost of Capital for 2025 and applied a proration adjustment to the depreciation-related accumulated deferred federal income tax (ADFIT). These calculations are shown on Form 7P, Exhibit No. (CAM-3). Form 7P includes the derivation of debt and equity components used in the Return on Average Net Investment, Form 4P lines 7a and b.

Q. Does that conclude your testimony?

A. Yes.

C10-1034

(Whereupon, prefiled direct testimony of Robert E. McCabe was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20240010-EI

DIRECT TESTIMONY OF ROBERT E. MCCABE

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

APRIL 1, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Robert (Bob) E. McCabe. My current business address is 299 1st Ave N, St Petersburg FL 33701.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Manager of Project Development and Project Management.

Q. What are your responsibilities as Manager of Project Development and Project Management?

A. My duties and responsibilities include managing our project development group for Storm Protection Plan and major project work in addition to providing support for our regulatory filings.

Q. Please summarize your educational background and work experience.

A. I have a Bachelor of Science degree in Electrical Engineering from the University of South Florida. Throughout my 27 years at Duke Energy, I have held various positions in Customer Service, Engineering, Engineer Auditing, and Subdivision Design. My current position is Manager of Project Development and Project Management for Power Grid Operations.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Distribution-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony will focus on SPP Distribution programs with material variances between 2023 actual incurred costs and the previously filed actual/estimated program expenditures.

Q. Do you have any exhibits to your testimony as it relates to January 2023 through December 2023 Distribution investments?

A. No. I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-1). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 5A (Pages 6-22 of 149), the Distribution-related Capital Projects on

Form 7A (Pages 30-47 of 149), the Program Description and Progress Reports on Form 8A (Pages 132-140 of 149), and the cost portions of:

- Form 5A (Page 5 of 149, Lines 1.1 through 1.5, 3.1, and 4 through 4b),
- Form 7A (Pages 53-80, 102-124, and 129 of 149, Lines 1a and 1b)

Q. Please summarize your testimony.

A. In 2023, DEF incurred costs in Distribution Feeder Hardening, Distribution Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation Programs, and Distribution Vegetation Management; these SPP implementation costs relate to the engineering and construction costs associated with hardening and automating distribution circuits, as well as continuing DEF's Vegetation Management program, as outlined in DEF's Commission-approved SPP. Additionally, DEF incurred costs associated with planning and engineering projects scheduled for 2024 within all Distribution programs.

DEF incurred these costs implementing its Commission-approved SPP. These costs are not being recovered through base rates or any other clause mechanism, and as such, they should be approved for recovery through the SPPCRC.

III. OVERVIEW OF SPP PROGRAM MATERIAL VARIANCES FROM ESTIMATES

Q. How did the 2023 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Distribution Feeder Hardening program?

A. DEF had planned to complete approximately 168 miles of feeder hardening on 78 distribution circuits but completed 76 miles and project activities on 125 circuits in 2023. The reason for this variation, as well as other SPP related variations, is explained later in my testimony. All planned feeders have some portions of hardening completed, but DEF considers miles complete only when the entire circuit is hardened. As DEF continues to ramp up the Feeder Hardening program and additional feeders are added, DEF expects to reach a steady state where the planned number of feeders and miles are completed each year as reflected in our filing. DEF was able to complete the full distribution feeder pole inspection plan. DEF replaced 1,249 rejected feeder poles in 2023 as compared to the estimated 1,730 in our previous filing. Fewer feeder poles were rejected than previously estimated in this cycle.

DEF's actual 2023 Feeder Hardening Capital spend was approximately $155.4M compared to the forecasted spend of $158.9M. As previously addressed in the testimony of DEF Witness Lloyd in Docket 20230010-EI, DEF has experienced an increase in our per unit costs primarily due to the transition to concrete poles from wood poles. This transition allowed DEF to secure a ready inventory of poles which our wood pole vendors were not able to meet. The O&M expenditures were $1.5M compared to the forecasted $4.8M. DEF has completed an analysis of O&M expenses for all work streams within the organization. As a result of this analysis, and consistent with the current FERC waiver in place, DEF realized a correction of investment from O&M to Capital and it was the primary driver of the 2023 O&M variance.

Q. How did the 2023 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Distribution Lateral Hardening program?

A. DEF had planned to complete approximately 144 miles of overhead lateral hardening on 82 distribution circuits but completed 116 miles on 104 circuits in 2023 and plans to complete the balance in 2024**.** The reason for this variation, as well as other SPP related variations, is explained later in my testimony. DEF had planned to convert approximately 28 existing overhead miles of lateral lines on 27 distribution circuits but completed 26 miles and project activities on 79 circuits in 2023. DEF plans to complete portions already under construction in 2024. DEF completed the full lateral pole inspection plan and replaced 7,303 as compared to the filed estimate of 7,058 rejected poles.

DEF's actual 2023 Lateral Hardening Capital spend was approximately $228.4M compared to the previously filed estimated spend of $194.3M. The difference is primarily attributed to higher per unit costs related to an increase in the cost of material and labor. The O&M expenditures were $4.3M compared to the forecasted $6.5M, driven lower primarily due to the analysis of O&M expense explained above.

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Q. How did the 2023 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Self-Optimizing Grid ("SOG") program?

A. DEF had planned to complete installation of 746 automated switching devices but completed 280 units in 2023. In addition, DEF planned to complete 40 miles of capacity & connectivity work in 2023 but completed 27. For the units planned but not completed, DEF has in fact performed and completed most of the work on these installations. However, DEF does not recognize an installation as "complete" until it is placed in-service; the timing of which typically lags construction in the field. Therefore, the unit variances are primarily the result of in-service timing and do not reflect a gap in actual work performed; DEF anticipates completing the remaining 2023 SOG scope in 2024. DEF's actual 2023 SOG Capital spend was approximately $85.8M compared to the planned filed spend of $81.8M. The O&M expenditures were $0.5M compared to the forecasted $2.3M driven lower primarily due to the analysis of O&M expense explained above.

