BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Review of Storm Protection Plan Pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company	)	DOCKET NO. 20220048-EI
	)	FILED: May 11, 2022

TAMPA ELECTRIC COMPANY'S
NOTICE OF WITNESS SUBSTITUTION

TO: ALL PARTIES OF RECORD

Please take notice that Richard Latta, Utility Controller for Tampa Electric Company, will serve as Tampa Electric's witness in place of Tampa Electric witness A. Sloan Lewis, who previously submitted testimony in this docket on April 11, 2022. *See* Doc. No. 02353-2022. Mr. Latta's Direct Testimony, which is attached, will substitute for Ms. Lewis' testimony. This Direct Testimony is identical to Ms. Lewis' other than the responses to those questions that ask about the witness' identity and qualifications.

DATED this 11th day of May 2022.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Witness Substitution, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 11th day of May 2022 to the following:

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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220048-EI

TAMPA ELECTRIC'S 2022-2031 STORM PROTECTION PLAN

TESTIMONY AND EXHIBIT

OF

RICHARD J. LATTA

FILED: MAY 11, 2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

RICHARD J. LATTA

INTRODUCTION:

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

A. My name is Richard J. Latta. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the Company") in the Finance Department as Utility Controller.

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

A. My duties and responsibilities include maintaining the financial books and records of the company and for the determination and implementation of accounting policies and practices for Tampa Electric. I am also responsible for budgeting activities within the company, which includes business planning, as well as general accounting, regulatory accounting, plant accounting, regulatory tax accounting, and financial reporting.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of South Florida in 2005 with a Bachelor of Science degree in Accounting and a Master of Accountancy in 2007. I am a Certified Public Accountant in the State of Florida. I joined Tampa Electric in 2001 as a Customer Service Representative. Upon completion of my Accounting degree, I joined Tampa Electric's Accounting Department in 2005 as a Financial Reporting Accountant working on the Conservation and Environmental clauses. I held and expanded my roles within Tampa Electric's Accounting Department until I moved to TECO Services Inc. in 2014 as a Corporate Accounting Manager. I returned to Tampa Electric's Accounting Department in 2017 as the Director of Financial Reporting. I am currently the Controller of Tampa Electric and have held this role since July 2021.

Q. Other than describing your background and qualifications, is the remainder of your testimony the same as that set forth in the testimony of A. Sloan Lewis that was filed in this proceeding on April 11, 2022.

A. Yes, it is.

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

A. The purpose of my testimony in this proceeding is to demonstrate that the company's 2022-2031 Storm Protection Plan complies with Rule 25-6.030(g)-(h), Florida Administrative Code, *i.e.*, the Storm Protection Plan ("SPP") rule. Section 3(g) requires a utility to provide an estimate of the annual jurisdictional revenue requirements for each year of its SPP. Section 3(h) requires a utility to provide an estimate of rate impacts for each of the first three years of the SPP for the utility's typical residential, commercial, and industrial customers. My testimony also explains the methodology used to calculate these estimates.

Q. Have you prepared an exhibit to accompany your direct testimony?

A. Yes. Exhibit No. RJL-1, entitled "Tampa Electric's 2022-2031 SPP Total Revenue Requirements by Program" was prepared under my direction and supervision. This Exhibit shows the Annual Revenue Requirement for the company's 2022-2031 SPP Programs.

CALCULATION OF THE ESTIMATED ANNUAL JURISDICTIONAL REVENUE REQUIREMENTS FOR TAMPA ELECTRIC'S 2022-2031 STORM PROTECTION PLAN

Q. What are the estimated annual jurisdictional revenue requirements for each year of the company's proposed SPP?

A. The estimated annual jurisdictional revenue requirements for each year of the SPP are included in the table below. The revenue requirements of each SPP program are set out in my Exhibit No. RJL-1.

Total SPP Revenue Requirement (2022-2031)

YEAR	Revenue Requirements
2022	$47,877,941
2023	$69,433,375
2024	$87,196,252
2025	$107,222,775
2026	$127,418,631
2027	$147,273,337
2028	$167,170,904
2029	$186,443,478
2030	$205,728,771
2031	$224,897,513

Q. How were the estimated annual jurisdictional revenue requirements for the proposed plan developed?

A. The estimated annual jurisdictional 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), 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. Yes. The revenue requirement amounts shown above reflect all of the investments and expenses associated with the activities in the plan without regard to whether the costs are recovered through the company's existing base rates and charges or through the company's Storm Protection Cost Recovery Clause ("SPPCRC"). The SPP statute requires utilities to submit a plan explaining the utility's "systematic approach" to storm protection, which includes existing storm hardening activities that were previously established and were not "new" or "incremental" to the new proposed storm protection activities. In the company's Commission approved "2020 Agreement" the costs of some existing storm hardening activities that were being recovered through base rates were transitioned to recovery through the SPPCRC, while others were chosen to remain being recovered through base rates. The existing storm hardening programs that were chosen to remain in base rates were the

following:

