



**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220048-EI**

**TAMPA ELECTRIC'S  
2022-2031  
STORM PROTECTION PLAN**

**REBUTTAL TESTIMONY**

**OF**

**DAVID A. PICKLES**

**FILED: June 21, 2022**

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INTRODUCTION

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

A. My name is David A. Pickles. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the company") as Vice President of Electric Delivery and Asset Management for Electric Delivery/Energy Supply.

Q. Are you the same David A. Pickles who filed direct testimony in this proceeding?

A. Yes, I am.

1     **Q.**   What is the purpose of your rebuttal testimony in this  
2           proceeding?

3  
4     **A.**   The purpose of my rebuttal testimony is to address the  
5           deficiencies and misconceptions in the direct testimony  
6           of Lane Kollen and Kevin J. Mara, both of whom are  
7           testifying on behalf of the Office of Public Counsel.

8  
9     **Q.**   Do you have any general comments regarding the overall  
10          direct testimony of Lane Kollen and Kevin J. Mara?

11  
12    **A.**   Yes.   The Office of Public Counsel's witnesses generally  
13          make three recommendations to the Commission.  First, they  
14          suggest that the Commission should develop guidelines of  
15          general applicability for all four investor-owned utility  
16          Storm Protection Plans ("SPPs").  Second, they advocate for  
17          the use of a traditional utility cost-benefit analysis in  
18          evaluating SPP Programs and Projects.  Third, they propose  
19          exclusion of some of Tampa Electric's SPP programs and  
20          budget reductions for other programs.  As I explain in my  
21          testimony, the Commission should reject each of these  
22          proposals as inconsistent with Section 366.96 of the  
23          Florida Statutes (the "SPP Statute") and because these  
24          proposals lack a reasoned basis in the record for this  
25          docket.

1 I am confident that the company is managing the SPP program  
2 in compliance with the statute and is committed to storm  
3 hardening the system. These investments are made in full  
4 support of reducing restoration costs and outage times  
5 during extreme weather events. Mr. Kollen and Mr. Mara  
6 essentially urge the adoption of arbitrary reductions that  
7 lack any legitimate basis or foundation, and that appear to  
8 be based on a desire simply to slow down the pace of  
9 investments, which will further delay realization of  
10 benefits from those future investments.

11  
12 **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN:**

13  
14 **Q.** You previously stated that Mr. Kollen recommends guidelines  
15 of general applicability for the Commission's review of  
16 utility SPPs. Can you explain what this means?

17  
18 **A.** On page 7 of his testimony, Mr. Kollen argues that the  
19 Commission should develop "threshold decision criteria for  
20 the selection, ranking, and magnitude of the SPP programs  
21 and projects..." On page 21, he suggests that these should be  
22 "specific decision criteria for the selection, ranking, and  
23 magnitude of the utilities' SPP programs and projects."

24  
25 **Q.** Do you agree with this proposal?

1     **A.**     I do not, for three reasons.

2  
3           First, although I am not a lawyer, I do not read the SPP  
4           Statute as requiring the Commission to adopt "specific  
5           decision criteria." Rather, the SPP Statute directs the  
6           utilities to submit plans and directs the Commission to  
7           evaluate them. The Commission opened four separate  
8           dockets - one for each investor-owned utility - for this  
9           purpose. The SPP Statute does include factors that the  
10          Commission must consider in evaluating plans, but none of  
11          these factors includes "threshold decision criteria" of  
12          the type suggested by Mr. Kollen. For example, the SPP  
13          Statute directs the Commission to consider the "estimated  
14          costs and benefits" of the SPP but does not require the  
15          Commission to adopt a universally applicable threshold  
16          ratio for costs and benefits.

17  
18          Second, each of the utilities is unique, so it is unlikely  
19          that a one-size-fits-all approach would be appropriate.  
20          Tampa Electric's electrical system is different than the  
21          systems for Florida Power and Light and Duke Energy  
22          Florida. The company has different costs, different  
23          proportions of urban and rural areas, differing coast  
24          lines, differing areas with and without vegetation, and  
25          many other attributes including electrical systems that

1 contain different equipment. Common criteria would place  
2 favoritism on some customers and even the utility, and  
3 what works for one utility may be very problematic for  
4 another.