Q. How did the 2023 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Underground Flood Mitigation program?

A. DEF had planned to complete 49 units on 3 distribution circuits but completed engineering on 4 circuits in 2023. DEF currently has 6 circuits of Underground Flood Mitigation plans fully engineered awaiting material. DEF has plans to complete construction of the 49 planned units in 2024 pending material availability.

DEF's actual 2023 Underground Flood Mitigation Capital spend was approximately \$0.2M compared to the planned filed spend of \$0.5M.

Q. Have there been any changes in methodology for calculating Distribution O&M or Capital Expenses since DEF's last SPPCRC filing?

A. Yes, Duke Energy conducted a time study to review labor activities associated with various work scopes. Through this review, corrections were made that adjusted the O&M calculations for all jurisdictions. For DEF, the study concluded that the correct O&M percentage of Capital project work is 0.49%. When also considering the FERC waiver granted to DEF in 2021, DEF's O&M percentage is 0.08% for Feeder Hardening, Lateral Hardening, Pole Replacement as well as Self-Optimizing Grid Capacity and Connectivity work. The afore-mentioned changes reduced actual O&M expenses in 2023 but increased Capital expenses by the equivalent amount.

Q. What prevented DEF from completing its planned 2023 SPP projects?

A. While all projects encountered a mixture of typical execution challenges, such as but not limited to, scope adjustments in the field, permitting delays, and resource availability, the primary impediment that DEF encountered in 2023 was material availability. Factors that caused scarcity in the needed materials included increased demand from both within and outside the utility industry, lack of availability of the raw materials needed to manufacture the assets (wood, steel, chemicals, etc.), and resource constraints at the manufacturing facilities.

DEF was able to mitigate wood pole constraints by transitioning to spun concrete poles for Feeder Hardening and Self-Optimizing Grid. Design adjustments were required for this transition, resulting in longer engineering durations. The manufacturer of the spun concrete poles experienced challenges in meeting the initial volume of poles needed for these programs. These impediments impacted the start of the 2023 Feeder Hardening and Self-Optimizing Grid programs. DEF's Standards organization created tools and processes to increase the efficiency of engineering for the new spun concrete poles and identified additional manufacturers to support the material needs of the Storm Protection Plan. Construction activities associated with the spun concrete poles experienced longer durations than the wood pole equivalents primarily due to the increased weight of the concrete poles. The greater weight reduced the number of poles that can be trailered at one time thereby increasing material transportation times. In addition, heavier poles require crane set up for installation if the trucks are not able to set up directly adjacent to the pole installation location. The largest remaining challenge remains the stainless-steel pad mount transformers for the Underground Flood Mitigation program. They remain in high demand and short supply. DEF has taken steps to mitigate this issue by expanding to international vendors, refurbishing, retired transformers, and prioritizing installation of transformers to when the structure requiring service is already under construction.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20240010-EI

DIRECT TESTIMONY OF ROBERT E. MCCABE

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

MAY 1, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Robert (Bob) E. McCabe. My current business address is 299 1st Ave N, St Petersburg FL 33701.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Manager of Project Development and Project Management.

Q. What are your responsibilities as Manager of Project Development and Project Management?

A. My duties and responsibilities include managing our project development group for Storm Protection Plan and major project work in addition to providing support for our regulatory filings.

Q. Please summarize your educational background and work experience.

A. I have a Bachelor of Science degree in Electrical Engineering from the University of South Florida. Throughout my 27 years at Duke Energy, I have held various positions in Customer Service, Engineering, Engineer Auditing, and Subdivision Design. My current position is Manager of Project Development and Project Management for Power Grid Operations.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Distribution-related costs associated with implementing DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony supports the Company's actual SPP costs incurred year to date in 2024, estimated costs through the remainder of 2024, projected costs for 2025, and explains how those activities and costs are reasonable and consistent with DEF's SPP 2023-2032 ("SPP 2023") as approved by the Commission in Docket No. 20220050-EI.

Q. Do you have any exhibits to your testimony as it relates to January 2024 through December 2024 Distribution investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. (CAM-2). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 5E (Pages 6-20 of 142), the Distribution-related Capital Projects on Form 7E (Pages 25-39 of 142), the

Program Description and Progress Report on Form 8E (Pages 125-132 and 141 of 142), and the cost portions of:

- Form 5E (Page 5 of 142, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- Form 7E (Pages 43-72, 94-118, and 123 of 142, Lines 1a and 1b).

Q. Do you have any exhibits to your testimony as it relates to January 2025 through December 2025 Distribution investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. (CAM-3). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 2P (Pages 3-15 of 118), the Distribution-related Capital Projects on Form 4P (Pages 19-31 of 118), and the cost portions of:

- Form 2P (Page 2 of 118, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- Form 4P (Pages 34-63, 85-109 and 114 of 118, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2024 and 2025, consistent with DEF's SPP 2023, DEF has incurred or will incur engineering, material acquisition, and construction costs associated with projects and work within its Distribution Feeder Hardening, Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation and Vegetation Management Programs. These reasonable SPP-implementation costs are not being recovered through base rates or any other clause mechanism, as such, they should be approved for recovery through the SPPCRC.

Q. Are DEF's 2024 and 2025 SPP program expenditures reasonable and consistent with the SPP 2023 approved by the Commission?

A. Yes, DEF's 2024 and 2025 program expenditures in the Distribution Feeder Hardening, Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation, and Vegetation Management Programs are reasonable and consistent with the SPP 2023. Moreover, from an execution standpoint, these programs are being implemented in a reasonable manner and consistent with the Commission-approved SPP 2023 and the current actual/estimated program costs are consistent with projections provided in Docket No. 20230010-EI, with the minor exceptions explained below and shown on Exhibit Nos. (CAM-2) and (CAM-3).