- Distribution Pole Replacements (Capital and O&M)
- Distribution Unplanned Vegetation Management
- Transmission Unplanned Vegetation Management
- Legacy Storm Hardening Plan Activities

The storm hardening programs that were chosen to be transitioned from base rate recovery to be recovered through the SPPCRC were the following:

- Transmission Asset Upgrades
- Distribution Planned Vegetation Management
- Transmission Planned Vegetation Management
- Distribution Infrastructure Inspections
- Transmission Infrastructure Inspections

Q. Is Tampa Electric intending to shift any of the current base rate recovered storm protection activities to recovery through the SPPCRC?

A. No.

Q. Did Tampa Electric make the agreed upon adjustments to ensure that no double recovery was occurring when it transitioned the base rate recovered activities to the SPPCRC?

A. Yes. Tampa Electric made two adjustments to ensure that all SPP costs that would be recovered through the SPPCRC were incremental and that no double recovery was occurring. First, the company reduced the filed amount of SPPCRC cost recovery in 2020 by $10.4 million dollars. This adjustment ensured that when Tampa Electric started the company's SPPCRC, those base rate activities would be removed from the total SPPCRC costs. The second adjustment was made by lowering base rates by $15 million dollars as of January 1, 2021 to recognize these activities would be removed on an ongoing basis from base rates and only be recovered through the SPPCRC.

Q. Do the estimated annual jurisdictional 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 estimated annual jurisdictional revenue requirements include the annual depreciation expense calculated on the SPP capital expenditures, *i.e.*, those initiated after April 10, 2020, using the depreciation rates from Tampa Electric's most current Depreciation Study, approved in PSC-2021-0423-S-EI on November 10, 2021.

Q. Was 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 has been reduced by the depreciation expense savings resulting from the estimated retirement of assets removed from service during the SPP capital projects.

Q. Do the estimated annual jurisdictional 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 FPSC Order No. PSC-2021-0423-S-EI, which approved the company's 2021 Stipulation and Settlement Agreement. Tampa Electric calculated a return on the undepreciated balance of the asset costs at a weighted average cost of capital using the return on equity of 9.5 percent which is based upon the 2021 Stipulation and Settlement Agreement.

Q. In the calculation of the estimated annual jurisdictional revenue requirements did the company include Allowance for Funds Used During Construction ("AFUDC")?

A. No. Per Rule 25-6.0141, F.A.C, 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 proposed in Tampa Electric's 2022-2031 SPP meet the criteria for AFUDC eligibility.

Q. Does Tampa Electric intend to continue to seek recovery of the appropriate estimated SPP costs through the SPPCRC, in accordance with FAC rule 26-6.031?

A. Yes, Tampa Electric will continue to file for cost recovery of the estimated SPP costs through the SPPCRC.

CALCULATION OF THE ESTIMATED RATE IMPACTS FOR YEARS 2022-2024 OF THE STORM PROTECTION PLAN

Q. Please provide an estimate of rate impacts for each of the first three years of the proposed SPP for typical Tampa

Electric residential, commercial, and industrial customers.

A. Tampa Electric prepared estimated rate impacts of the SPP for 2022, 2023, and 2024. The estimated rate impacts for each of the first three years of the proposed SPP for a typical residential, commercial, and industrial Tampa Electric customer are listed in the table below.

	Tampa Electric's Storm Protection Plan "Total Cost" Customer Bill Impacts (in percent)			
	Customer Class			
	Residential 1000 kWh	Residential 1250 kWh	Commercial 1 MW 60 percent Load Factor	Industrial 10 MW 60 percent Load Factor
2022	2.70%	2.70%	1.17%	1.08%
2023	4.13%	4.13%	1.28%	1.19%
2024	5.31%	5.31%	1.37%	1.29%

Q. How were the estimated rate impacts for each of the first three years of the proposed SPP for a typical residential and commercial/industrial customer determined?

A. For each year, the programs were itemized and identified as either substation, transmission, or distribution costs. Each of those functionalized costs was then allocated to rate class using the allocation factors for that function.

The allocation factors were from the Tampa Electric's 2021 Cost of Service Study that was approved in the company's 2021 Settlement in Docket No. 20210034-EI. Once the total SPP revenue requirement recovery allocation to the rate classes was derived, the rates were determined in the same manner. For Residential, the charge is a kWh charge. For both Commercial and Industrial, the charge is a kW charge. The estimated charges are derived by dividing the rate class allocated SPP revenue requirements by the 2022 energy billing determinants (for residential) and by the 2022 demand billing determinants (for commercial and industrial). Those charges were then applied to the billing determinants associated with typical bills for each group to calculate the impact on those bills. This was done using the costs for each year 2022, 2023 and 2024 for those bills.