5  
6 Third, although it may be useful to develop guidelines of  
7 general applicability at some point, we are still in the  
8 first three years of the life of the SPP Statute and,  
9 from Tampa Electric's perspective, we do not have enough  
10 experience implementing a SPP to adopt such guidelines.  
11 For instance, the company has proposed several  
12 improvements to the Distribution Lateral Undergrounding  
13 Program in the 2022 SPP based on the company's experience  
14 with implementing that program over the last two years.

15  
16 For these reasons, Tampa Electric urges the Commission to  
17 evaluate the company's 2022 SPP based on the evidence in  
18 the record, the unique characteristics and circumstances  
19 of its system, and the SPP Statute.

20  
21 **Q.** In addition to his proposal for universal specific  
22 decision criteria, Mr. Kollen critiques the company's  
23 benefits assessment on page 15 by alleging that it does  
24 not include cost-benefit analysis as a "threshold  
25 decision criterion" and asserts that the company's

1 analysis results in "excessive dollar benefits." He also  
2 presents his own cost-benefit analysis on page 7 of his  
3 testimony. Do you have any issues with his critiques and  
4 his own cost-benefit assessment?

5  
6 **A.** Yes, I have several issues. First, his assessment on  
7 page 7 ignores the second benefit stream required by the  
8 statute, the decrease in customer outages. His assessment  
9 only reflects the decrease in storm restoration costs.  
10 Major events impact Tampa Electric's customers in terms  
11 of the high cost to restore the system and significant  
12 personal impact from being without electrical service for  
13 extended periods of time. The statute is rightly customer  
14 centric in the benefits requirements. Tampa Electric's  
15 SPP takes both of these benefit streams into consideration  
16 and ensures each program and project is aligned to the  
17 statute's customer centric approach.

18  
19 Second, on page 15 of his testimony, he incorrectly  
20 asserts that Tampa Electric did not use a cost benefit  
21 analysis to screen projects. Projects were prioritized  
22 based on the highest resiliency benefit cost ratio, where  
23 resilience benefits are the sum of the avoided restoration  
24 costs and monetized avoided customer outages. Witness De  
25 Stigter describes this approach on pages 11-12 of his

1 direct testimony.

2

3 **Q.** Does Mr. Kollen suggest adoption of a specific cost-benefit  
4 ratio?

5

6 **A.** Yes, Mr. Kollen suggests that the Commission should screen  
7 any project with a cost-benefit ratio of less than 100  
8 percent. On page 17, he suggests that this ratio should be  
9 calculated with benefits defined as avoided restoration  
10 costs and avoided O&M costs and cost defined as the sum of  
11 annual revenue requirements for the program or project.

12

13 **Q.** What is Mr. Kollen's basis for this proposed cost-benefit  
14 screen?

15

16 **A.** On page 21, Mr. Kollen asserts that a specific cost-benefit  
17 screening criterion is necessary because SPP programs and  
18 projects are "discretionary."

19

20 **Q.** Do you agree with this characterization of the SPP  
21 activities as discretionary?

22

23 **A.** No, I do not. The SPP Statute makes it clear that  
24 completion of storm protection activities is mandatory.  
25 First, it states that each public utility "shall file" a



1 SPP. Next, it states that this SPP "must explain the  
2 systematic approach the utility will follow to achieve  
3 the objectives of reducing restoration costs and outage  
4 times associated with extreme weather."  
5

6 **Q.** Do you agree with the proposed 100 percent cost-benefit  
7 ratio screen for SPP programs and projects?  
8