III. OVERVIEW OF 2024 SPP PROGRAM ACTIVITIES FOR CURRENT COST RECOVERY

Q. Does DEF anticipate any impediments to completing the 2024 and 2025 distribution related work included in SPP 2023 and if so, what steps are being taken to mitigate the issues?

A. As discussed in my 2023 true-up testimony filed April 1st in Docket No. 20240010-EI, DEF experienced material constraints that inhibited full execution of our 2023 work plan. DEF does see a continued risk of material availability in 2024 and potentially 2025. Some labor availability has improved but specific labor types continue to be constrained. DEF has looked to anticipate total material demand for our 2024 and 2025 workplans and has implemented a forward purchase strategy, preordering and setting long term need timelines with our vendors to work to mitigate material availability. Where material availability continues to present obstacles, DEF has transitioned to alternatives where possible while continuing to actively manage costs; for example, within the Feeder Hardening and Self-Optimizing Grid programs, DEF has transitioned to spun concrete poles. In both the Underground Flood Mitigation and Lateral Hardening programs, DEF has made temporal adjustments to account for material availability.

Q. Does DEF anticipate variances to the 2024 actual/estimated program costs compared to what was previously projected?

A. Yes, DEF anticipates variances within the Feeder Hardening, Lateral Hardening, Self-Optimizing Grid and Underground Flood Mitigation programs. The Feeder Hardening variance is estimated to be $15.5M CapEx or 10% higher than the original forecast and is primarily driven by the transition to spun concrete poles and the costs associated with the installation of these assets, as discussed in previous testimonies in this on-going docket. The Lateral Hardening variance is estimated to be $37.6M or 16% higher than the original forecast and is primarily driven by higher labor and material costs as compared to our original filing. The Self-Optimizing Grid variance is $65.7M or 45% lower than the original forecast and is primarily driven by fewer than originally planned number of units installed. The primary drivers are material and labor constraints. DEF has mitigated the material issue significantly, but the labor limitation remains. The SOG program requires specifically trained engineers to design and plan device coordination and this skill set is in short supply. DEF is working to manage the issue with more in house training and allowing for an additional year into 2026 for program completion. DEF will reflect this timing change in the planned SPP 2026 filing. The Underground Flood Mitigation variance is estimated to be a reduction of $0.8M and is driven by a reduction in scope that is primarily due to delays in acquiring materials needed to complete construction due to increased demand both inside and outside the utility industry. Overall, the Distribution programs costs are projected to remain within approximately 2.3% of the original forecast.

Q. Does DEF anticipate variances to any specific programs' scope when compared to what was previously approved in SPP 2023?

A. Yes, DEF currently expects variances to annual scope for the Feeder and Lateral Hardening programs. These temporal variations, while consistent with the overall 10-year SPP, are driven by carryover of some projects and reprioritization of work based on the external factors discussed above. Timing for projects within Feeder Hardening and Lateral Hardening Overhead were brought forward while projects within Lateral Hardening Underground were shifted out for completion in later periods. These adjustments will allow DEF to continue valuable grid hardening projects for the benefit of our customers, while allowing Lateral Hardening Underground engineering and planning to continue while DEF works to manage the external factors previously discussed.

This prioritization adjustment is reasonable and consistent with SPP 2023's systematic approach to achieving reductions in restoration costs and outage times associated with extreme weather events while enhancing reliability.

IV. OVERVIEW OF 2025 SPP PROGRAMS PROJECTED COSTS FOR RECOVERY

Q. Are the activities for Feeder Hardening in 2025 consistent with SPP 2023?

A. Yes, the 2025 activities for Feeder Hardening are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 34-49 of 118) (Line 1a) and Schedule Form 2P (Page 2 of 118) (Lines 1.1-1.2) in Exhibit No. (CAM-3).

Q. Are the activities for Lateral Hardening in 2025 consistent with SPP 2023?

A. Yes, the 2025 activities for Lateral Hardening are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 50-63 and 85-92 of 118) (Line 1a) and Schedule Form 2P (Page 2 of 118) (Lines 1.3-1.4 and 4.2) in Exhibit No. (CAM-3).

Q. Are the activities for Self-Optimizing Grid in 2025 consistent with SPP 2023?

A. Yes, the 2025 activities for Self-Optimizing Grid are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 93-108 of 118) (Line 1a) and Schedule Form 2P (Page 2 of 118) (Line 1.5) in Exhibit No. (CAM-3).

Q. Are the activities for Underground Flood Mitigation in 2025 consistent with SPP 2023?

A. Yes, the 2025 activities for Underground Flood Mitigation are consistent with SPP 2023. Please refer to Schedule Form 4P (Page 109 of 118) (Line 1a) and Schedule Form 2P (Page 2 of 118) (Line 4.1) in Exhibit No. (CAM-3).

Q. Are the activities for Distribution Vegetation Management in 2025 consistent with SPP 2023?

A. Yes, the 2025 activities for Distribution Vegetation Management are consistent with SPP 2023. Please refer to Schedule Form 4P (Page 114 of 118) (Line 1a) and Schedule Form 2P (Page 2 of 118) (Line 3.1) in Exhibit No. (CAM-3).

Q. Does DEF project any variances from SPP 2023 to program scope and/or projected costs for the activities planned for 2025?

A. Yes, DEF anticipates variances within the Feeder Hardening, Lateral Hardening, Self-Optimizing Grid and Underground Flood Mitigation programs. The Feeder Hardening variance is estimated to be $19.9M CapEx or 12% lower than the original forecast and is primarily driven by temporal program adjustments to balance work deployment with labor and material availability. Specifically, DEF is expecting to complete more Lateral Hardening Underground work, which was reduced in 2023 and 2024 due to material availability. The Lateral Hardening variance is estimated to be $38.8M or 14% higher than the original forecast and is primarily driven by an increase in both material and labor costs. The Self-Optimizing Grid variance is $17.4M or 13% lower than the original forecast and is primarily driven by constraints in labor supply as previously mentioned for 2024. The Underground Flood Mitigation variance is estimated to be a reduction of $1.3M and is driven by a reduction in scope that aligns with expected material availability. Overall, the Distribution programs costs are projected to remain within approximately 0.3% of the original forecast.

