

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition for rate increase ) Docket No. 130040-EI  
By Tampa Electric Company )  
 ) Filed: July 15, 2013  
 )  
\_\_\_\_\_ )

**DIRECT TESTIMONY**

**OF**

**HELMUTH W. SCHULTZ, III**

**ON BEHALF OF THE CITIZENS OF FLORIDA**

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4 On Behalf Of the Office of Public Counsel

5 Before the

6 Florida Public Service Commission

7 Docket No. 130040-EI

8 I. INTRODUCTION

9 **Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?**

10 A. My name is Helmuth W. Schultz, III. I am a senior regulatory analyst in the firm of  
11 Larkin & Associates, PLLC, with offices at 15728 Farmington Road, Livonia,  
12 Michigan 48154.

13  
14 **Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.**

15 A. Larkin & Associates, PLLC, is a Certified Public Accounting and Regulatory  
16 Consulting Firm. The firm performs independent regulatory consulting primarily for  
17 public service/utility commission staffs and consumer interest groups (public  
18 counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin &  
19 Associates, PLLC, has extensive experience in the utility regulatory field as expert  
20 witnesses in over 800 regulatory proceedings, including those involving numerous  
21 electric, water and sewer, gas and telephone utilities.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC**  
2 **SERVICE COMMISSION AS AN EXPERT WITNESS?**

3 A. Yes. I have testified before the Florida Public Service Commission (“PSC”) as an  
4 expert witness in the area of regulatory accounting in more than 15 cases.

5  
6 **Q. HAVE YOU PREPARED AN EXHIBIT THAT DESCRIBES YOUR**  
7 **QUALIFICATIONS AND EXPERIENCE?**

8 A. Yes. I have attached Exhibit HWS-1, which is a summary of my regulatory  
9 qualifications and experience. I have also attached Exhibit HWS-2, Schedules C-1  
10 through C-8, which support the adjustments that I have recommended. I would note  
11 that my schedules in Exhibit HWS-2 begin with C-1, to correspond with the Net  
12 Operating Income “C” Schedules in Tampa Electric Company’s Minimum Filing  
13 Requirements (“MFRs”).

14  
15 **Q. BY WHOM WERE YOU RETAINED?**

16 A. Larkin & Associates, PLLC was retained by the Florida Office of Public Counsel  
17 (“OPC”). Accordingly, I am appearing on behalf of the Citizens of Florida  
18 (“Citizens”).

19  
20 **II. PURPOSE OF TESTIMONY**

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. Our firm was asked by OPC to analyze the rate increase requested by Tampa Electric  
2 Company (“Tampa Electric” or “Company”) and provide our analysis of Tampa  
3 Electric’s revenue needs.

4

5 **Q. WHAT ARE THE RESULTS OF YOUR ANALYSIS OF THE REQUESTED**  
6 **INCREASE FOR TAMPA ELECTRIC?**

7 A. I am recommending that the Commission adjust various expenses requested by  
8 Tampa Electric, because the Company's requested expense levels are not justified.  
9 My testimony addresses issues related to payroll, the performance-sharing program,  
10 employee benefits, payroll taxes, directors and officers liability insurance, generation  
11 maintenance expense, rate case expense, the storm reserve and accrual, and tree  
12 trimming. My adjustments are incorporated in OPC’s recommended revenue  
13 requirement calculations and have been reflected in the exhibits of OPC witness  
14 Donna Ramas.

15

16 **III. PAYROLL**

17 **Q. PLEASE EXPLAIN THE PAYROLL ASSUMPTIONS THAT THE**  
18 **COMPANY HAS INCLUDED IN ITS PROJECTED TEST YEAR.**

19 A. The Company’s request assumes an average addition of 114 positions above the 2012  
20 average for a projected number of employees of 2,455. Tampa Electric also projects  
21 an average annual compensation increase of approximately 3%. OPC is not taking  
22 issue with the Company’s request for the 3% base compensation increase.

1 **Q. ARE THERE CONCERNS WITH THE COMPANY'S PAYROLL REQUEST**  
2 **FOR THE PROJECTED TEST YEAR?**

3 A. Yes. The Company's payroll assumption that an average of 114 additional  
4 employees will be required in 2014 is not reasonable and has not been justified by  
5 Tampa Electric.

6

7 **Q. HAVE YOU FOUND ANY INCONSISTENCIES BETWEEN THE**  
8 **COMPANY'S FILING AND ITS RESPONSES TO DISCOVERY**  
9 **REGARDING THE PROJECTED NUMBER OF NEW POSITIONS IN 2014?**

10

11 A. Yes, inconsistencies exist. The Company indicated in its response to Staff's  
12 Interrogatory No. 95 that it projects 82 new positions in 2014, instead of the 114  
13 positions reflected in its MFRs on Schedule C-35 and in the Company's response to  
14 OPC Interrogatory No. 2. Additionally, the response to OPC Interrogatory No. 141  
15 lists 96 new positions.

16

17 **Q. WOULD YOU EXPLAIN WHY THERE IS A DIFFERENCE BETWEEN THE**  
18 **114 AVERAGE ADDITIONAL EMPLOYEES IN THE COMPANY'S MFRS**  
19 **FOR 2014 AND TAMPA ELECTRIC'S RESPONSES TO STAFF'S**  
20 **INTERROGATORY NO. 95 AND OPC INTERROGATORY NO. 141?**

21 A. In its response to Staff's Interrogatory No. 95, the Company does not appear to  
22 include unfilled budgeted vacant positions. As shown on Company MFR Schedule  
23 C-35, the increase in the average positions is 114 when one subtracts the 2012

1 average of 2,341 positions from the 2014 budgeted average of 2,455. The difference  
2 exists in the additional employee count provided in Tampa Electric’s response to  
3 OPC Interrogatory No. 141 because the positions listed are new positions and do not  
4 include vacancies.

5  
6 **Q. WHY IS THE ADDITION OF AN AVERAGE OF 114 EMPLOYEES FOR**  
7 **THE RATE YEAR QUESTIONABLE?**

8 A. The Company’s proposed additions are questionable for three reasons: (1) in Tampa  
9 Electric’s last rate case, Docket No. 080317-EI, the Company’s approved increase in  
10 the number of employees did not materialize; (2) as of March 31, 2013, the actual  
11 employee count was below the projected employee count for March 2013; and (3) the  
12 Company does not provide sufficient support for the additional employees requested.

13  
14 **Q. DO YOU HAVE ANY ADDITIONAL CONCERNS REGARDING TAMPA**  
15 **ELECTRIC’S PAYROLL?**

16 A. Yes. The fact that the Company does not typically budget payroll by projecting the  
17 number of employees adds to my concerns. Tampa Electric’s response to OPC  
18 Interrogatory No. 2 states “Prior to the preparation of the 2013 budget in 2012, the  
19 number of employees was not projected; therefore, the number of budgeted  
20 employees cannot be provided for 2010, 2011 or 2012.” The Company prepared its  
21 filing using budgeted employee counts but apparently did not use the same type of  
22 budgeted information to monitor its performance (i.e., whether actual employee count  
23 tracks the budgeted amount for that time period). This raises serious concerns to me

1 as to how the Company can measure performance when a variance in employee  
2 count, an important component of payroll, is not tracked and/or monitored.

3  
4 **Q. PLEASE EXPLAIN THE HISTORY OF THE COMPANY'S REQUEST FOR**  
5 **ADDITIONAL EMPLOYEES.**

6 A. In its last rate case, Docket No. 080317-EI, the Company proposed an increase of 151  
7 positions from an average of 2,487 in 2007, to 2,638 in its 2008 projected test year.  
8 However, the actual 2008 average number of employees increased to only 2,538; or  
9 100 fewer positions than projected. The Company's response to OPC Interrogatory  
10 No. 56 in Docket No. 080317-EI, showed a decrease in its employee complement in  
11 11 out of 15 years during the period 1992 through 2007. Only in 2006 and 2007 did  
12 Tampa Electric have consecutive increases in the number of its employees.  
13 Moreover, the Company had declines in the average number of positions in 2009,  
14 2010, and 2011 to 2,474, 2,312, and 2,303, respectively. In 2012, there was only a  
15 slight increase to an average of 2,341.

16 In the last rate case, the Commission agreed with my recommendation to  
17 reduce the requested employee complement by 90 positions to a complement of  
18 2,548. When you compare the actual employee complement level that the Company  
19 maintained in 2008, the Commission's adjustment did not reflect a sufficient  
20 reduction. Even with the 90-position reduction, the 2,548-employee complement  
21 allowed the Company to over recover its payroll costs from 2009 through 2012.  
22 Based on Tampa Electric's history, especially after the last rate case, the current  
23 request for 114 additional employees beyond 2012 does not appear to be justified.



1 **Q. WHAT CHANGE OCCURRED AFTER 2008 THAT WOULD HAVE**  
2 **IMPACTED THE EMPLOYEE COMPLEMENT?**

3 A. Based on pages 6 and 7 of Company witness Register’s direct testimony, TECO  
4 Energy, Inc. (“TECO Energy”), Tampa Electric’s parent, undertook a reorganization  
5 that eliminated 169 positions at Tampa Electric. Additionally, in response to OPC  
6 Interrogatory No. 86, the Company indicated that 12 of the 169 positions eliminated  
7 were vacant.

8

9 **Q. ARE THERE PLANS FOR A SIMILAR REORGANIZATION IN THE**  
10 **FUTURE?**

11 A. According to the Company’s response to Staff Interrogatory No. 53, it has no plans  
12 for a similar reorganization in the future.

13

14 **Q. DID THE COMPANY PROVIDE ANY TESTIMONY TO SUPPORT THE**  
15 **ADDITION OF 114 EMPLOYEES IN THE CURRENT CASE?**

16 A. The Company’s attempt to justify its requested increase in employees is inadequate,  
17 in my opinion. Several of the Company’s witnesses address its need for employees;  
18 however, careful analysis shows no basis to believe additional positions are  
19 necessary. On page 7 of her direct testimony, Company witness Young stated that  
20 Tampa Electric “. . . will hire new apprentice linemen, apprentice substation  
21 journeymen, two cable splicers, and a relay tester to meet NERC requirements.” On  
22 page 34 of his direct testimony, Company witness Register references the  
23 “Continuation of a four-year apprentice program for developing and transferring

1 knowledge and skills acquired by journeymen linemen.” However, his testimony  
2 discusses the “continuation” of an apprentice program, not an implementation of a  
3 new hiring program. Page 36 of 41 of Document No. 3, attached to the testimony of  
4 Company witness Chronister, states: “All positions that are budgeted for 2014 will be  
5 filled with qualified employees at rates and in the timeframe that they were  
6 budgeted.” While the employee complement for each month January through March  
7 2013 is higher than the average for 2012, the January through March 2013 employee  
8 count is actually lower than the counts of November and December 2012. None of  
9 these witnesses’ testimony provides justification for adding any of the new positions  
10 or that these new positions would actually be filled. As noted above, Tampa Electric  
11 has a history of requesting significant amounts of additional positions that never are  
12 filled, yet ratepayers are supporting these unfilled positions.

13  
14 **Q. WHAT ABOUT THE NEED FOR THE SKILLED POSITIONS DISCUSSED**  
15 **BY COMPANY WITNESS YOUNG?**

16 A. The Company’s response to Staff Interrogatory No. 49 indicates that 20 skilled  
17 positions will be added in 2013 and again in 2014. Based on the history of the  
18 Apprentice Linemen Program, the addition of 40 skilled positions is a suspect number  
19 for several reasons. First, Tampa Electric’s response to OPC Interrogatory No. 100  
20 indicates that from 2005 through 2013, the average class size in the Company’s  
21 Apprentice Linemen Program was 11.