9 **A.** No. I generally agree with Mr. Kollen's principles that  
10 benefits should outweigh costs in investment decision  
11 making, however, restricting that to only a financial  
12 metric is not sound in all circumstances. Since SPP  
13 activities are mandatory, I think Mr. Kollen and Mr. Mara  
14 should look beyond a traditional, financial cost-benefit  
15 analysis.  
16

17 Although I am not a lawyer, my reading of the SPP Statute  
18 leads me to believe that the Florida Legislature  
19 understood that outages associated with extreme weather  
20 have an economic impact on the State of Florida and  
21 electric customers that does not show up in a comparison  
22 of project costs with avoided restoration costs. For  
23 instance, Tampa Electric considered the safety of  
24 employees and the general public, the duty to serve, and  
25 other factors on top of the financial cost when evaluating

1 the benefits of investment. For the SPP, the duty to  
2 serve benefit stream was quantified based on the avoided  
3 outages from storms. While not overtly quantified, it  
4 should be noted that decreasing storm outage impact will  
5 also decrease safety risk as fewer crews are exposed to  
6 dangerous circumstances during storm events. Restricting  
7 a benefits assessment for storm protection purposes to  
8 only a financial evaluation will drive outcomes that are  
9 contrary to the best interest of Tampa Electric's  
10 customers and contrary to the intent of the SPP Statute.

11  
12 **R.** On Page 9 line 15, Mr. Kollen states that "the utilities  
13 did not, with limited exceptions, explicitly exclude the  
14 costs presently recovered in base rates or expressly  
15 account for any avoided cost saving", do you agree with  
16 his assessment?

17  
18 **A.** No, Mr. Kollen is incorrect. In Tampa Electric's initial  
19 2020-2029 SPP and in the company's initial SPPCRRC  
20 projection filing, the Commission approved the company's  
21 2020 Stipulation and Settlement which required the  
22 company to reduce the amount of costs charged to the  
23 SPPCRRC in 2020 by \$10.4 Million and to make a reduction  
24 to base rates at the beginning of 2021 in the amount of  
25 \$15.0 Million to shift cost recovery for some existing

1 storm hardening activities to the SPPCRC going forward  
2 and to avoid any type of double recovery. Both of these  
3 adjustments were transparently made. In addition, since  
4 that time the company has completed a rate case in which  
5 all SPPCRC costs were removed as required from base rates,  
6 again to ensure there would be no chance of double  
7 recovery.

8  
9 Mr. Kollen also alleges that the company would retain the  
10 benefit of any costs avoided by SPP projects. This is  
11 inaccurate. One of the main benefits of the SPP will be  
12 a reduction in storm restoration costs. Restoration costs  
13 during extreme weather events, such as named hurricanes,  
14 are not included in base rates. These costs are charged  
15 against Tampa Electric's storm reserve. The  
16 replenishment of the company's storm reserve occurs in a  
17 separate proceeding in which the costs are reviewed and  
18 approved by the Commission. In this separate proceeding,  
19 the company would request a surcharge be placed on  
20 electric bills to recover the storm costs from all  
21 customers, so any reduction in outages and restoration  
22 costs provided by the company's SPP would benefit all  
23 customers.

24  
25 **Q.** On Page 14, Mr. Kollen states that utilities should

1       exclude programs and projects that "are within the scope  
2       of their existing base rate programs and base rate  
3       recoveries" from their SPPs. Do you agree?  
4

5       **A.** No, I do not. Mr. Kollen's statement clearly contradicts  
6       the Statute and the Commission's obligations requiring  
7       Tampa Electric and the other utilities to files SPPs. In  
8       fact, his statement would essentially eliminate any SPP  
9       from being developed as the majority of the activities  
10      that Tampa Electric performs, at one time or another in  
11      its history were recovered in base rates. Furthermore,  
12      some of the activities included in the company's SPP are  
13      recovered through base rates. This is because the SPP  
14      Statute requires the SPP to include the company's  
15      comprehensive, "systematic approach" to storm hardening  
16      and does not require the company to exclude activities  
17      included in base rates from the SPP. As explained above,  
18      the costs of these activities included in base rates are  
19      excluded from the SPPCRRC to avoid double recovery. In  
20      addition, his statements are not supported by any rigorous  
21      analysis or basis in the record of this proceeding.  
22

23      **REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA:**

24      **Q.** On Page 6, line 19, Mr. Mara states that there are two  
25      criteria that must be central in each SPP program and

1 project: (1) Reduce restoration costs, and (2) Reduce  
2 outage times. Do you agree with this statement?