V. SUMMARY

Q. Are the Programs and activities discussed above consistent with DEF's SPP?

A. Yes, the 2024 and 2025 activities are consistent with the Programs described in DEF's SPP 2023, specifically Exhibit No. (BML-1), approved by the Commission in Docket No. 20220050-EI.

Q. Would you please provide a summary of the costs associated with the Programs and activities discussed above?

A. Yes, the tables below represent the projected SPP investments for 2024 and 2025.

($ Millions)	**2024**	**2024**	**2024**
SPP Program	**Capital**	**O&M**	**Total**
Feeder Hardening	$178.8	$0.6	$179.5
Lateral Hardening	$270.2	$1.9	$272.1
Self-Optimizing Grid	$79.1	$0.4	$79.5
Underground Flood Mitigation	$0.3	$0.0	$0.3
D - Vegetation Management	$2.0	$46.9	$49.0
Total	**$530.5**	**$49.9**	**$580.4**

($ Millions)	**2025**	**2025**	**2025**
SPP Program	**Capital**	**O&M**	**Total**
Feeder Hardening	$150.9	$0.7	$151.5
Lateral Hardening	$311.2	$2.2	$313.4
Self-Optimizing Grid	$118.7	$0.6	$119.3
Underground Flood Mitigation	$2.8	$0.0	$2.8
D - Vegetation Management	$2.0	$47.8	$50.2
Total	**$585.9**	**$51.3**	**$637.2**

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Robert E. Brong inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20240010-EI

DIRECT TESTIMONY OF ROBERT BRONG

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

APRIL 1, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Robert (Bob) E. Brong. My current business address is 3300 Exchange Place, Lake Mary, FL 32746.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Florida, LLC ("DEF" or "the Company") as Director, Transmission Project Management.

Q. What are your responsibilities as Director, Transmission Project Management?

A. My duties and responsibilities include the execution of capital projects for transmission system grid upgrades, system planning, and asset management across DEF.

Q. Please summarize your educational background and work experience.

A. I have an undergraduate degree from the University of Pittsburgh, and a Master's degree in Business Administration from the University of Central Florida. Throughout my 21 years at Duke Energy, I have held various positions within distribution and transmission ranging from Manager, Sr. Project Manager, Director, focusing on the planning and execution of transmission capital projects. My current position as Director of Transmission Project Management began in September 2020.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony will focus on SPP Transmission programs with material variances between 2023 actual incurred costs and the previously filed actual/estimated program expenditures.

Q. Do you have any exhibits to your testimony as it relates to January 2023 through December 2023 transmission system investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-1). Specifically, I am sponsoring the 2023 Transmission-related O&M project level information shown on Schedule Form 5A (pages 23-27 of 149), the Transmission-related Capital Projects on Form 7A (pages 45 and 48-52 of 149), the Program Description and Progress Report on Form 8A (pages 141-148 of 149), and the cost portions of:

- Form 5A (Page 5 of 149, Lines 1.6, 2 through 2b and 3.2), and
- Form 7A (Pages 81-101, 125-128, and 130-131 of 149, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2023, DEF incurred costs to implement its Commission-approved Transmission-related SPP Programs: the Transmission Structure Hardening Program, which includes Wood to non-Wood pole replacements, Tower replacements, Cathodic Protection, Drone Inspections, Structure Inspections, Overhead Ground Wires, and GOAB Automation; the Substation Hardening Program, which includes the Breaker Replacements and Electromechanical Relays sub-program activities; and the Transmission Vegetation Management Program. Additionally, DEF incurred costs to procure material and equipment and perform analytical and engineering work in preparation for 2024 SPP Transmission-related projects. My testimony provides explanations for material variances in Transmission Program expenditures or implementation versus previous filings.

DEF's 2023 Transmission-related SPP costs are not being recovered through base rates or any other clause mechanism, and as such, they should be approved for recovery through the SPPCRC.

III. OVERVIEW OF SPP PROGRAMS VARIANCES FROM ESTIMATES

Q. How did DEF's 2023 actual expenditures compare with the previously filed 2023 actual/estimated spend for the Transmission Substation Hardening Program?

A. DEF Transmission's actual 2023 capital spend in the Transmission Substation Hardening Program was approximately $4.9M, which is roughly $4.6M lower than the previously filed actual/estimated spend of $9.5M. This variance is primarily due to DEF's successful planning and execution of the 2023 program work. DEF took advantage of the most favorable grid conditions resulting in efficiency gains in the breaker and electromechanical relay replacement sub-programs.

Q. How did DEF's 2023 actual expenditures compare with the previously filed 2023 actual/estimated spend for the Transmission Structure Hardening Program?

A. DEF Transmission's actual 2023 capital spend for the Transmission Structure Hardening Program was approximately $131.6M, roughly 5% lower than the 2023 previously filed actual/estimated spend of $139.2M. This program includes the sub-programs Tower Replacements and GOAB Automation, the performance of which I will discuss below.

Q. Can you expand on DEF's 2023 actual units complete, and expenditures compared with the previously filed 2023 actual/estimated units and expenditure for the Transmission Tower Replacements Sub-Program?

A. In the Transmission Tower Replacements sub-program, DEF Transmission had planned to complete 22 transmission tower replacements but completed 8 units in 2023, which is 14 units lower than the filed actual/estimated. For the units planned but not completed, DEF has performed work on these units, and DEF anticipates completing the remaining scope of 2023 transmission tower replacements in 2024. The unit variance is primarily due to multiple issues with securing the materials to execute these projects. Examples of the issues are increased lead times and sourcing discontinued materials.

DEF's actual 2023 capital spend was approximately $3.2M compared to the previously filed estimated spend of $5M. The O&M expenditure was $11.1K compared to the forecasted $57.4K. The drivers for the cost variance are the same that drove the units' variance discussed previously.