22 Second, the response also indicates that for 2013, the initial class size is 14 not  
23 the 20 identified in Tampa Electric’s response to Staff Interrogatory No. 49. Further,

1 Tampa Electric's response to OPC Interrogatory No. 141 indicates that of the 96  
2 proposed new positions, there are 16 Apprentice Lineman positions planned for 2013  
3 and 16 Apprentice Lineman positions for 2014. The response also indicates that in  
4 2013 only 14 of the 16 positions were filled.

5 Third, the Company's response to Staff Interrogatory No. 49 states: "The  
6 number hired each year is based on anticipated retirements and the training time for  
7 replacements." While an additional complement of 14 skilled employees may be  
8 hired in 2013, there will be some anticipated retirements from the previous year and  
9 possibly the current year that will offset the cumulative effect to total skilled  
10 positions. As I indicated earlier, Company witness Register indicated that the  
11 Apprentice Linemen Program is a continuation of a program and not the  
12 implementation of a new program. Finally, Tampa Electric's response to OPC  
13 Interrogatory No. 2 shows that the union count was 906 as of December 2012, and  
14 that the count was 894 as of March 2013. So, even though the Company's  
15 Apprentice Linemen Program has 14 new hires in 2013, the union employee count  
16 has declined overall by 12 positions since 2012.

17

18 **Q. WHAT ABOUT COMPANY WITNESS CHRONISTER'S STATEMENT**  
19 **THAT "ALL POSITIONS THAT ARE BUDGETED FOR 2014 WILL BE**  
20 **FILLED WITH QUALIFIED EMPLOYEES AT RATES AND IN THE**  
21 **TIMEFRAME THAT THEY WERE BUDGETED"?**

22 A. The Company's response to OPC Interrogatory No. 2 indicates that Mr. Chronister's  
23 statement regarding all 2014 budgeted positions will be filled in the budgeted

1 timeframe is already an overstatement. In January 2013, the actual employee count  
2 was 48 positions below the budgeted level. The trend continued through March 2013  
3 with the actual count being below budget. Tampa Electric's projected timeframe  
4 commitment has not been met. Thus, the Company's average employee complement  
5 of 2,455 for the test year is overstated.

6

7 **Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING TO THE EMPLOYEE**  
8 **COMPLEMENT?**

9 A. The Company's request should be reduced by 104 positions to a complement of  
10 2,351. This allowance reflects 10 more positions than the actual average for the year  
11 ended 2012. As shown on Exhibit HWS-2, Schedule C-1, the reduction of 104  
12 positions reduces operation and maintenance ("O&M") expense by \$5,705,698 to a  
13 more reasonable expense level of \$127,448,302. This is a reduction of \$5,701,824 on  
14 a jurisdictional basis.

15

16 **IV. PERFORMANCE SHARING PROGRAM**

17 **Q. HAVE YOU REVIEWED THE COMPANY'S REQUEST FOR INCENTIVE**  
18 **COMPENSATION THAT IT CALLS THE PERFORMANCE SHARING**  
19 **PROGRAM?**

20 A. Yes. According to the Company's response to OPC Interrogatory No. 8, the  
21 Company has projected \$12,383,000 for the 2014 Tampa Electric Performance  
22 Sharing Program ("PSP"). This amount reflects the Company's request for PSP  
23 payouts of \$7,383,040 for safety goals, and \$5,000,000 for operational goals. Of this

1 amount, the Company projected that \$9.8 million would be charged to O&M  
2 expenses during 2014. (See Tampa Electric's response to OPC Interrogatories Nos.  
3 146 and 147) The Company made a proforma adjustment to reduce the Tampa  
4 Electric PSP in its MFRs by \$946,000, as shown on MFR Schedule C-2, page 1, for  
5 the Tampa Electric officer and key employee target incentives directly related to  
6 TECO Energy results. Company witness Register testifies, on page 19, that this  
7 adjustment is consistent with the Commission's methodology in the last rate case.  
8 Mr. Register also states that Tampa Electric's PSP is the same basic variable  
9 compensation program that was included in previous rate cases (Success Sharing  
10 program).

11

12 **Q. HAS THE COMPANY REVISED THE AMOUNT OF THE PROFORMA**  
13 **ADJUSTMENT TO REMOVE OFFICER AND KEY EMPLOYEE**  
14 **INCENTIVES THAT ARE TIED TO TECO ENERGY RESULTS?**

15 A. Yes. First, on June 3, 2013, the Company revised Mr. Register's testimony to change  
16 this amount to \$1,055,000. On July 8, 2013, the Company again revised Mr.  
17 Register's testimony, changing the adjustment to \$1,247,000. I would note that,  
18 while Mr. Register's testimony has changed, the amount reflected in the MFRs has  
19 not been changed. Nor has the Company explained why the factor used to determine  
20 the adjustment has been changed other than to state that the change was per data  
21 calculated in OPC Interrogatory No. 57(b).

1 **Q. WHAT IS THE INTENT OF TAMPA ELECTRIC'S INCENTIVE**  
2 **PROGRAM?**

3 A. On pages 16 and 17 of his direct testimony, Mr. Register asserts that the intent of the  
4 incentive compensation program is to maintain Tampa Electric's position relative to  
5 the market in total annual compensation while putting a portion of pay at risk. The  
6 pay, according to Mr. Register, is "at risk" because it is based on meeting  
7 performance goals that are purported to "drive and motivate team members to achieve  
8 high levels of performance." Mr. Register then states that the program emphasizes  
9 safety, cost control and resource optimization through a link with business  
10 performance and personal contributions. Finally, Mr. Register states that the  
11 requested incentive pay is based on the target level payout. It is important to note that  
12 the Company's requested 5% for incentive payments is in addition to an across-the-  
13 board, 3% base pay increase.

14  
15 **Q. CAN YOU GENERALLY EXPLAIN THE TARGET AND GOAL LEVELS**  
16 **FOR INCENTIVE COMPENSATION PLANS?**

17 A. The target is a goal level established by a plan. Generally, there are three levels for  
18 incentive plans. The "Threshold" is the minimum achievement on which a payout of  
19 the target percentage will be paid (i.e. less than 100% of the 2% safety goal). The  
20 "Target" achievement level is set at 100%. The "Maximum" or "Stretch"  
21 achievement level is generally set at 150% of the Target goal percent payout. That  
22 would mean that if the Maximum was achieved, the payout for the 2% safety goal

1 would be 3% (i.e., 150% of 2%). The actual achievement for a payout can range  
2 anywhere from 50% to 150% of the goal percentage.

3

4 **Q. WHAT ARE THE TARGET GOALS AND ACHIEVEMENT PERCENTAGES**  
5 **FOR TAMPA ELECTRIC’S PSP PROGRAM?**

6 A. According to Company witness Register and the Company’s response to  
7 Interrogatory No. 7, the potential PSP plan payout is 12% of eligible compensation in  
8 2013, of which 2% is related to safety performance goals, 3% for operational goals,  
9 and 7% for net income goals (5% for Tampa Electric and 2% for TECO Energy).  
10 According to Mr. Register’s direct testimony on page 18, the Company is not  
11 requesting recovery of the 7% net income incentives in this rate case.

12

13 **Q. PLEASE DESCRIBE YOUR CONCERNS WITH THE COMPANY’S**  
14 **INCENTIVE PLAN OBJECTIVES.**

15 A. First, the Company’s explanation of the plan’s objectives for the operational goals  
16 suggests that the payouts have historically been tied to financial goals which benefit  
17 the shareholders, not ratepayers. Based on this history, we would expect that the  
18 Company after the conclusion of this rate case is likely to again tie payout of  
19 operating goals with meeting the financial goals.

20 Second, there is significant doubt as to whether this incentive pay is truly “at  
21 risk” pay. In 2012, 2,394 employees were eligible for incentive compensation  
22 payments; only 11 did not receive a payment. The number of eligible employees not  
23 receiving the incentive compensation payment in 2010 and 2011 were 2 and 3,

1           respectively. (See Company response to OPC Interrogatory No. 6) Common sense  
2           suggests that, when almost all employees' performance meets the requirements to  
3           receive a payment, the goals are not adequate. Thus, the incentive compensation  
4           request becomes a de facto 5% annual bonus on top of the 3% base pay increase the  
5           Company has already included in its revenue request.

6                         Finally, the target amount requested for 2014 is based on achieving goals that  
7           have not yet been established. The Company is assuming for 2014 that performance  
8           will be at a level that actually exceeds the performance achieved in both 2011 and  
9           2012. In 2011 and 2012, the only payout made by the Company was 2% related to  
10          safety goals.

11

12   **Q.   PLEASE COMPARE THE TARGET AMOUNT REQUESTED FOR 2014 TO**  
13   **AMOUNTS PAID IN 2011 AND 2012.**

14   A.   On page 17 of his direct testimony, Company witness Register states that 2014 goals  
15   have not been determined but are expected to be consistent with 2013 goals. In each  
16   of the years 2011 and 2012, the PSP distribution/payout was only 2% of eligible  
17   compensation. According to the response to OPC Interrogatory No. 8, the amount  
18   actually paid for 2011 and 2012 was \$6,060,568 and \$7,026,902, respectively; yet,  
19   the 2014 budgeted amount is \$12,383,000. I would also note that the 2010 actual  
20   payout of \$19.5 million exceeded the budgeted expense of \$5.7 million by \$13.8  
21   million. The average PSP payout expensed was only \$6,129,635 for the period 2010  
22   to 2012. It is interesting to note that this highest level of payout was almost 3 times



1 the budgeted amount and occurred in the year following the completion of Tampa  
2 Electric's last rate case.

3

4 **Q. IS THE INCREASE IN THE PROJECTED AMOUNT FOR THE INCENTIVE**  
5 **PROGRAM PROBLEMATIC?**

6 A. Yes. The Company maintains that goals are likely to remain consistent (i.e., no  
7 significant changes), yet the requested 2014 incentive payment is significantly higher  
8 than the historical payouts for the last two years. Moreover, the budgeted payout for  
9 2014 is \$12,383,000 compared to the 2013 budgeted payout of \$7,168,000, even  
10 though the goals are not expected to change significantly. In addition, the increased  
11 budgeted amount improperly assumes an increase in performance without any  
12 established goals. Finally, the Company has indicated in its response to OPC  
13 Interrogatory No. 145 that the amount requested for 2014 is based on a plan change,  
14 which in my opinion is contrary to the Company's position that the goals are likely to  
15 remain consistent.

16

17 **Q. WHY DO YOU BELIEVE THE 2014 PLAN CHANGE IS CONTRARY TO**  
18 **THE COMPANY'S CLAIM THAT THE GOALS ARE LIKELY TO REMAIN**  
19 **CONSISTENT?**

20 A. The goals appear to be similar; however, there is a key difference between the payout  
21 determination applied in 2011 and 2012 and what the Company is proposing in 2014.  
22 The Company stated in its response to OPC Interrogatory No. 145 that a payment was  
23 not made in 2011 and 2012 for achievement of operational goals because the net

1 income goal was not achieved. The 2013 budgeted PSP also assumes the operational  
2 payout will not be made because the net income goal will not be achieved. However,  
3 for 2014, the Company is proposing to remove the net income goal as a condition for  
4 payment of the operational goals. Thus, contrary to the Company's payout history in  
5 2011 and 2012 and the Company's budget assumption for 2013, the Company is now  
6 requesting that it be allowed to collect from customers the money necessary to cover  
7 payments for achievement of operational goals even if net income goals are not  
8 achieved. It is inappropriate to ask ratepayers to cover such expenses during a rate  
9 case, when the Company is unwilling to make the same payment outside a rate case.

10

11 **Q. WHAT IS THE BASIS FOR YOUR PRIMARY RECOMMENDATION**  
12 **REGARDING THE TAMPA ELECTRIC PSP COSTS?**

13 A. I recommend that the Tampa Electric PSP costs should be limited to the 2% safety-  
14 related percentage distributed in 2011 and 2012. Tampa Electric has not justified  
15 why the incremental operational incentives are reasonable, why the plan change is  
16 reasonable, and why the allowed costs should be greater than the 2% safety-related  
17 PSP distributed in 2011 and 2012. My recommendation does not prohibit the  
18 Company's continued use of the PSP Program; I am saying only that shareholders  
19 should be responsible for the unsupported program costs.