3  
4 **A.** Yes, I do. All of Tampa Electric's proposed SPP programs  
5 and projects are designed to reduce restoration costs and  
6 to reduce outage times.

7  
8 **Q.** On Page 7, line 4, Mr. Mara states that any program can  
9 claim to reduce outage costs and outage time; however, the  
10 program must be cost-effective for customers to benefit.  
11 To summarize, the Rule require a two-prong test for  
12 consideration of a program; reduction in outage costs and  
13 reduction in outage time. Do you agree with this assessment  
14 and summary?

15  
16 **A.** As I stated before, I do agree that each SPP program and  
17 project should reduce restoration costs and reduce outage  
18 times. I do not, however, believe the distinction has  
19 been made that these two benefits from each SPP program  
20 and project fall into a strict two prong test. I also  
21 disagree with what I believe is Mr. Mara's perspective of  
22 what is cost-effective. In short, I believe Mr. Kollen  
23 and Mr. Mara view cost-effectiveness solely in terms of  
24 whether the program pays for itself in terms of avoided  
25 restoration costs. As I explained above, the SPP Statute

1 is clearly taking a much larger view of the benefits to  
2 the State as a whole.

3  
4 **Q.** On Page 13, Mr. Mara proposes to cut \$570 million from  
5 Tampa Electric's Distribution Lateral Undergrounding  
6 Program. Do you agree with Mr. Mara's proposed limits to  
7 this program?

8  
9 **A.** No, I do not. Mr. Mara's limits are arbitrary and should  
10 be rejected. On page 26, Mr. Mara explains that his  
11 proposed cuts to the lateral undergrounding program are  
12 based only on his judgment that the proposed cut "better  
13 balances the rate impact of the spending with the  
14 benefits." The arbitrary nature of this reduction can be  
15 seen in several ways. First, he does not identify  
16 specific lateral undergrounding projects that he believes  
17 should be excluded from the plan. Second, he does not  
18 identify specific facts that reflect unique attributes of  
19 the Tampa Electric system that would justify the cuts to  
20 this program. Third, Mr. Mara fails to recognize that  
21 while the company has filed a plan covering 10 years, the  
22 Commission will have an opportunity to revisit the  
23 company's plan in three years when the company submits a  
24 revised plan for review. To propose sweeping 10-year  
25 reductions when the statute contemplates a three-year

1 review seems arbitrary to me.

2

3 **Q.** Also on page 13, Mr. Mara recommends cutting \$217 million  
4 from the Distribution Overhead Feeder Hardening Program. Do  
5 you agree with this proposed cut?

6

7 **A.** No, I do not. On page 21, Mr. Mara explains that he would  
8 limit investment in the feeder strengthening component of  
9 this program to the budget presented in the company's  
10 2020-2029 SPP. He does not offer any reasoning or  
11 justification based on the company's current SPP or the  
12 record in this docket to support this cut. In my opinion  
13 it is completely arbitrary.

14

15 Mr. Mara also proposes elimination of the automation  
16 component of this Program. I agree with and support the  
17 response to this proposal in the Rebuttal Testimony of  
18 David L. Plusquellic.

19

20 **Q.** On page 13 of his testimony, Mr. Mara proposes to exclude  
21 the Substation and Transmission Access Programs entirely  
22 on the grounds that they do not comply with Rule 25-6.030.  
23 Do you agree with these cuts?

24

25 **A.** No, I do not. I agree with the points made by David L.

1 Plusquellic in his Rebuttal Testimony on this topic.

2

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

4

5 **A.** Yes.

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