Q. Can you expand on DEF's 2023 actual units complete, and expenditures compared with the previously filed 2023 actual/estimated units and expenditures for the Transmission GOAB Automation Sub-Program?

A. In the Transmission GOAB Automation sub-program, DEF's actual 2023 units completed was 2, which is 2 units lower than the actual/estimated of 4. For the units planned but not completed, DEF has performed work on these units, and DEF anticipates completing the remaining scope of 2023 GOAB automation in 2024. The unit variance is primarily due to issues with securing the materials to execute these projects. An example of this issue is the increased lead time for the relay cabinets. DEF's actual 2023 capital spend was approximately $3.3M compared to

C8-838

the previously filed estimated spend of $5M. The O&M expenditure was $1.3K compared to the forecasted $22.6K. The drivers for the cost variance are the same that drove the units' variance discussed previously.

Q. How did DEF's 2023 actual Transmission Vegetation Management miles trimmed compare to actual/estimated projected mileage?

A. DEF completed approximately 576 miles of vegetation work, exceeding the actual/estimate projection of 519 miles. Efficiencies found with work methods throughout the year allowed for the increased productivity while remaining consistent with the previously estimated program budget.

Q. Does this conclude your testimony?

A. Yes, it does.

C8-839

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20240010-EI

DIRECT TESTIMONY OF ROBERT BRONG

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

MAY 1, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Robert E Brong. My current business address is 3300 Exchange Place, Lake Mary, FL 32746.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Florida, LLC ("DEF" or "the Company") as Director, Transmission Project Management.

Q. What are your responsibilities as Director, Transmission Resources and Project Management?

A. My duties and responsibilities include the execution of capital projects for transmission system grid upgrades, system planning, and asset management across DEF.

Q. Please summarize your educational background and work experience.

A. I have an undergraduate degree from the University of Pittsburgh, and a Master's degree in Business Administration from the University of Central Florida. Throughout my 21 years at Duke Energy, I have held various positions within distribution and transmission ranging from Manager, Sr. Project Manager, Director, focusing on the planning and execution of transmission capital projects. My current position as Director of Transmission Project Management began in September 2020.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony supports the Company's actual SPP costs incurred year to date in 2024, estimated costs through the remainder of 2024, projected costs through 2025, and demonstrates how those activities and costs are consistent with DEF's SPP 2023 – 2032 approved by the Commission in Docket No. 20220050-EI (herein referred to as "DEF's SPP 2023").

Q. Do you have any exhibits to your testimony as it relates to January 2024 through December 2024 Transmission investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. (CAM-2). Specifically, I am sponsoring the Transmission-related O&M project level information shown on Schedule Form 5E (Line 1.6 on Page 20 and Pages 21-22 of 142), the Transmission-related Capital Projects on Form 7E

(Line 1.6 on Page 39 and Pages 40-42 of 142), the Program Description and Progress Report on Form 8E (Pages 133-140 of 142), and the cost portions of:

- Form 5E (Page 5 of 142, Lines 1.6 and 2 through 2b, and 3.2), and
- Form 7E (Pages 73-93, 119-122, and 124 of 142, Lines 1a and 1b).

Q. Do you have any exhibits to your testimony as it relates to January 2025 through December 2025 Transmission investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. (CAM-3). Specifically, I am sponsoring the Transmission-related O&M project level information shown on Schedule Form 2P (Line 1.6 on Page 15 of 118, and Pages 16-17 of 118), the Transmission-related Capital Projects on Form 4P (Line 1.6 on Page 31, and Pages 32-33 of 118), and the cost portions of:

- Form 2P (Page 2 of 118, Lines 1.6, 2 through 2b, and 3.2), and
- Form 4P (Pages 64-84, 110-113, and 115 of 118, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2024 and 2025, consistent with DEF's SPP 2023, DEF has incurred or will incur costs to implement the Commission-approved Transmission-related SPP Programs: the Transmission Structure Hardening Program, which includes Wood to Non-Wood Pole Replacements, GOAB Automation, Tower Upgrades, Tower Cathodic Protection, Overhead Ground Wires, Drone Inspections, and Structure Inspections (O&M) activities; the Substation Hardening Program, which includes Breaker and Electromechanical Relay Replacements; and the Transmission Vegetation Management Program. As explained below, DEF does not anticipate incurring any costs related to the Substation Flood Mitigation program in 2024 or 2025. Additionally, DEF will incur costs to procure material and equipment and perform analytical and engineering work in preparation for 2025 and 2026 SPP projects. My testimony provides explanations for notable projected variances in the Transmission program expenditures or implementation versus DEF's SPP 2023. These costs are not being recovered through base rates or any other clause mechanism, as such, they should be approved for recovery through the SPPCRC.

III. OVERVIEW OF SPP 2024 AND 2025 PROGRAM ACTIVITIES FOR COST RECOVERY

Q. Does DEF anticipate any impediments to completing the 2024 and 2025 transmission related work included in SPP 2023 and if so, what steps are being taken to mitigate the issue?

A. As discussed in my 2023 true-up testimony filed April 1st in Docket No. 20240010-EI, DEF experienced material and labor constraints that impacted our 2023 work plan. DEF does see a continued risk of material shortages in 2024, and potentially 2025. Labor availability may continue to be constrained, and DEF is continuing to monitor that availability for 2024. DEF continues work to anticipate total material demand for our 2024 and 2025 workplans and is evaluating long-term strategies to mitigate material availability.

Q. Does DEF anticipate cost variances to the 2024 and 2025 annual program investments compared to what was previously approved in DEF's SPP 2023?

A. Yes, DEF does anticipate a variance with the Substation Flood Mitigation and Substation Hardening programs but does not currently anticipate any notable cost variances for the Structure Hardening or Transmission Vegetation Management programs.

Q. Does DEF anticipate variances to the 2024 annual scope by program compared to what was previously projected?

A. Yes, DEF does anticipate variances to the 2024 annual unit forecast in the Structure Hardening, Substation Hardening, and Vegetation Management programs.