20

21 **Q. PLEASE EXPLAIN YOUR ANALYSIS ON SCHEDULE C-2 FOR YOUR**  
22 **PRIMARY RECOMMENDATION.**

1 A. Exhibit HWS-2, Schedule C-2 reflects the calculation of the \$8,535,570 of Tampa  
2 Electric's PSP included in the 2014 projected test year O&M expenses. The  
3 Company states in response to OPC Interrogatory No. 147 that the amount of  
4 incentive compensation included in O&M expense in this filing is \$9.8 million out of  
5 the total Tampa Electric PSP of \$12,383,000, which reflects an expense ratio of 79%.  
6 I then applied the Company's reduction to PSP for key employees and officers of  
7 \$1,247,000 in arriving at the adjusted Tampa Electric PSP expense. I would note that  
8 the Company has not explained why the percentage of PSP costs expensed is 79%,  
9 when the percentage of payroll expensed is 66.8%.

10

11 **Q. WHAT IS THE AMOUNT OF PSP THAT THE COMMISSION SHOULD**  
12 **ALLOW TAMPA ELECTRIC TO RECOVER IN RATES?**

13 A. I calculated my recommended PSP allowance of \$2,548,966 for Tampa Electric PSP  
14 based on 2% of my recommended payroll expense of \$127,448,302 (see line 15 of  
15 Exhibit HWS-2, Schedule C-1). Again, the 2% incentive payout is what was earned  
16 in 2011 and 2012 and what the Company budgeted for in 2013. However, I consider  
17 even that level to be questionable, because the goals do not really require an  
18 improvement in performance. The result is a reduction of \$5,986,604 for the PSP for  
19 Tampa Electric. The adjustment is calculated on lines 1 through 10 of Exhibit HWS-  
20 2, Schedule C-2.

21

22 **Q. IF THE COMMISSION DOES NOT AGREE WITH YOUR PRIMARY**  
23 **RECOMMENDATION, DO YOU HAVE AN ALTERNATE ADJUSTMENT?**

1 A. Yes. As an alternative to my primary recommendation, I have taken the 2013  
2 budgeted PSP payout amount of \$7,168,000 and escalated this by the 3% base salary  
3 increase, which equates to \$7,383,000. The 2013 budget does not include the  
4 additional \$5 million for a separate operational PSP payout. After applying the  
5 Company's 79% O&M expense factor for PSP, the adjusted PSP O&M expense is  
6 \$5,832,570. Then I remove the Company's \$1,247,000 proforma reduction  
7 adjustment (2<sup>nd</sup> revised) discussed by Company witness Register from the  
8 \$5,832,570, resulting in an adjusted PSP expense payout of \$4,585,570.

9

10 **Q. WOULD YOU RECOMMEND THAT YOUR ALTERNATE**  
11 **RECOMMENDATION BE SHARED BETWEEN SHAREHOLDERS AND**  
12 **RATEPAYERS?**

13 A. Yes. I believe that as an alternative the Commission should limit the customers'  
14 responsibility to 50% of the \$4,585,570 expense, or \$2,292,785. Using this 50/50  
15 sharing alternative, my adjustment to the Tampa Electric PSP would be \$6,242,785.  
16 This calculation is reflected on lines 15 through 23 of my Exhibit HWS-2, Schedule  
17 C-2. I would note that this amount is less than the amount of my primary  
18 recommended allowance which did not contemplate an equal sharing.

19

20 **Q. IN DOCKET NO. 080317-EI, DID YOU RECOMMEND AN ADJUSTMENT**  
21 **TO INCENTIVE COMPENSATION?**

22 A. Yes. I recommended a total disallowance because the goals were not sufficient to  
23 justify including the cost of incentive compensation in rates. The Commission did

1 not agree with my recommendation. The Commission stated that lowering or  
2 eliminating incentive compensation would mean Tampa Electric employees would be  
3 compensated below employees at other companies, which would adversely affect the  
4 Company's ability to compete in attracting and retaining a high quality and skilled  
5 workforce. However, in Order No. PSC-09-0283-FOF-EI at page 58, the  
6 Commission did require the Company to remove the cost of incentive compensation  
7 associated with TECO Energy results.

8

9 **Q. WHAT IF THE COMMISSION DOES NOT ACCEPT YOUR**  
10 **RECOMMENDATION OF SHARING UNDER THE ALTERNATIVE**  
11 **SCENARIO?**

12 A. If the Commission were to take exception with the 50/50 sharing alternative, then the  
13 proper expense allowance would be \$4,585,570, not the Company requested adjusted  
14 amount of \$8,535,570. In Tampa Electric's last rate case, the Commission stated that  
15 disallowing the costs ". . . would mean TECO employees would be compensated  
16 below employees at other companies, which would adversely affect the Company's  
17 ability to compete in attracting and retaining a high quality and skilled workforce."  
18 See Order No. PSC-09-0283-FOF-EI, at page 58. However, there is no evidence in  
19 this case that the payment of incentive compensation is required to attract and retain  
20 employees. In fact, Tampa Electric did not pay out the 3% operational portion of the  
21 PSP plan in 2011 and 2012.

1 **Q. ARE YOU AWARE OF OTHER CASES IN WHICH ADJUSTMENTS WERE**  
2 **MADE TO INCENTIVE COMPENSATION AND THE ABILITY TO**  
3 **ATTRACT AND MAINTAIN A QUALITY WORKFORCE WAS NOT**  
4 **AFFECTED?**

5 A. Yes. In the Progress Energy Docket No. 090079-EI, the Commission disallowed all  
6 of the requested incentive compensation because it was determined to be merely  
7 additional compensation. This did not impact the ability of Progress Energy (now  
8 Duke Energy Florida) to attract and retain a high quality and skilled workforce.

9 In my 38 years of experience, I have never found a utility that has reduced the  
10 payout of incentive compensation or eliminated the incentive compensation plan  
11 because a commission disallowed all or some of its request to include incentive  
12 compensation in rates. To my knowledge, the Commission's disallowance of  
13 incentive compensation did not result in the elimination of the plan.

14 In my opinion, the disallowance of some or even all of the incentive  
15 compensation in rates does not impact the Company's ability to attract and retain a  
16 qualified and skilled workforce, because companies do not eliminate such plans.

17

18 **Q. HAS THE COMPANY INCLUDED ANY ADDITIONAL COSTS IN ITS**  
19 **FILING FROM TECO ENERGY RELATED TO INCENTIVE**  
20 **COMPENSATION?**

21 A. Yes. The Company has included \$1,836,882 for the TECO Energy PSP included in  
22 A&G Expenses Allocable to Tampa Electric. However, no proforma adjustment was  
23 made to remove officer or key employee incentives from the TECO Energy allocated

1 costs. Further, no explanation is given as to whether any component of the TECO  
2 Energy allocated incentives should be adjusted to be consistent with the  
3 Commission's adjustment in the prior rate case or whether the incentives are tied to  
4 financial goals.

5  
6 **Q. ARE YOU RECOMMENDING THAT AN ADJUSTMENT TO THIS**  
7 **PORTION OF THE COMPANY'S REQUEST BE MADE?**

8 A. Yes. I believe that the entire \$1,836,882 allocated amount from TECO Energy should  
9 be excluded from rates. The Company has failed to justify including the TECO  
10 Energy allocation of PSP, which was simply buried in the allocated dollars from  
11 TECO Energy. Absent evidence that the TECO Energy allocated costs are not tied to  
12 TECO Energy's net income, there is no reason why the costs should be allowed in  
13 rates.

14  
15 **Q. PLEASE SUMMARIZE YOUR ADJUSTMENTS FOR INCENTIVE**  
16 **COMPENSATION.**

17 A. My primary recommendation reflects a reduction to the Company's requested total  
18 incentive compensation of \$7,823,486 (or \$7,818,174 jurisdictional) to allow a 2%  
19 incentive on adjusted payroll for safety goals, with no allowance for the TECO  
20 Energy allocated PSP costs. This adjustment reflects the sum of my recommended  
21 reduction to the PSP Expense for Tampa Electric of \$5,986,604 and removal of the  
22 TECO Energy PSP allocation \$1,836,882. If the Commission disagrees with that  
23 adjustment, I recommend that the Commission allow a sharing of the cost of Tampa

1 Electric PSP costs excluding the additional \$5 million for operational goals that  
2 reflected a change in the Company's incentive benefit policy. The \$5 million was not  
3 paid and/or budgeted by the Company in 2011, 2012 and 2013. The net alternative  
4 adjustment for the Tampa Electric PSP and TECO Energy allocation is a reduction to  
5 O&M Expense of \$8,079,667 (\$8,074,181 jurisdictional). Both of my adjustments  
6 are summarized on Exhibit HWS-2, Schedule C-2.

7

8 **V. EMPLOYEE BENEFITS**

9 **Q. WHAT IS THE COMPANY REQUESTING FOR EMPLOYEE BENEFITS IN**  
10 **2014?**

11 A. The Company's request for 2014 includes \$81,242,000 for employee fringe benefits.  
12 According to Tampa Electric's response to OPC Interrogatory No. 57, the amount  
13 expensed is \$54,904,000. I should note that the Company's employee benefits  
14 amounts include payroll taxes.

15

16 **Q. DO YOU RECOMMEND ANY ADJUSTMENTS TO THE COMPANY'S**  
17 **REQUESTED EMPLOYEE BENEFITS?**

18 A. Yes. As noted earlier in this testimony, I have made a recommendation to adjust the  
19 Company's payroll complement for 104 positions that are not justified by the filing.  
20 A corresponding adjustment is also required to remove the employee benefit costs  
21 associated with my recommendation to disallow 104 of those proposed additional  
22 employees. Additionally, I am recommending that the cost associated with the Stock  
23 Compensation Plan be disallowed.



1 **Q. PLEASE EXPLAIN THE ADJUSTMENT YOU ARE RECOMMENDING FOR**  
2 **THE ADDITIONAL EMPLOYEES TO WHICH YOU HAVE TAKEN AN**  
3 **EXCEPTION.**

4 A. As shown on Exhibit HWS-2, Schedule C-3, the employee benefits expense should be  
5 reduced by \$1,679,971. The jurisdictional adjustment is \$1,678,721. My calculated  
6 adjustment is based on the Company's projected benefit expense excluding stock  
7 compensation and payroll taxes. Separate adjustments are recommended for the stock  
8 compensation and payroll tax expense.

9  
10 **Q. WHAT IS THE CONCERN WITH THE COMPANY'S STOCK**  
11 **COMPENSATION PLAN?**

12 A. The response to OPC Interrogatory No. 9 indicates that this stock compensation plan  
13 is an executive-type plan. According to the Company's May 1, 2013 proxy, this plan  
14 is limited to five highly compensated executives. The plan is discriminatory since it  
15 only applies to these select executives, and is an excessive cost that should not be  
16 charged to ratepayers. Given the malaise of today's economy, it is unfair to ask  
17 ratepayers to pay the bill for these already highly compensated executives' stock  
18 options. In addition, the Company has expensed 100% of the plan costs, while the  
19 other employee benefits have approximately 63% of the cost charged to expense  
20 rather than capitalized to plant. In addition to the \$5,084,200 of stock compensation  
21 included in Tampa Electric's benefit expense, the response to OPC Interrogatory No.  
22 9 indicates that the Company has also included another \$4,638,481 as an allocated  
23 expense from TECO Energy for stock compensation.

1 **Q. WHAT ADJUSTMENTS TO THE STOCK COMPENSATION PLAN ARE**  
2 **YOU RECOMMENDING?**

3 A. I am recommending that the \$5,084,200 associated with the Tampa Electric stock  
4 compensation and the \$4,638,481 allocated amount related to TECO Energy's stock  
5 compensation be excluded from the Company's rate request. The total of this  
6 adjustment is \$9,722,681. The jurisdictional adjustment is \$9,715,447. As I  
7 indicated earlier, this is excessive compensation that should not be borne by  
8 ratepayers.