Q. Will the rates established through the SPPCRC differ from those presented in the rate impact calculations in the SPP?

A. Yes. The rate impacts presented above reflect the "all-in" costs of the company's SPP without regard to whether the costs are or will be recovered through the SPPCRC or through the company's base rates and charges.

In addition, when it makes its SPPCRC filing, the company

will use more recent billing determinants based on the most current load forecast.

The company will also continue to take steps to prevent double recovery of any costs through both base rates and the clause.

CONCLUSIONS

Q. Please summarize your direct testimony.

A. My testimony and exhibit demonstrate that Tampa Electric's estimated annual jurisdictional revenue requirements for each of the 10 years of the SPP and rate impacts for each of the first 3 years of the SPP for the utility's typical residential, commercial, and industrial customers comply with Rule 25-6.030(3)(g)-(h). These calculations were performed in accordance with the requirements of Section 366.96, Florida Statutes and the implementing Rule 25-6.030, F.A.C., adopted by the Commission.

Q. Does this conclude your testimony?

A. Yes.

EXHIBIT

OF

RICHARD J. LATTA

Tampa Electric's 2022-2031 Storm Protection Plan Total Revenue Requirements by Program (in Millions)											
Capital	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Distribution Lateral Undergrounding	$9.22	$19.87	$30.81	$42.16	$53.87	$65.44	$76.79	$87.93	$99.25	$110.71	$596.06
Transmission Asset Upgrades	$2.90	$4.99	$6.72	$8.43	$10.26	$12.04	$13.71	$15.35	$16.33	$16.28	$107.01
Distribution - Substation Extreme Weather Protection	$0.00	$0.02	$0.15	$0.34	$0.54	$0.72	$0.93	$1.11	$1.34	$1.56	$6.70
Transmission - Substation Extreme Weather Protection	$0.00	$0.00	$0.08	$0.23	$0.40	$0.55	$0.74	$0.90	$1.10	$1.29	$5.27
Distribution Overhead Feeder Hardening	$3.31	$7.36	$10.61	$13.82	$17.37	$20.84	$24.21	$27.48	$30.93	$34.69	$190.62
Transmission Access Enhancements	$0.15	$0.42	$0.71	$1.03	$1.39	$1.73	$2.05	$2.34	$2.58	$2.86	$15.27
Distribution Pole Replacements	$1.59	$3.14	$4.69	$6.26	$7.57	$8.53	$9.48	$10.42	$11.45	$12.57	$75.70
O&M	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Distribution Lateral Undergrounding	$0.18	$0.18	$0.18	$0.15	$0.19	$0.20	$0.20	$0.21	$0.21	$0.33	$2.02
Distribution Vegetation Management - planned	$21.16	$24.00	$24.22	$25.65	$26.77	$27.99	$29.52	$30.94	$32.50	$34.27	$277.02
Distribution Vegetation Management - unplanned	$1.40	$1.40	$1.40	$1.30	$1.30	$1.30	$1.40	$1.40	$1.30	$1.30	$13.50
Transmission Vegetation Management - planned	$3.37	$3.41	$2.83	$2.92	$3.01	$3.08	$3.15	$3.22	$3.39	$3.55	$31.94
Transmission Vegetation Management - unplanned	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Transmission Asset Upgrades	$0.46	$0.49	$0.50	$0.51	$0.52	$0.53	$0.54	$0.55	$0.56	$0.57	$5.23
Distribution - Substation Extreme Weather Protection	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Transmission - Substation Extreme Weather Protection	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distribution Overhead Feeder Hardening	$0.56	$0.62	$0.67	$0.72	$0.77	$0.82	$0.87	$0.92	$0.97	$1.02	$7.94
Transmission Access Enhancements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Distribution Infrastructure Inspections	$1.02	$1.04	$1.06	$1.08	$1.10	$1.13	$1.15	$1.17	$1.20	$1.22	$11.17
Transmission Infrastructure Inspections	$0.54	$0.51	$0.52	$0.53	$0.54	$0.55	$0.56	$0.57	$0.58	$0.59	$5.49
SPP Planning & Common	$0.92	$0.87	$0.88	$0.90	$0.92	$0.94	$0.96	$0.98	$1.00	$1.02	$9.37
Other Legacy Storm Hardening Plan Items	$0.29	$0.29	$0.30	$0.30	$0.31	$0.32	$0.32	$0.33	$0.34	$0.34	$3.14
Distribution Pole Replacements	$0.81	$0.83	$0.86	$0.88	$0.59	$0.60	$0.61	$0.62	$0.71	$0.72	$7.23

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FILED: 05/11/2022