Q. Does DEF anticipate variances to the 2025 annual scope by program compared to the previously filed DEF's SPP 2023?

A. Yes, DEF does anticipate variances to the 2025 annual unit forecast in the Structure Hardening, Substation Flood Mitigation, Substation Hardening and Vegetation Management programs.

Q. Can you elaborate on what is driving the scope variance in the Structure Hardening program?

A. DEF plans to invest approximately $152.7M of capital in 2024 for the Structure Hardening program. Please refer to Schedule Form 7E, (Pages 73-93 of 142) (Line 1a) in Exhibit No. (CAM-2) for 2024.

For Structure Hardening - Tower Drone Inspections subprogram, DEF plans to complete 820 Tower Drone Inspections (units) on its transmission structures in 2024. This differs from DEF's previous projections, in which DEF estimated 445 units. The difference is driven by

DEF securing internal resources to execute this program, resulting in inspection of more units at about the same program cost.

For Structure Hardening – Gang-Operated Air-Break (GOAB) Automation subprogram, DEF anticipates completing in 2024 the units planned but not completed in 2023 due to issues with securing the materials to execute these projects. An example of these material issues is the increased lead time for the relay cabinets. This results in a unit increase in 2024 for a new total of 7 estimated units

For Structure Hardening – Tower Replacements subprogram, DEF plans to complete 53 structures in 2024. This differs from DEF's previous projections, in which DEF estimated 40 units. The difference is driven by the units planned but not completed in 2023 due to multiple issues with securing the materials to execute these projects. Examples of the issues are increased lead times and discontinued materials by sourcing.

DEF plans to invest approximately $164.2M of capital in 2025 for the Structure Hardening program. Please refer to Schedule Form 4P (Pages 64-84 of 118) (Line 1a) in Exhibit No. (CAM-3) for the 2025 Structure Hardening capital costs.

For Structure Hardening – Tower Drone Inspections subprogram in 2025, DEF plans to complete 798 Tower Drone Inspections (units) for a similar program cost as was previously projected. This differs from DEF's SPP 2023, in which DEF estimated 432 units. The driver for the variance is the same as for the variance in 2024 for this program.

For Structure Hardening - Gang-Operated Air-Break (GOAB) Automation subprogram in 2025, during project development, it was determined that most of projects are high in complexity requiring additional land acquisitions, poles, and switches. DEF is also experiencing difficulties with sourcing switches and switch related components. Both the

C8-845

additional scope and longer material lead times are resulting in longer project durations and increase in estimated cost. Therefore, with the challenges outlined, DEF currently expects to complete automating 4 GOAB switches (units) on its system in 2025. This differs from DEF's SPP 2023, in which DEF estimated 18 completed units in 2025. Engineering and other project activities will continue in 2024 to complete the remaining 14 units in future years.

DEF does not anticipate any notable variance for its Structure-Hardening - Tower Replacement subprogram in 2025.

Q. Can you elaborate on what is driving the scope variance in the Substation Hardening program?

A. Consistent with DEF's SPP 2023, DEF plans to invest approximately $11.7M of capital in 2024 as shown on Schedule Form 7E (Pages 119-122 of 142) (Line 1a) in Exhibit No. (CAM-2) and $17.2M of capital in 2025 as shown on Schedule Form 4P (Pages 110-113 of 118) (Line 1a) in Exhibit No. (CAM-3) for the Substation Hardening program.

For 2024, DEF plans to install 22 Breaker and Electromechanical Relay replacement measures (units) on its transmission system in 2024. This differs from DEF's previous projections, in which DEF estimated 18. The difference in unit completion is driven by longer material lead times, which has extended completion of 8 units into 2024 and 2025. In addition, we have 24 units starting construction in the fall of 2024 that are going to continue into 2025. The longer lead times and timing of construction start dates impacts DEF's timeline for completion of the units. However, at this time, DEF is not anticipating a material change to overall program cost in 2024.

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For 2025, DEF plans to install 33 Breaker and Electromechanical Relay replacement measures (units) on its transmission system. This differs from DEF's SPP 2023, in which DEF estimated 21 completed units for 2025 respectively. The difference in unit completion is driven by the same factors impacting 2024's unit completion. DEF anticipates a $3.2M variance due to the additional 12 units.

Q. Can you elaborate on what is driving the 2024 and 2025 variances for the Transmission Substation Flood Mitigation program?

A. Due to 2023 FEMA map updates, DEF is continuing its reevaluation of the targeted locations and methods of the Transmission Substation Flood Mitigation program in 2024 and 2025. Therefore, DEF does not anticipate undertaking or completing any Transmission Substation Flood mitigation projects in 2024 or 2025, although DEF may have an opportunity to undertake work on the program in 2025 pending the results of the reevaluation mentioned above.

Q. Can you elaborate on what is driving the O&M cost variance in 2024, and the mileage variances in 2024 and 2025 in the Transmission Vegetation Management program?

A. The Transmission Vegetation Management program identified a reduction in reactive findings enabling an increase in planned corridor work to be completed that is forecasted to result in a 2024 O&M variance of $2.0M and mileage variances of 205 miles in 2024 and 100 miles in 2025.

Q. Other than the program-specific issues discussed herein, are there any other overall reasons you would expect to see variances or adjustments in the currently planned projects for either 2024 or 2025?

A. Yes, DEF expects that there will certainly be adjustments to the current plan as the normal project development process continues. As previously described in my testimony filed May 1, 2023 testimony in Docket No. 20230010-EI, much of the work included in the plan requires outages to be taken to perform the work safely and cost-effectively. While outages can be planned, there is the potential for exigent circumstances (emergent work, etc.) to make an outage at a specific location infeasible. In such a circumstance, DEF would adjust the project prioritization to allow for work to continue while the necessary outage can be rescheduled. Again, this is one example of a situation that could require a shuffling of projects and given that we are attempting to provide project level schedules for not only the remainder of 2024 but also all of 2025, changes should be expected.