9  
10 **Q. DO YOU RECOMMEND AN ALTERNATIVE ADJUSTMENT IF THE**  
11 **COMMISSION CONCLUDES THE STOCK COMPENSATION PLAN COSTS**  
12 **SHOULD BE ALLOWED?**

13 A. Yes. I would then recommend that the \$5,084,200 of expense for the Tampa Electric  
14 stock compensation be reduced by \$1,881,154 so that only 63% is expensed. This  
15 would be consistent with the Company's expense factor for pensions and other  
16 employee benefits. The expense percentage has no impact on my recommended  
17 adjustment to remove the allocated amount for TECO Energy's stock compensation.

18  
19 **VI. PAYROLL TAXES**

20 **Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE COST FOR**  
21 **PAYROLL TAX EXPENSE INCLUDED IN TAMPA ELECTRIC'S**  
22 **REQUEST?**

1 A. Yes. As shown on HWS-2, Schedule C-4, the employee payroll tax expense should be  
2 reduced by \$430,530. The jurisdictional adjustment is \$430,164. The adjustment is  
3 necessary to account for the payroll tax expense associated with the 104 positions that  
4 I am recommending be removed from the Company's payroll request.

5

6 **VII. DIRECTORS AND OFFICERS LIABILITY INSURANCE**

7 **Q. HAS TAMPA ELECTRIC INCLUDED THE COST OF DIRECTORS AND**  
8 **OFFICERS LIABILITY INSURANCE IN ITS REQUEST?**

9 A. Yes. The Company's response to OPC Interrogatory No. 120 indicates the cost for  
10 Directors and Officers Liability Insurance ("DOL") allocated to Tampa Electric for  
11 2014 is \$798,546.

12

13 **Q. IS THE COST OF THIS INSURANCE AN APPROPRIATE COST TO**  
14 **INCLUDE IN RATES?**

15 A. Not entirely. DOL insurance protects officers and directors from claims that are  
16 made because of decisions that plaintiffs and agencies believe to be inappropriate.

17

18 **Q. WHY SHOULDN'T THIS INSURANCE BE ALLOWED WHEN THE COST**  
19 **OF OTHER INSURANCE IS ALLOWED?**

20 A. DOL insurance coverage is not the same as any other type of insurance. Other  
21 insurance protects the Company from accidents and unplanned events. This  
22 insurance protects officers and directors when decisions that they have made are  
23 challenged and/or determined to be bad business decisions. An added factor with

1 DOL insurance is that the primary plaintiffs are shareholders. In effect, DOL  
2 insurance provides shareholders protection against their own decisions in the hiring of  
3 the Board of Directors, who in turn hire the officers to manage the operation of the  
4 Company. The benefit from settlements of this type of insurance flows through to  
5 shareholders; therefore, shareholders should be responsible for the cost.

6

7 **Q. DO RATEPAYERS BENEFIT FROM THIS INSURANCE?**

8 A. The answer is subjective. In my experience, companies have argued that the  
9 insurance does benefit ratepayers to the extent the Company is not required to pay  
10 any claims associated with the poor decisions of management. In other proceedings  
11 in which I have testified, companies have claimed that ratepayers benefit because the  
12 insurance is necessary to attract and retain competent directors and officers. In fact,  
13 the Commission made this observation in the most recent Gulf Power decision, Order  
14 No. PSC-12-0179-FOF-EI, at pages 100 and 101. However, there has not been any  
15 evidence presented that the companies were unable to attract and/or retain officers  
16 and directors when shareholders were required to pay some of the cost of the  
17 coverage. Ratepayers do not receive any of the proceeds from decisions and/or  
18 settlements in directors and officer litigation, so ratepayers should not be responsible  
19 for the cost of protecting shareholders from their own decisions.

20

21 **Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING FOR DOL**  
22 **INSURANCE?**

1 A. Based on what the Commission has determined as reasonable when I made  
2 recommendations to adjust DOL costs in Progress Energy Docket No. 090079-EI and  
3 Gulf Power Docket No. 110138-EI, I am recommending that the \$798,546 cost be  
4 shared equally. Accordingly, I recommend that an adjustment of \$399,273 is  
5 necessary; on a jurisdictional basis the adjustment is \$398,974.

6

7 VIII. GENERATION MAINTENANCE

8 **Q. DID YOU INQUIRE ABOUT TAMPA ELECTRIC'S REQUESTED**  
9 **GENERATION EXPENSE?**

10 A. Yes. The Company has indicated that its projected cost of maintaining its generation  
11 facilities have increased because of inflationary factors, the aging of equipment, the  
12 implementation of new regulatory requirements, and postponement of non-critical  
13 maintenance during the economic downturn of the last couple of years. On page 34  
14 of his direct testimony, Company witness Hornick indicated that the planned  
15 maintenance forecasted for 2014 is typical of the past and is expected to continue in  
16 the future, with one exception; the conversion of Polk Units 2-5 from simple cycle to  
17 combined cycle operation. Mr. Hornick also states that no costs related to the Polk  
18 Conversion projects are included in the test year expenses sought in this rate request.  
19 To evaluate the historic changes in cost and the Company's request for 2014 expense,  
20 OPC requested the historical information and a detailed listing of the maintenance  
21 projects for the period 2013 through 2016. Based on my review of the Company's  
22 historical expenditures based on Tampa Electric's response to OPC Interrogatory No.  
23 75, Tampa Electric did not justify the increase in the projected 2014 costs.

1 **Q. HOW DID YOU MAKE THIS DETERMINATION?**

2 A. In response to OPC Interrogatory No. 75, the Company provided the maintenance  
3 costs for outages of the generation plants. As shown on Exhibit HWS-2, Schedule C-  
4 5, the Company averaged \$11.811 million for outage maintenance expense from  
5 2008-2012. The actual historical costs for the years 2003 through 2012, as shown in  
6 the response to OPC Interrogatory No. 75, averaged \$10.832 million. The difference  
7 between the five-year and ten-year average is less than \$1 million. This important  
8 fact illustrates that the maintenance cost over time has not changed significantly.  
9 Next, as shown on Exhibit HWS-2, Schedule C-5, line 9, I calculated the inflation-  
10 indexed average outage expense to be \$13.497 million for the five years 2008-2012.

11 To determine the reasonableness of the Company's projection, I compared the  
12 historical average costs (\$10.832-11.811 million), the historical inflation-indexed  
13 costs (\$13.497 million), and the Company's 2014 request (\$17.585 million) for  
14 reasonableness. Using the calculated estimate for 2014, which factors in price  
15 increases and the Company's detailed project information, the Company's request of  
16 \$17.585 million is overstated by \$4.088 million. As shown on Exhibit HWS-2,  
17 Schedule C-5, test year generation maintenance expenses should be reduced by  
18 \$4.088 million to reflect an increased level of spending that I believe is more  
19 reasonable. The adjustment on a jurisdictional basis is \$4.088 million.

20

21 **Q. WOULD THE POLK CONVERSION MAINTENANCE PROJECTS IMPACT**  
22 **YOUR RECOMMENDATION?**

1 A. No. The Polk Unit costs are summarized separately on Exhibit HWS-2, Schedule C-  
2 5. The average cost for the years 2008-2012 was \$3.729 million. The inflation-  
3 indexed costs for the years 2008-2012 was \$4.255 million. The Company's request  
4 for 2014 is \$3.1 million for the Polk units. The 2014 costs in my analysis do not  
5 reflect an increased spending level for the Polk units that which exceeds the historical  
6 actual and/or indexed averages; therefore, the impact of any of the Polk Unit  
7 conversion costs do not justify the Company's proposed increase.

8

9 IX. RATE CASE EXPENSE

10 **Q. PLEASE DISCUSS THE COMPANY'S REQUESTED RATE CASE**  
11 **EXPENSE.**

12 A. The Company projects total rate case expense of \$2,200,000 and requests a three-year  
13 amortization period. The Company included \$1,490,000 for legal, \$304,000 for  
14 assistance in MFR preparation, \$173,000 for cost of capital consulting, \$136,000 for  
15 rate design/cost of service consulting, \$51,000 for revenue forecasting and \$46,000  
16 for storm damage analysis. Based on my analysis, the Company's rate case expense  
17 request is excessive, and the three-year amortization period is too short.

18

19 **Q. WHY DO YOU BELIEVE THAT THE PROJECTED AMOUNT IS**  
20 **EXCESSIVE?**

21 A. Tampa Electric (along with its parent, TECO Energy) is not a small company with  
22 limited human resources that would require significant assistance in assembling a rate  
23 filing. The Company has projected a total request of \$2.2 million of expense for this

1 rate case. A Company of this size is well aware of filing requirements and should not  
2 have to rely on two outside contractors, PowerPlan and William Slusser, Jr., to  
3 oversee its rate request. However, Tampa Electric has projected contracted services  
4 other than legal of \$710,000 for this proceeding. In addition, the Company is  
5 requesting excessive amounts for its cost of capital witness and outside legal fees.

6

7 **Q. WHY DO YOU BELIEVE THAT THE AMOUNT PROJECTED FOR**  
8 **OVERSIGHT BY POWERPLAN IS EXCESSIVE?**

9 A. Tampa Electric should be capable of assembling a filing as well as processing a rate  
10 proceeding without an outside consultant to essentially “supervise” the filing. As  
11 discussed below, Tampa Electric’s response to OPC Interrogatory No. 108 indicates  
12 the purpose for hiring PowerPlan is to make sure the filing is accurate, even though  
13 none of the consultants will be filing testimony. On MFR Schedule C-10, the  
14 Company requested \$225,000 for consulting services, \$34,000 for travel, and \$45,000  
15 for other unexplained costs associated with the services for PowerPlan.

16

17 **Q. DID TAMPA ELECTRIC REQUEST RATE CASE EXPENSE FOR A**  
18 **SIMILAR FIRM IN ITS LAST RATE CASE?**

19 A. Yes. In its last rate case, Tampa Electric employed a firm named Huron (which is no  
20 longer in business) to perform many of the same types of services that the Company  
21 engaged PowerPlan to provide in this case. In that docket, I testified that Tampa  
22 Electric’s requested rate case expense for Huron was 3 times higher than the estimate  
23 included in the vendor’s contract. I recommended that the \$1.3 million cost for that



1 firm be reduced to the \$468,000 contract level. The Commission agreed with my  
2 recommendation that the Company had not supported the reasonableness of the  
3 expense or actual amount spent in its “final actual and estimate to complete” for the  
4 rate case expense.

5 In my experience, for a utility to seek the assistance of outside consultants  
6 because it is incapable of assembling and overseeing a rate request in-house, is very  
7 unusual. According to the response to OPC Interrogatory No. 108, the Company has  
8 18 specific Company employees plus “several other regulatory team members”  
9 providing support as needed to prepare and administer the rate case filing and answer  
10 discovery requests. In my opinion, based upon the expertise and experience of  
11 Tampa Electric, this type of outside consultant oversight by PowerPlan created an  
12 unnecessary and unreasonable expense. At the very least, the cost should be  
13 minimized.

14 The cost for PowerPlan’s oversight included in the filing is \$304,000. In my  
15 opinion, this is an unnecessary expense. Contributing to the high cost are the  
16 excessive average hourly rates that the Company has agreed to pay. (Tampa  
17 Electric’s confidential response to OPC Document Request No. 83) Moreover,  
18 Tampa Electric has not included a direct witness from PowerPlan to justify including  
19 this cost even though ratepayers are asked to pay \$304,000 for PowerPlan’s  
20 assistance.