V. SUMMARY

Q. Are the Programs and activities discussed above consistent with DEF's SPP?

A. Yes, the 2024 and 2025 activities are consistent with the Programs described in DEF's SPP 2023, specifically Exhibit No._ (BML-1), approved by the Commission in Docket No. 20220050-EI.

Q. Would you please provide a summary of the costs associated with the Programs and activities discussed above?

A. Yes, the tables below represent the estimated SPP transmission investments for 2024 and 2025.

($ Millions)	**2024**	**2024**	**2024**
SPP Program	**Capital**	**O&M**	**Total**
Structure Hardening	$152.7	$3.3	$156.0
Substation Flood Mitigation	-	-	-
Substation Hardening	$11.7	-	$11.7
T -Vegetation Management	$12.1	$10.9	$22.9
Total	**$176.4**	**$14.2**	**$190.7**

($ Millions)	**2025**	**2025**	**2025**
SPP Program	**Capital**	**O&M**	**Total**
Structure Hardening	$164.2	$3.4	$167.6
Substation Flood Mitigation	-	-	-
Substation Hardening	$17.2	-	$17.2
T -Vegetation Management	$10.9	$12.2	$23.2
Total	**$192.4**	**$15.6**	**$208.0**

Q. Does this conclude your testimony?

A. Yes, it does.

C8-849

(Whereupon, prefiled direct testimony of Tomer Kopelovich was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF TOMER KOPELOVICH

DOCKET NO. 20240010-EI

JULY 1, 2024

Q. Please state your name and business address.

A. My name is Tomer Kopelovich. My business address is 24715 Portofino Drive; Lutz, FL; 33559.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Public Utility Analyst IV. I have been employed by the Commission since October 2002.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from University of South Florida in 1991 with a Bachelor of Science degree in Finance. I have worked for the Florida Public Service Commission for 21 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits. I am also a Certified Public Accountant.

Q. Please describe your current responsibilities.

A. My responsibilities consist of planning and conducting utility audits of manual and automated accounting systems for historical and forecasted data.

Q. Have you previously presented testimony before this Commission?

A. Yes. I presented testimony in several dockets before this Commission. Those dockets include Docket Nos. 20090001-EI, 20110001-EI, 20240026-EI, and 20230020-EI.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Florida Power

And Light Company which addresses the Utility's filing in Docket No. 20240010-EI. An Auditor's Report was filed in the docket on July 1, 2024. This report is filed with my Testimony and is identified as Exhibit TK-1.

Q. Was this audit prepared by you or under your direction?

A. Yes. I prepared the audit.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit TK-1, pages 2 and 3.

Q. Were there any audit findings in the Auditor's Report (Exhibit TK-1) which address the schedules prepared by the Utility in support of its filing in Docket No. 20240010-EI?

A. No.

Q. Does that conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Ron Mavrides was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF RON MAVRIDES

DOCKET NO. 20240010-EI

JULY 1, 2024

Q. Please state your name and business address.

A. My name is Ron Mavrides. My business address is 14507 Brentwood Drive, Tampa, FL, 33618.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst III. I have been employed by the Commission since October 2007.

Q. Please give a brief description of your educational background and professional experience.

A. I received a Bachelor of Science Degree in accounting from the University of Central Florida in 1990. I am also a Certified Management Accountant, a Certified Internal Auditor and a Certified Government Auditing Professional. I have worked for the FPSC for 16 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. My responsibilities consist of planning and conducting utility audits of manual and automated accounting systems for historical and forecasted data.

Q. Have you previously presented testimony before this Commission?

A. Yes. I presented testimony in numerous dockets before this Commission. Those dockets include Docket Nos. 20090001-EI, 20110001-EI, 20230019-EI, and I filed testimony in the Nuclear Cost Recovery Clause Docket Nos. 20140009-EI, 20150009-EI, 20160009-EI, and 20170009-EI.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Tampa Electric Company, which addresses the Utility's filing in Docket No. 20240010-EI. An Auditor's Report was issued in Docket 20240010-EI. This report is filed with my testimony and is identified as Exhibit RM-1.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared by me and under my direction.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit RM-1 pages 2 and 3.

Q. Please review the audit findings in this audit report.

A. There were no audit findings.

Q. Does that conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Donna D. Brown was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF DONNA D. BROWN

DOCKET NO. 20240010-EI

JULY 1, 2024

Q. Please state your name and business address.

A. My name is Donna D. Brown. My business address is 2540 Shumard Oak Blvd; Tallahassee, FL 32399.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as the Bureau Chief of Auditing. I have been employed by the Commission since February 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree in Accounting. In 2018, I received my Masters in Business Administration from Troy University. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits, to ensure utility compliance with FPSC rules, policies and procedures.

Q. Have you previously presented testimony before this Commission?

C11-1416

A. Yes. I have presented testimony in numerous dockets before this Commission. Those dockets include Dockets 20110001-EI; 20160186-EI; 20160001-EI; 20160251-EI; 20180001-EI, and 20230023-GU.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Duke Energy Florida, LLC (DEF or Utility), which addresses the Utility's filing in Docket No. 20240010-EI. An Auditor's Report was issued in the docket on July 1, 2024. This report is filed with my testimony and is identified as Exhibit DDB-1.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared under my direction.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit DDB-1, pages 2 and 3.

Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-1) which address the schedules prepared by the Utility in support of its filing in Docket No. 20240010-EI?

A. No.

Q. Does that conclude your testimony?

A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF DONNA D. BROWN

DOCKET NO. 20240010-EI

JULY 1, 2024

Q. Please state your name and business address.

A. My name is Donna D. Brown. My business address is 2540 Shumard Oak Blvd; Tallahassee, FL 32399.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as the Bureau Chief of Auditing. I have been employed by the Commission since February 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree in Accounting. In 2018, I received my Masters in Business Administration from Troy University. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits, to ensure utility compliance with FPSC rules, policies and procedures.

Q. Have you previously presented testimony before this Commission?

C11-1426

A. Yes. I have presented testimony in numerous dockets before this Commission. Those dockets include Dockets 20110001-EI; 20160186-EI; 20160001-EI; 20160251-EI; 20180001-EI, and 20230023-GU.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Florida Public Utilities Company (FPUC or Utility), which addresses the Utility's filing in Docket No. 20240010-EI. An Auditor's Report was issued in the docket on July 1, 2024. This report is filed with my testimony and is identified as Exhibit DDB-2.

Q. Was this audit prepared by you or under your direction?

A. Yes.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit DDB-2, pages 2 and 3.

Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-2) which address the schedules prepared by the Utility in support of its filing in Docket No. 20240010-EI?

A. No.

Q. Does that conclude your testimony?

A. Yes, it does.

CHAIRMAN LA ROSA: Let's move to opening statements. Each party shall have three minutes for opening statements at this time to be shared, again, amongst the parties. The parties may of, course, waive their opening statements if they would like.

Let's start with FPL.

MR. WRIGHT: Thank you, and good morning, Commissioners.

Pending before you are Type 2 stipulations that, if approved here today, will fully resolve all FPL issues in this docket.

FPL would like to thank Mr. Rehwinkel and the Office of Public Counsel for their time and effort to work collaboratively with the company and facilitate these Type 2 stipulations. These stipulations are fully supported by FPL's testimony, exhibits and discovery responses that have just been entered into the record.

With Hurricane Helene fast approaching Florida, it is an unfortunate reminder of the realities of working and living here in Florida. It also underscores the importance of storm preparedness, the critical work being completed through the storm protection plan, and the work being done here today by the Commissioners, the intervenors and the utilities in this docket. However, no electric system can be made completely resilient of the impacts of extreme weather events. FPL encourages everyone in the path of Hurricane Helene to get prepared and please stay safe.

Thank you. And we ask at the appropriate time you approve the stipulations.

CHAIRMAN LA ROSA: Thank you.

Let's move to TECO.

MR. MEANS: Thank you, Mr. Chairman.

We would just like to thank Mr. Rehwinkel for collaborating with us on these stipulations, and thank your staff for their hard work on this additional docket, and ask you to approve our stipulations as filed.

Thank you.

CHAIRMAN LA ROSA: Thank you.

FPUC.

MS. KEATING: Thank you, Commissioners.

FPUC would just like to echo the sentiments of our colleagues here at the table, thank staff, thank the intervenors, especially OPC, and ask that you approve our stipulations.

CHAIRMAN LA ROSA: Thank you.

Duke.

MR. BERNIER: Thank you, Mr. Chairman.

We echo the comments towards the collaborative nature of the docket, and definitely encourage anybody that might be listening to prepare for the storm as it's bearing down on us. We urge you to approve the stipulations.

Thank you.

CHAIRMAN LA ROSA: Thank you.

OPC.

MR. REHWINKEL: Thank you, Mr. Chairman.

Our position is set out in the Prehearing Statement and we commend that to you.

I would like to return the thanks to counsel for all four utilities for their diligent and timely efforts to resolve this docket. What they have presented to you, and what the stipulations present, is a resolution of the docket that we can facilitate with the Type 2 stipulations. I think it's a good outcome for everyone.

The decisions that led to today were made in the storm protection plan, and they are executing that. We have our differences about the plan, but we support their efforts to execute the plan now that's been approved, and we commend them for going out and hardening the system and making it resilient.

So we think it's a optimal situation for everyone. And we would also like to state that we wish well all the utility workers who are going to be doing the good work to restore service and keep customers safe and supplying electricity, so thank you very much.

CHAIRMAN LA ROSA: Thank you.

Let's move on to discussions and decisions. Staff, what is the procedural posture for addressing issues that are in the docket?

MR. DOSE: On September 5th, 2024, FPL filed a set of proposed stipulations that would fully resolve all FPL issues in this docket. On September 6th, DEF filed a set of proposed of stipulations that would resolve all DEF issues in this docket. And then on September 9th, FPUC and TECO each filed a set of proposed stipulations that would fully resolve each of their issues in this docket.

OPC facilitated these filings as Type 2 stipulations. OPC's specific positions are fully set forth in the Prehearing Order. FIPUG, White Springs and Nucor all join in OPC's positions.

These four sets of stipulations fully address all issues in this docket. No party objects to the stipulations. Accordingly, staff believes that the Commission is in a position to take a bench vote on the proposed stipulations as a full resolution of all issues in this docket should it wish to do so, and provided the parties are willing to waive briefs.

CHAIRMAN LA ROSA: Okay. So then to be clear for the record, are the parties wanting the opportunity to file hearing briefs? No. Okay.

Okay. Then, Commissioners, we can take up four sets of the proposed stipulations. Are there any questions or discussions to be had of staff? Questions or discussions?

Seeing none, then I will open the floor for a motion if there is one.

COMMISSIONER CLARK: Mr. Chairman, I move to approve the proposed stipulations.

COMMISSIONER GRAHAM: Second.

CHAIRMAN LA ROSA: All right. Well, hearing a motion, and hearing a second.

All those in favor signify by saying yay.

(Chorus of yays.)

CHAIRMAN LA ROSA: Yay.

Opposed no.

(No. response.)

CHAIRMAN LA ROSA: All right. Show that it is approved.

Staff, are there any other concluding matters that are before us that need to be addressed?

MR. DOSE: Staff has nothing further.

CHAIRMAN LA ROSA: Okay. Do any of the parties have any additional items that need to be addressed?

All right. Well, seeing none, well, then that was relatively quick.

Everyone that's out there, of course, please be safe as this hurricane is approaching. Do everything, of course, we need to do to keep our families safe. And again, thank you all for coming in this morning under the circumstances.

We are adjourned.

(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 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 10th day of October, 2024.

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