21

22 **Q. WHAT SERVICES ARE POWERPLAN PROVIDING TO TAMPA**  
23 **ELECTRIC?**

1 A. In Interrogatory No. 108, OPC asked Tampa Electric to explain in detail why  
2 PowerPlan was hired and the types of services that were required. The response  
3 states that PowerPlan services include reviewing:

4 ...the MFR's for overall accuracy, completeness and reasonableness,  
5 consistency of the MFR's with surveillance report filings and the prior  
6 rate case filing for income, rate base and capital structure items, tax  
7 analysis and support on MFR's as well as prepared testimony with  
8 regard to income tax issues, the review of pro-forma adjustments for  
9 reasonableness, possible preparation and analysis of discovery  
10 responses and the potential review of intervenor and Commission Staff  
11 testimony.  
12

13 Generally, in a rate case the Company's employees will respond to discovery and the  
14 lawyers will review the responses. In this case, it appears that the Company has  
15 added multiple layers of review, which has caused costs above and beyond what is  
16 necessary and/or reasonable. Further, the Company has not supported why these  
17 amounts should be allowed as rate case expense, as it did not provide any supporting  
18 documentation to show the reasonableness of the amounts charged, the description of  
19 the work actually performed, and the actual hourly rates and other expenses incurred.  
20 It is the Company's burden to show that its requested costs are reasonable, and it has  
21 failed that burden. As such, I recommend that the \$304,000 for PowerPlan be  
22 removed.  
23

24 **Q. PLEASE DISCUSS THE RATE CASE EXPENSE ASSOCIATED WITH THE**  
25 **COST OF WILLIAM SLUSSER.**

26 A. Tampa Electric's response to OPC Interrogatory No. 109 states that Mr. Slusser's  
27 services:

1 . . . include assisting with the preparation of the jurisdictional and cost  
2 of service studies, evaluation of rate design alternatives as well as  
3 development and review of the final rate design, reviewing the rate and  
4 cost of service Schedule E MFRs for overall accuracy, completeness  
5 and reasonableness, consistency of the MFRs, as well as testimony  
6 review and review of pre-forma adjustments for reasonableness. Mr.  
7 Slusser is also assisting in preparation and analysis of discovery  
8 responses and the review of potential intervenor and Commission Staff  
9 testimony.

10  
11 The fee for Mr. Slusser's consulting services is \$136,000.  
12

13 **Q. IN YOUR OPINION, IS MR. SLUSSER PROVIDING A SERVICE THAT THE**  
14 **COMPANY IS UNABLE TO PROVIDE FOR ITSELF?**

15 A. No. Mr. Slusser is not a witness, and Tampa Electric has not explained why the  
16 services he performed were necessary or required. Tampa Electric has not justified or  
17 explained why its staff is not capable of handling the rate request without adding  
18 unnecessary outside consulting costs. The description of Mr. Slusser's  
19 responsibilities is very similar to the services to be provided by Power Plan and  
20 appears to be work that could be performed by Company employees. In fact, Tampa  
21 Electric's employee Mr. Ashburn, not Mr. Slusser, is sponsoring Tampa Electric's  
22 rate design. Moreover, if Mr. Slusser's services were required to justify the rate  
23 design, the jurisdictional cost of service and the overall accuracy of the MFRs, the  
24 Company would have had him file direct testimony. Further, it does not appear from  
25 the response that Mr. Slusser is a potential rebuttal witness. I believe that this  
26 \$136,000 fee is excessive and these costs should be removed. No sufficient  
27 justification has been presented by the Company for Mr. Slusser's services, thus  
28 Tampa Electric has failed to meet its burden to include these costs.

1 **Q. PLEASE DISCUSS THE COST ASSOCIATED WITH THE COMPANY'S**  
2 **COST OF CAPITAL WITNESS.**

3 A. Tampa Electric witness Robert Hevert of Sussex Economic Advisors is testifying as  
4 to what he believes is a reasonable return on equity ("ROE"). Mr. Hevert's cost of  
5 \$173,000 is roughly two and one-half times the \$70,000 that OPC has contracted to  
6 pay for the same service in this proceeding, and is almost twice the amount that was  
7 requested by Pepco for his services in Maryland Docket No. 9311. There is no  
8 justification for including \$173,000 of costs for a ROE witness. In my opinion, the  
9 cost is without question excessive for a cost of capital and return on equity witness,  
10 especially when Company witnesses are also addressing these issues. Therefore, I  
11 recommend that the Sussex Economic Advisors cost for \$173,000 be reduced to  
12 \$70,000.

13

14 **Q. DO YOU HAVE A CONCERN WITH THE LEVEL OF THE COMPANY'S**  
15 **LEGAL FEES INCLUDED IN RATE CASE EXPENSE?**

16 A. Yes. The legal fees being requested by Tampa Electric are also excessive, especially  
17 when compared to the level allowed in Docket No. 080317-EI. The Company is  
18 requesting \$1.490 million for rate case legal services. This request amounts to a  
19 44.66% increase over the \$1.030 million allowed in Docket No. 080317-EI. In my  
20 opinion, a 44.66% increase in five years is excessive. I recommend that the legal fees  
21 be reduced by \$280,000. I calculate this reduction by escalating the \$1.030 million

1 allowed in Docket No. 080317-EI by the combined growth and inflation indices on  
2 Company MFR Schedule C-40.

3

4 **Q. PLEASE EXPLAIN WHY YOU BELIEVE THE 3-YEAR AMORTIZATION**  
5 **PERIOD IS TOO SHORT.**

6 A. The Company's last rate case was five years ago in 2008. In that request the  
7 Company also proposed a three-year amortization period. In Docket No. 080317-EI,  
8 Company witness Chronister testified that he was relatively certain that Tampa  
9 Electric would request another rate increase sooner than 5 years. The Commission  
10 determined a four-year amortization to be reasonable. If the approved rates in this  
11 docket go into effect January 1, 2014, the Company will have recovered 56 months  
12 (4.7 years) of amortization for the rate case expense from the 2008 docket. Based on  
13 the annual expense of \$493,250 allowed in that docket, Tampa Electric has collected  
14 approximately \$329,000 more from ratepayers than the actual rate case expense that  
15 was approved by this Commission. The continued recovery of rate case expense  
16 beyond when the expense has been fully recovered is not appropriate. A five-year  
17 amortization period is more reasonable given the over-recovery that has occurred due  
18 to the shortened amortization period in the last rate case and Tampa Electric's normal  
19 pattern of long time periods between rate cases.

20

21 **Q. WHAT IS THE TOTAL ADJUSTMENT THAT YOU ARE**  
22 **RECOMMENDING TO RATE CASE EXPENSE?**

1 A. Based on the adjustments discussed above and shown on Exhibit HWS-2, Schedule  
2 C-6, rate case expense should be reduced by \$823,000. I am recommending that the  
3 Company's projected costs of \$2.2 million (3-year amortization of \$733,000) be  
4 reduced to \$1.377 million (5-year amortization of \$275,000). The result is a  
5 reduction to amortization expense of \$458,000.

6

7 **X. STORM ACCRUAL AND TARGET RESERVE**

8 **Q. PLEASE EXPLAIN THE COMPANY'S REQUESTED STORM ACCRUAL**  
9 **AND TARGET RESERVE.**

10 A. The Company is requesting that it be allowed to continue to accrue \$8,000,000  
11 annually to the storm reserve and to increase its storm reserve target to \$100,000,000.  
12 Tampa Electric witness Harris presents the results of his storm loss and reserve  
13 performance analyses ("Storm Study") for Tampa Electric's system. Tampa Electric  
14 witness Carlson testifies to the Company's requested annual storm accrual and target  
15 reserve.

16

17 **Q. ARE THERE SOME CONCERNS WITH THE COMPANY'S REQUEST TO**  
18 **CONTINUE ITS \$8 MILLION ACCRUAL AND INCREASE THE STORM**  
19 **RESERVE TARGET TO \$100 MILLION?**

20 A. Yes. The Company's request to maintain the accrual and increase the reserve target  
21 is not supported by the historical storm activity. The study relied upon by the  
22 Company ignored a significant factor and is based on improper assumptions. In the  
23 last rate case, the Commission increased the Company's annual accrual from \$4

1 million to \$8 million and increased the reserve target from \$55 million to \$64 million.  
2 The amounts allowed were significantly less than the Company's request to increase  
3 the annual accrual to \$20 million and the reserve target to \$120 million.

4

5 **Q. WOULD YOU EXPLAIN WHY HISTORICAL STORM ACTIVITY DOES**  
6 **NOT SUPPORT MAINTAINING THE ACCRUAL AND THE RESERVE**  
7 **TARGET REQUESTED?**

8 A. As indicated in its response to OPC Interrogatory No. 91, Tampa Electric has charged  
9 only \$5,684,327 against the reserve for storms since 2004. That is an average of  
10 \$668,744 per year over the last eight and one-half years. As shown on Exhibit HWS-  
11 2, Schedule C-7, from December 31, 1999 to December 31, 2003, there were no  
12 charges against the reserve. Clearly, with the exception of 2004, the amount charged  
13 to the reserve has been minimal.

14

15 **Q. SHOULD THE 2004 STORMS BE CONSIDERED IN SETTING THE**  
16 **TARGET STORM RESERVE?**

17 A. No. The storms in 2004 were an anomaly and were, as they should be, treated  
18 differently by the Commission. The 2004 storms were of an intensity that caused a  
19 level of damage that the Commission has historically stated is not the type intended to  
20 be covered by the reserve. Moreover, the storm study ignores the significance of the  
21 actual history of Tampa Electric's storm damages, in favor of theoretical storm  
22 impacts.

23

1 **Q. WAS STORM HARDENING FACTORED INTO THE STUDY RELIED ON**  
2 **BY THE COMPANY?**

3 A. No. As indicated in the response to OPC Interrogatory No. 90, “The Company does  
4 not have an estimate of the effect the storm hardening plan may have in reducing  
5 storm repairs.” The storm hardening costs included in rates over the past seven years  
6 are assumed to provide some benefit when restoration is required. I acknowledge  
7 that, because of the limited number of storms and the limited amount of damages  
8 incurred since 2004, the full extent of the storm hardening benefit cannot be  
9 determined. However, the storm hardening costs can be justified only by the  
10 assumption that the benefits of lower restoration costs and outage times will occur.  
11 To ignore any estimate of that benefit in the study is inappropriate.

12  
13 **Q. WHAT IMPROPER ASSUMPTIONS ARE RELIED ON BY THE**  
14 **COMPANY?**

15 A. First, the Company is assuming a 4.5% annual cost increase for inflation on the cost  
16 of its transmission system that is not consistent with recent rates of inflation. Second,  
17 the study factors in the intensity and impact of approximately 100,000 hypothetical  
18 storms. A vast majority of these hypothetical storms are not geographically focused  
19 on the Tampa Electric system. This fact was confirmed in Tampa Electric’s response  
20 to OPC Interrogatory No. 112. Additionally, as indicated in its response to OPC  
21 Interrogatory No. 113, only 12,000 of the hypothetical storms would cause damage to  
22 the Tampa Electric system.



1 Third, Tampa Electric’s response to OPC Interrogatory No. 93 states that cost  
2 inputs in the study do not comply with the Commission’s rule on storm cost recovery.  
3 The Company’s response stated: “No, the Expected Annual Loss (“EAL”) computed  
4 in the Storm Loss Analysis is not consistent with Rule 25-6.0143(1)(d), Florida  
5 Administrative Code.” The Company’s requested storm accrual and its response  
6 indicates the study uses the replacement values as inputs, whereas the rule states that  
7 costs charged for storm related damage shall include only incremental costs. That  
8 means the study is a tool that may be considered but should not be relied on as the  
9 sole means for determining the annual accrual and in determining the reserve target.

10

11 **Q. HAS THE COMMISSION ALLOWED COMPANIES TO RECOVER STORM**  
12 **RELATED COSTS BY MEANS OTHER THAN A STORM ACCRUAL?**

13 A. Yes. In Order No. PSC-10-0131-FOF-EI, the Commission disallowed Progress  
14 Energy’s request to continue its accrual to the storm reserve. In that Order, the  
15 Commission concluded:

16 The Company has the option of petitioning this Commission for a  
17 surcharge to recover the storm damage costs not recovered through the  
18 storm damage reserve. As demonstrated in the past, we have allowed  
19 companies to recover extraordinary hurricane losses, such as the ones  
20 experienced by PEF in 2004, through a separate surcharge.

21  
22 Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, at p. 71.

23

24 **Q. WHAT ARE YOU RECOMMENDING FOR THE STORM RESERVE**  
25 **TARGET?**

26 A. The previous storm reserve target of \$55 million was considered sufficient from 1994  
27 through 2008. Both system and customer growth have occurred, as has inflation;

1           however, the Company has undertaken storm hardening projects designed to mitigate  
2           the compounding increases in growth and inflation and limit the damage that a storm  
3           might inflict. In my opinion, growth and inflation have not been at levels that would  
4           justify increasing the reserve. Moreover, I note that the Company is now requesting a  
5           target of \$100 million even though it requested a reserve target of \$120 million back  
6           in 2008.

7                       The current reserve target of \$64 million is sufficient. Any change would be  
8           premature based on past Commission practice and based on the Company's recent  
9           storm activity. Also, it should be noted that the reserve is not intended to provide for  
10          recovery of storm damage of the magnitude that occurred in 2004. As of June 30,  
11          2013 the reserve is at \$53.292 million. Tampa Electric's storm study indicates that  
12          there is only an 8.68% probability that this reserve level would be exceeded in any  
13          one year. As noted above, the Commission has ruled that the reserve is not intended  
14          to recover the cost of storms as significant as those incurred in 2004.

15

16   **Q.    WHAT ARE YOU RECOMMENDING FOR THE STORM ACCRUAL?**

17   A.    Assuming the continuation of a storm reserve target of \$64 million, I am  
18          recommending an annual accrual of \$3 million. Using a \$3 million accrual, the  
19          Company's request should be reduced by \$5 million.

20

21   **Q.    DOES YOUR RECOMMENDATION IMPACT RATE BASE?**

22   A.    Yes. Assuming a reduction of \$5 million in the accrual, the reserve reflected in rate  
23          base will also decrease by approximately \$2,500,000, the average of my

1 recommended adjustment. Because the storm reserve is a reduction to working  
2 capital, my recommended adjustment increases rate base by \$2,500,000.

3 **Q. HOW DID YOU DETERMINE YOUR RECOMMENDED STORM ACCRUAL**  
4 **OF \$3 MILLION?**

5 A. Assuming that charges against the storm reserve continue at the average level of  
6 \$1.342 million as recorded over the past three years, and assuming the Company will  
7 not seek another rate increase until 2017 (4 years), I calculated that the reserve would  
8 reach the target level of \$63.923 million by December 31, 2017. This  
9 recommendation is reasonable, when you consider that the Company's average  
10 annual charge to the reserve for storms since 2004 has been \$668,744 and we are now  
11 four years beyond the last change in rates.

12

13 **XI. TREE TRIMMING**

14 **Q. WOULD YOU EXPLAIN THE COMPANY'S REQUEST FOR TREE**  
15 **TRIMMING?**

16 A. The Company is asking for \$8,261,622 for distribution tree trimming, \$692,678 for  
17 enhanced tree trimming and \$349,454 for mowing, for a grand total of \$9,303,754 for  
18 vegetation management. In her direct testimony, Company witness Beth Young  
19 states that the Company is on a four-year trim cycle for distribution and that Tampa  
20 Electric has devoted a great deal of effort to reduce costs while maintaining quality.  
21 At pages 8-9 of her direct testimony, Ms. Young states that the cost per mile has  
22 declined from \$6,920 in 2008, to a forecasted \$4,866 for 2014. Ms. Young further

1 states that the cost per mile has declined steadily by 30 percent in six years. Ms.  
2 Young continues on pages 31-32 that the aggressive trim cycle implemented by  
3 Tampa Electric has successfully reduced the old growth, resulting in a much lighter  
4 trim requirement.

5  
6 **Q. HAS THE COST FOR DISTRIBUTION TREE TRIMMING DECLINED AS**  
7 **THE COMPANY HAS INDICATED?**

8 A. Yes. Tampa Electric's response to OPC Interrogatory No. 117 indicates the  
9 Company's cost for tree trimming has declined from a high of \$12,375,631 in 2010 to  
10 \$7,980,303 in 2012. The increase that actually began in 2009 was due to the  
11 Company's transition to a three-year tree trimming cycle.

12  
13 **Q. WHAT IS YOUR CONCERN WITH THE COMPANY'S TREE TRIMMING**  
14 **REQUEST IN THIS PROCEEDING?**

15 A. First, my calculations reflect that Tampa Electric's cost per mile for tree trimming is  
16 higher than Ms. Young indicates based on responses OPC has received in discovery.  
17 As noted above, the Company states that it has projected its 2014 cost per mile to be  
18 \$4,866; however, my calculations using the Company's response to OPC  
19 Interrogatory No. 117 for tree trimming reflects a higher cost of \$5,245 per mile. I  
20 calculated this using the Company's 2014 cost of \$8,261,622 divided by the 1,575.2  
21 scheduled trim miles for 2014. The scheduled 2014 trim miles of 1,575.2, is one-  
22 fourth of the 6,301 miles that are subject to trimming. Using the response to OPC

1 Interrogatory No. 117, I also calculated an actual cost per mile for 2012 of \$4,647 for  
2 tree trimming alone.

3 Second, the Company has never expended what was allowed for annual tree  
4 trimming expense in the last rate case. The Commission approved an annual expense  
5 of \$14,759,000 in its order in that case. However, the most the Company expended in  
6 any year since the rates from the last rate case went into effect was \$12,375,631 in  
7 2010. Even if enhanced tree trimming and mowing were included, the highest  
8 amount expended was \$13,398,688 in 2010. In 2012, the Company expended only  
9 \$7,980,303, which is \$6,778,697 less than what was included in rates from the last  
10 rate case. I believe that the extent to which the level approved in the last rate case  
11 proved to be unnecessary should be taken into account when the Commission  
12 determines the appropriate level of tree trimming expense in this proceeding.

13

14 **Q. WHAT ARE YOU RECOMMENDING FOR TREE TRIMMING?**

15 A. As shown on HWS-1, Schedule C-8, the Company should be allowed no more than  
16 \$8,370,613 for tree trimming. That reduces the Company's \$9,303,754 request for  
17 distribution tree trimming by \$933,141.

18

19 **Q. HOW DID YOU DETERMINE YOUR RECOMMENDED COSTS?**

20 A. The estimated cost is based on 1,575.2 trim miles at the 2012 rate of \$5,314 per mile,  
21 which is inclusive of scheduled tree trimming, enhanced tree trimming and mowing.  
22 The trim miles are the number of miles the Company has indicated that it would trim  
23 in 2014. My 2012 rate per mile was calculated from the Company's response to OPC

1 Interrogatory No. 117, which includes the scheduled tree trimming, enhanced tree  
2 trimming and mowing. This recommendation is an all-inclusive amount for  
3 vegetation management. My recommendation is more than reasonable given today's  
4 economic conditions and the volatility in Tampa Electric's cost per mile over the past  
5 ten years.

6

7 **Q. DID YOU MAKE A SIMILAR RECOMMENDATION IN DOCKET NO.**  
8 **080317-EI?**

9 A. Yes. In Docket No. 080317-EI, I recommended using the last actual cost per mile  
10 multiplied by one-fourth of the number of miles the Company had indicated were  
11 included in its system. The Company took exception to my calculation, claiming that  
12 my cost per mile was understated because the trim miles I used purportedly included  
13 miles without trees. The Commission adjusted my recommendation for the trim  
14 miles upward from 1,530 miles to 1,775 miles and increased the cost per mile from  
15 \$7,897 to \$8,315. The Company's request was reduced by \$1,314,000 in Order No.  
16 PSC-09-0283-FOF-EI at pages 69-70. As shown on Exhibit HWS-2, Schedule C-8,  
17 the average cost per mile after 2008 has been significantly lower than the  
18 Commission allowed cost per mile of \$8,315.

19

20 **Q. PLEASE EXPLAIN THE DIFFERENCES BETWEEN THE COMMISSION'S**  
21 **ADJUSTMENT TO TREE TRIMMING IN THE LAST RATE CASE AND**  
22 **YOUR RECOMMENDATION IN THIS CASE.**

1 A. In the last rate case, Docket No. 080317-EI, the Commission agreed that the  
2 Company's request was overstated. The Commission used my method of taking the  
3 Company's 6,121 miles of overhead distribution miles included in the system because  
4 the Company could not identify how many miles of distribution required trimming.  
5 The Commission opted to use a 29% factor instead of my recommended 25% in  
6 determining the number of miles to be trimmed. In this case, I am using the specific  
7 number of miles the Company has indicated would be trimmed in 2014. This number  
8 is one-fourth of the number of miles the Company has indicated is "subject to  
9 trimming," so there is no question as to the number of miles used in my calculation.  
10 My rate per mile is based on the actual cost for vegetation management and the miles  
11 trimmed, as provided by the Company's response to OPC Interrogatory No. 117. As  
12 discussed above, the Company's calculated cost per mile of \$5,245 (see OPC  
13 Interrogatory No. 117) is not consistent with the forecasted rate of \$4,866 per mile for  
14 2014 found on page 9 of Ms. Young's testimony. In addition, the Company has said  
15 the cost per mile is declining; therefore, using the last actual rate per mile may  
16 overstate the cost. My cost per mile calculation is based on the combined cost for  
17 vegetation management, which includes tree trimming, enhanced tree trimming and  
18 mowing. Should the Commission want to address only the scheduled tree trimming  
19 instead of an overall cost for vegetation management, I have performed that  
20 calculation.

21

1 **Q. WHAT WOULD YOUR ALTERNATIVE RECOMMENDATION BE IF YOU**  
2 **USE ONLY THE TREE TRIMMING COSTS AND NUMBER OF MILES**  
3 **SUBJECT TO TRIMMING?**

4 A. The response to OPC Interrogatory No. 117 indicates the 2014 tree trimming cost  
5 alone is \$8,261,622. Multiplying the actual cost per mile for tree trimming from 2012  
6 of \$4,646.74 (\$7,980,303/1,717.4) by the projected 1,575.2 miles the Company has  
7 indicated will be trimmed in 2014 results in a cost of \$7,319,537. The difference is a  
8 reduction of \$942,085 for tree trimming alone.

9

10 **Q. ARE THERE ANY OTHER RECOMMENDATIONS WITH RESPECT TO**  
11 **TREE TRIMMING THAT YOU WOULD LIKE TO MAKE?**

12 A. Yes. In past years, the Company has not expended the amount allowed in rates. If  
13 the Company does not expend the level of tree trimming allowed by the Commission,  
14 the Company should record a regulatory liability for any unexpended funds and  
15 utilize that in subsequent years.

16

17 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

18 A. Yes.



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony of Helmuth W. Schultz, III has been furnished by electronic mail to the following parties on this 15<sup>th</sup> day of July, 2013:

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c/o Andrew Kurth LLP  
Kenneth L. Wiseman  
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Patricia A. Christensen  
Associate Public Counsel

## ATTACHMENT I

### QUALIFICATIONS OF HELMUTH W. SCHULTZ, III

Mr. Schultz received a Bachelor of Science in Accounting from Ferris State College in 1975. He maintains extensive continuing professional education in accounting, auditing, and taxation. Mr. Schultz is a member of the Michigan Association of Certified Public Accountants

Mr. Schultz was employed with the firm of Larkin, Chapski & Co., C.P.A.s, as a Junior Accountant, in 1975. He was promoted to Senior Accountant in 1976. As such, he assisted in the supervision and performance of audits and accounting duties of various types of businesses. He has assisted in the implementation and revision of accounting systems for various businesses, including manufacturing, service and sales companies, credit unions and railroads.

In 1978, Mr. Schultz became the audit manager for Larkin, Chapski & Co. His duties included supervision of all audit work done by the firm. Mr. Schultz also represents clients before various state and IRS auditors. He has advised clients on the sale of their businesses and has analyzed the profitability of product lines and made recommendations based upon his analysis. Mr. Schultz has supervised the audit procedures performed in connection with a wide variety of inventories, including railroads, a publications distributor and warehouse for Ford and GM, and various retail establishments.

Mr. Schultz has performed work in the field of utility regulation on behalf of public service commission staffs, state attorney generals and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Kentucky, Kansas, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont and Virginia. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on numerous occasions.

#### Partial list of utility cases participated in:

U-5331                                      Consumers Power Co.  
Michigan Public Service Commission

Docket No. 770491-TP      Winter Park Telephone Co.  
Florida Public Service Commission

Case Nos. U-5125 and U-5125(R)	Michigan Bell Telephone Co. Michigan Public Service Commission
Case No. 77-554-EL-AIR	Ohio Edison Company Public Utility Commission of Ohio
Case No. 79-231-EL-FAC	Cleveland Electric Illuminating Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Refunds Michigan Public Service Commission
Docket No. 820294-TP	Southern Bell Telephone and Telegraph Co. Florida Public Service Commission
Case No. 8738	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission
82-165-EL-EFC	Toledo Edison Company Public Utility Commission of Ohio
Case No. 82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
Docket No. 830012-EU	Tampa Electric Company, Florida Public Service Commission
Case No. ER-83-206	Arkansas Power & Light Company, Missouri Public Service Commission
Case No. U-4758	The Detroit Edison Company - (Refunds), Michigan Public Service Commission
Case No. 8836	Kentucky American Water Company, Kentucky Public Service Commission
Case No. 8839	Western Kentucky Gas Company, Kentucky Public Service Commission

Case No. U-7650	Consumers Power Company - Partial and Immediate Michigan Public Service Commission
Case No. U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-4620	Mississippi Power & Light Company Mississippi Public Service Commission
Docket No. R-850021	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. R-860378	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. 87-01-03	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 87-01-02	Southern New England Telephone State of Connecticut Department of Public Utility Control
Docket No. 3673-U	Georgia Power Company Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Alaska Public Utilities Commission
Docket No. 8363	El Paso Electric Company The Public Utility Commission of Texas
Docket No. 881167-EI	Gulf Power Company Florida Public Service Commission
Docket No. R-891364	Philadelphia Electric Company Pennsylvania Office of the Consumer Advocate

Docket No. 89-08-11	The United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. 9165	El Paso Electric Company The Public Utility Commission of Texas
Case No. U-9372	Consumers Power Company Before the Michigan Public Service Commission
Docket No. 891345-EI	Gulf Power Company Florida Public Service Commission
ER89110912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 890509-WU	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Case No. 90-04	Union Light, Heat and Power Company Kentucky Public Service Commission
Docket No. R-901595	Equitable Gas Company Pennsylvania Consumer Counsel
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company Delaware Public Service Commission
Docket No. 900329-WS	Southern States Utilities, Inc. Florida Public Service Commission
Case No. PUE900034	Commonwealth Gas Services, Inc. Virginia Public Service Commission
Docket No. 90-1037* (DEAA Phase)	Nevada Power Company - Fuel Public Service Commission of Nevada

Docket No. 5491**	Central Vermont Public Service Corporation Vermont Department of Public Service
Docket No. U-1551-89-102	Southwest Gas Corporation - Fuel Before the Arizona Corporation Commission  Southwest Gas Corporation - Audit of Gas Procurement Practices and Purchased Gas Costs
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 5532	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 910890-EI	Florida Power Corporation Florida Public Service Commission
Docket No. 920324-EI	Tampa Electric Company Florida Public Service Commission
Docket No. 92-06-05	United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. C-913540	Philadelphia Electric Co. Before the Pennsylvania Public Utility Commission
Docket No. 92-47	The Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control

Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation (Supplemental) State of Connecticut Department of Public Utility Control
Docket No. 93-08-06	SNET America, Inc. State of Connecticut Department of Public Utility Control
Docket No. 93-057-01**	Mountain Fuel Supply Company Before the Public Service Commission of Utah
Docket No. 94-105-EL-EFC	Dayton Power & Light Company Before the Public Utilities Commission of Ohio
Case No. 399-94-297**	Montana-Dakota Utilities Before the North Dakota Public Service Commission
Docket No. G008/C-91-942	Minnegasco Minnesota Department of Public Service
Docket No. R-00932670	Pennsylvania American Water Company Before the Pennsylvania Public Utility Commission
Docket No. 12700	El Paso Electric Company Public Utility Commission of Texas
Case No. 94-E-0334	Consolidated Edison Company Before the New York Department of Public Service
Docket No. 2216	Narragansett Bay Commission On Behalf of the Division of Public Utilities and Carriers, Before the Rhode Island Public Utilities Commission
Case No. PU-314-94-688	U.S. West Application for Transfer of Local Exchanges

Before the North Dakota Public Service  
Commission

Docket No. 95-02-07

Connecticut Natural Gas Corporation  
State of Connecticut  
Department of Public Utility Control

Docket No. 95-03-01

Southern New England Telephone Company  
State of Connecticut  
Department of Public Utility Control

Docket No.  
U-1933-95-317

Tucson Electric Power  
Before the Arizona Corporation Commission

Docket No. 5863\*

Central Vermont Public Service Corporation  
Before the Vermont Public Service Board

Docket No. 96-01-26\*\*

Bridgeport Hydraulic Company  
State of Connecticut  
Department of Public Utility Control

Docket Nos. 5841/ 5859

Citizens Utilities Company  
Before Vermont Public Service Board

Docket No. 5983

Green Mountain Power Corporation  
Before Vermont Public Service Board

Case No. PUE960296\*\*

Virginia Electric and Power Company  
Before the Commonwealth of Virginia  
State Corporation Commission

Docket No. 97-12-21

Southern Connecticut Gas Company  
State of Connecticut  
Department of Public Utility Control

Docket No. 97-035-01

PacifiCorp, dba Utah Power & Light Company  
Before the Public Service Commission of Utah

Docket No.

Black Mountain Gas Division of Northern States



G-03493A-98-0705*	Power Company, Page Operations Before the Arizona Corporation Commission
Docket No. 98-10-07	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-01-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-04-18	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 99-09-03	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 980007-0013-003	Intercoastal Utilities, Inc. St. John County - Florida
Docket No. 99-035-10	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 6332 **	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket No. G-01551A-00-0309	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 6460**	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 01-035-01*	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 01-05-19 Phase I	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket No. 010949-EI	Gulf Power Company

Before the Florida Office of the Public Counsel

Docket No.  
2001-0007-0023

Intercoastal Utilities, Inc.  
St. Johns County - Florida

Docket No. 6596

Citizens Utilities Company - Vermont Electric  
Division  
Before the Vermont Public Service Board

Docket Nos. R. 01-09-001  
I. 01-09-002

Verizon California Incorporated  
Before the California Public Utilities Commission

Docket No. 99-02-05

Connecticut Light & Power Company  
State of Connecticut  
Department of Public Utility Control

Docket No. 99-03-04

United Illuminating Company  
State of Connecticut  
Department of Public Utility Control

Docket Nos. 5841/ 5859

Citizens Utilities Company  
Probation Compliance  
Before Vermont Public Service Board

Docket No. 6120/6460

Central Vermont Public Service Corporation  
Before the Vermont Public Service Board

Docket No. 020384-GU

Tampa Electric Company d/b/a/ Peoples Gas System  
Before the Florida Public Service Commission

Docket No. 03-07-02

Connecticut Light & Power Company  
State of Connecticut  
Department of Public Utility Control

Docket No. 6914

Shoreham Telephone Company  
Before the Vermont Public Service Board

Docket No. 04-06-01

Yankee Gas Services Company  
State of Connecticut  
Department of Public Utility Control

Docket Nos. 6946/6988

Central Vermont Public Service Corporation  
Before the Vermont Public Service Board

Docket No. 04-035-42**	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 050045-EI**	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 050078-EI**	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 05-03-17	The Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 05-06-04	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. A.05-08-021	San Gabriel Valley Water Company, Fontana Water Division Before the California Public Utilities Commission
Docket NO. 7120 **	Vermont Electric Cooperative Before the Vermont Public Service Board
Docket No. 7191 **	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 06-035-21 **	PacifiCorp Before the Public Service Commission of Utah
Docket No. 7160	Vermont Gas Systems Before the Vermont Public Service Board
Docket No. 6850/6853 ** Communications Company	Vermont Electric Cooperative/Citizens Before the Vermont Public Service Board
Docket No. 06-03-04** Phase 1	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control

Application 06-05-025	Request for Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc., Resulting in Change of Control of California-American Water Company Before the California Public Utilities Commission
Docket No. 06-12-02PH01**	Yankee Gas Company State of Connecticut Department of Public Utility Control
Case 06-G-1332**	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Case 07-E-0523	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 07-07-01	Connecticut Light & Power Company Connecticut Department of Public Utility Control
Docket No. 07-035-93	Rocky Mountain Power Company Before the Public Service Commission of Utah
Docket No. 07-057-13	Questar Before the Public Service Commission of Utah
Docket No. 08-07-04	United Illuminating Company Connecticut Department of Public Utility Control
Case 08-E-0539	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 080317-EI	Tampa Electric Company Before the Florida Public Service Commission
Docket No. 7488**	Vermont Electric Cooperative, Inc. Before the Vermont Public Service Board
Docket No. 080318-GU	Peoples Gas System Before the Florida Public Service Commission
Docket No. 08-12-07***	Southern Connecticut Gas Company

	Connecticut Department of Utility Control
Docket No. 08-12-06***	Connecticut National Gas Company Connecticut Department of Utility Control
Docket No. 090079-EI	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 7529 **	Burlington Electric Company Before the Vermont Public Service Board
Docket No. 7585****	Green Mountain Power Corporation Alternative Regulation Before the Vermont Public Service Board
Docket No. 7336****	Central Vermont Public Service Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 09-12-05	Connecticut Light & Power Company Connecticut Department of Utility Control
Docket No. 10-02-13	Aquarion Water Company of Connecticut Connecticut Department of Utility Control
Docket No. 10-70	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 10-12-02	Yankee Gas Services Company Connecticut Department of Utility Control
Docket No. 11-01	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Case No.9267	Washington Gas Light Company Maryland Public Service Commission
Docket No. 110138-EI	Gulf Power Company Before the Florida Public Service Commission
Case No.9286	Potomac Electric Power Company Maryland Public Service Commission
Docket No. 120015-EI	Florida Power & Light Company

Before the Florida Public Service Commission

Docket No. 11-102****	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8373****	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 110200-WU	Water Management Services, Inc. Before the Florida Public Service Commission
Docket No. 11-102/11-102A	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Case No.9311	Potomac Electric Power Company Maryland Public Service Commission
Case No.9316	Columbia Gas of Maryland, Inc. Maryland Public Service Commission

\* Certain issues stipulated, portion of testimony withdrawn.

\*\* Case settled.

\*\*\* Assisted in case and hearings, no testimony presented

\*\*\*\* Annual filings reviewed and reports filed with Board.

Tampa Electric Company  
 Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
 Payroll Adjustment  
 Exhibit HWS-2  
 Schedule C-1

Line No.	Description	2014 Amount	Reference
1	Gross Payroll	214,138,700	a,b
2	Incentive Pay	-0.05783 <u>(12,383,000)</u>	a
3	Base Pay, Overtime, Other	-0.06138 <u>201,755,700</u>	L.1-L.2
4	Projected Employees	2,455	a
5	Average Pay per Employee	82,182	L.3/L.4
6	Expensed	142,954,000	b
7	Incentive Pay	<u>(9,800,000)</u>	d
8	Base Pay, Overtime, Other	<u>133,154,000</u>	L.6-L.7
9	Expense Percentage	66.76%	L.6/L.1
10	Average Expensed Pay Per Employee	54,862	L.5 x L.9
11	Employee Reduction ( 2,351 - 2,455)	<u>(104)</u>	Testimony
12	Payroll Expense Adjustment	(5,705,698)	L.10 x L.11
13	Jurisdictional Factor	<u>0.999321</u>	c
14	Jurisdictional Adjustment	<u><u>(5,701,824)</u></u>	L.13 x L.14
15	Payroll Expense Recommended	127,448,302	L.8-L.12

Source: (a) Company MFR Schedule C-35 workpapers.  
 (b) Company response to OPC Interrogatory 57.  
 (c) Company MFR Schedule C-1.  
 (d) Company response to OPC Interrogatory 147.

**OPC Primary Adjustment to PSP**

1	Tampa Electric PSP Budgeted 2014 Total	12,383,000	a,b
2	Expense Percentage	<u>79.00%</u>	c
3	Tampa Electric Expensed Portion	9,782,570	
4	Tampa Electric PSP Adjustment Per Company	<u>(1,247,000)</u>	b
5	Adjusted Tampa Electric PSP	<u>8,535,570</u>	L.3-L.4
6	<u>PSP Expense Recommended</u>		
7	Recommended Salary (Expensed)	127,448,302	Exh HWS-2, Sch C-1
8	2% PSP Allowance	<u>2%</u>	Testimony
9	PSP Expense Recommended	<u>2,548,966</u>	L.6 x L.7
10	PSP Expense Adjustment-Tampa Electric	(5,986,604)	L.9 - L.5
11	TECO Energy PSP Recommended Adjustment	<u>(1,836,882)</u>	d
12	Total PSP Adjustment- Primary Adjustment	<u>(7,823,486)</u>	L.10 + L.11
13	Jurisdictional Factor	<u>0.999321</u>	e
14	Jurisdictional Adjustment	<u>(7,818,174)</u>	L.12 x L.13

**OPC Alternate Adjustment to PSP**

15	Tampa Electric PSP Budgeted 2014 Total	12,383,000	a,b
16	Adjustment - Remove Unsupported 3% Operational PSP	<u>(5,000,000)</u>	f
17	Net Adjusted PSP	7,383,000	L.15 x L.16
18	Expense Percentage	<u>79.00%</u>	c
19	Normalized Tampa Electric PSP	5,832,570	L.17 x L.18
20	Tampa Electric PSP Adjustment Per Company	<u>(1,247,000)</u>	b
21	Net	4,585,570	L.19 x L.20
22	50% Split between Shareholders & Ratepayers	<u>2,292,785</u>	L. 21 x 50%
23	OPC Adjustment for Tampa Electric PSP	(6,242,785)	L. 22 - L. 5
24	TECO Energy PSP Recommended Adjustment	<u>(1,836,882)</u>	d
25	Total Alternate Adjustment for PSP	<u>(8,079,667)</u>	L.23 + L.24
26	Jurisdictional Factor	<u>0.999321</u>	e
27	Jurisdictional Adjustment	<u>(8,074,181)</u>	L.25 x L.26

Source: (a) Company MFR Schedule C-35 workpapers.  
 (b) Company July 8, 2013 update to page 19 of testimony of Brad Register.  
 (c) Company response to OPC Interrogatory No. 147.  
 (d) Company response to OPC Interrogatory No. 8.  
 (e) Company MFR Schedule C-1.  
 (f) Company response to OPC Interrogatory No. 145.



Tampa Electric Company  
 Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
 Employee Benefit Adjustment  
 Exhibit HWS-2  
 Schedule C-3

Line No.	Description	Amount	Reference
1	Benefits Per Company	81,242,000	a
2	Stock Compensation	(5,084,200)	a
3	Payroll Taxes	<u>(16,134,000)</u>	a
4	Net Employee Benefits	<u>60,023,800</u>	L.1-L.2-L.3
5	Projected Employees	2,455	a
6	Average Benefit Cost Per Employee	24,450	L.4/L.5
7	Expensed Per Company	54,904,000	c
8	Stock Compensation	(5,084,000)	c
9	Payroll Taxes	<u>(10,163,000)</u>	c
10	Net Employee Benefits Expense	<u>39,657,000</u>	
11	Expense Percentage	66.07%	L.6/L.4
8	Average Expensed Benefit Cost Per Employee	16,154	L.5 x L.7
9	Employee Reduction ( 2,351 - 2,455)	<u>(104)</u>	Testimony
10	Benefit Expense Adj for Employee Complement	(1,679,971)	L.8 x L.9
11	Jurisdictional Factor	<u>0.999256</u>	b
12	Jurisdictional Adj for Employee Complement	<u><u>(1,678,721)</u></u>	L.10 x L.11
13	Adjustment to Remove Stock Compensation		
14	Tampa Electric Stock Compensation	(5,084,200)	L. 2
15	TECO Energy Allocated Stock Compensation	<u>(4,638,481)</u>	
16	Total Stock Compensation Adjustment	<u><u>(9,722,681)</u></u>	
17	Jurisdictional Factor	<u>0.999256</u>	b
18	Jurisdictional Stock Compensation Adjustment	<u><u>(9,715,447)</u></u>	

Source: (a) Company MFR Schedule C-35.  
 (b) Company MFR Schedule C-4, Account 926.  
 (c) Company response to OPC Interrogatory No. 57.

Tampa Electric Company  
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
Payroll Taxes Adjustment  
Exhibit HWS-2  
Schedule C-4

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Payroll Taxes	16,134,000	a
2	Projected Employees	2,455	a
3	Average Payroll Tax Cost Per Employee	6,572	L.1/L.2
4	Expensed Per Company	10,163,000	c
5	Expense Percentage	62.99%	L.4/L.1
6	Average Expensed Payroll Tax Cost Per Employee	4,140	L.3 x L.5
7	Employee Reduction ( 2,351 - 2,455)	<u>(104)</u>	Testimony
8	Benefit Expense Adjustment	(430,530)	L.6 x L.7
9	Jurisdictional Factor	<u>0.999149</u>	b
10	Jurisdictional Adjustment	<u><u>(430,164)</u></u>	L.8 x L.9

Source: (a) Company MFR Schedule C-35.  
(b) Company MFR Schedule C-4, Payroll Taxes.  
(c) Company response to OPC Interrogatory No. 57.

Tampa Electric Company  
 Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
 Generation Maintenance Adjustment  
 Exhibit HWS-2  
 Schedule C-5

(000's)

Line No.	Year	Polk Unit Maintenance	Indexed	Total Incl. Polk Planned Maintenance	Indexed	Reference
1	2008	2,578	3,029	12,995	15,269	a,b
2	2009	6,107	7,207	14,744	17,399	a,b
3	2010	2,962	3,417	10,127	11,683	a,b
4	2011	2,930	3,254	10,436	11,589	a,b
5	2012	4,068	4,366	10,755	11,544	a,b
6	2013	3,200	3,329	12,475	12,979	a,b
7	2014	3,100	3,100	17,585	17,585	a,b
8	Actual Average 2008-2012		3,729	11,811		
9	Indexed Average 2008-2012		4,255		13,497	
10	Per OPC			13,497		
11	Per Company			<u>17,585</u>		
12	Maintenance Adjustment			(4,088)		L.10-L.11
13	Jurisdictional Factor			<u>1.000000</u>		c
14	Jurisdictional Adjustment			<u>(4,088)</u>		L.12 x L.13

Source: (a) Company response to OPC Interrogatories Nos. 75 and 77.  
 (b) Company indices on MFR Schedule C-40.  
 (c) Company MFR Schedule C-4, Page 1.

Tampa Electric Company  
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
Rate Case Expense Adjustment  
Exhibit HWS-2  
Schedule C-6

(000's)

<u>Line No.</u>	<u>Description</u>	<u>Per OPC</u>	<u>Per Company</u>	<u>Recommended Adjustment</u>	<u>Company Reference</u>
1	Sussex Economic Advisors	70	173	(103)	a
2	Itron	51	51	0	a
3	Power Plan	0	304	(304)	a
4	ABSG, Inc.	46	46	0	a
5	Wm. Slusser, Jr.	0	136	(136)	a
6	Legal	<u>1,210</u>	<u>1,490</u>	<u>(280)</u>	a
7	Total	<u>1,377</u>	<u>2,199</u>	<u>(823)</u>	
8	Amortization	<u>275</u>	<u>733</u>	<u>(458)</u>	

Source: (a) Company MFR Schedule C-10.

Tampa Electric Company  
 Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
 Storm Accrual Adjustment  
 Exhibit HWS-2  
 Schedule C-7

(000's)

Line No.	Year	Beginning Balance	Charges	Accrual	Ending Balance	Reference
1	2000	(24,000)		(4,000)	(28,000)	a
2	2001	(28,000)		(4,000)	(32,000)	a
3	2002	(32,000)		(4,000)	(36,000)	a
4	2003	(36,000)		(4,000)	(40,000)	a
5	2004	(40,000)	71,965	(4,000)	27,965	a
6		27,965	2,394	(38,877)	(8,518)	a
7	2005	(8,518)		(4,000)	(12,518)	a
8	2006	(12,518)	220	(4,000)	(16,298)	a
9	2007	(16,298)	(12)	(4,000)	(20,310)	a
10	2008	(20,310)	1,658	(4,000)	(22,652)	a
11	2009	(22,652)		(6,667)	(29,319)	a
12	2010	(29,319)		(8,000)	(37,319)	a
13	2011	(37,319)	1,925	(8,000)	(43,394)	a
14	2012	(43,394)	1,185	(8,000)	(50,209)	a
15	2013	(50,209)	917	(8,000)	(57,292)	a
16	Post 2004 Storms		5,685			
17	Per OPC				3,000	Testimony
18	Per Company Reserve Accrual				<u>8,000</u>	a
19	Reserve Accrual Adjustment				(5,000)	L.17-L.18
20	Jurisdictional Factor				<u>1</u>	
21	Jurisdictional Adjustment				<u>(5,000)</u>	L.19 x L.20
22	Average Rate Base Adjustment				<u>2,500</u>	

Source: (a) Company response to FIPUG Interrogatory No. 35.

Tampa Electric Company  
 Projected Test Year Ended December 31, 2014

Docket No. 130040-EI  
 Tree Trimming Adjustment  
 Exhibit HWS-2  
 Schedule C-8

Line No.	Year	Distribution Trimming	Miles Trimmed	Cost Per Mile	Change Per Mile	Reference
1	1998	5,776,757	1,940	2,978		a
2	1999	5,573,926	1,444	3,860	29.63%	a
3	2000	6,014,931	1,998	3,010	-22.01%	a
4	2001	6,085,703	1,383	4,400	46.17%	a
5	2002	6,119,991	1,326	4,615	4.89%	a
6	2003	4,578,433	786	5,825	26.21%	a
7	2004	4,832,179	941	5,135	-11.84%	a
8	2005	5,345,414	1,064	5,024	-2.17%	a
9	2006	9,216,147	1,108	8,318	65.57%	a
10	2007	10,321,799	1,307	7,897	-5.06%	a
11	2008	9,916,504	1,179	8,411	6.50%	b
12	2009	13,152,065	1,909	6,890	-18.09%	b
13	2010	13,398,688	2,251	5,952	-13.60%	b
14	2011	11,898,417	2,119	5,615	-5.67%	b
15	2012	9,124,246	1,717	5,314	-5.36%	b
					2014 Estimate	
	Per OPC		1,575.2	5,314	<u>8,370,613</u>	
	Per Company				<u>9,303,754</u>	b
	Distribution Tree Trimming Adjustment				<u><u>(933,141)</u></u>	

Source: (a) Company response to OPC Interrogatory 67 in Docket No. 080317-EI.  
 (b) Company response to OPC Interrogatory 117.