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STEVE CRISAFULLI  
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August 12, 2015

Ms. Carlotta Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 150148-EI

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket the Direct Testimony and Exhibits of Donna Ramas. This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal.

If you have any questions or concerns; please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles J. Rehwinkel".

Charles J. Rehwinkel  
Deputy Public Counsel

cc. : Parties of Record

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition for approval to include in base  
rates the revenue requirement for the CR3  
Regulatory Asset, by Duke Energy Florida, Inc.

Docket No. 150148-EI

FILED: August 12, 2015

\_\_\_\_\_ /

**DIRECT TESTIMONY AND EXHIBITS**

**OF**

**DONNA RAMAS**

**ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA**

**TABLE OF CONTENTS**

INTRODUCTION ..... 1

SUMMARY ..... 4

REGULATORY ASSET BACKGROUND AND GUIDANCE ..... 7

REGULATORY LIABILITY OFFSET ..... 9

PROPERTY TAX EXPENSE DEFERRALS ..... 14

ADJUSTMENTS IDENTIFIED AND AGREED TO BY DEF..... 16

MOVING EXPENSE REDUCTION ..... 19

IMPACT OF ADJUSTMENTS ON CUMULATIVE AFUDC COMPONENT ..... 21

NUCLEAR FLEET IT PROJECT DEVELOPMENT AND IMPACT ..... 22

**EXHIBITS**

- DMR-1 Qualifications of Donna Ramas
- DMR-2 Adjustments to CR3 Regulatory Assets

1 **DIRECT TESTIMONY**

2 **OF**

3 **DONNA RAMAS**

4 On Behalf of the Office of Public Counsel

5 Before the

6 Florida Public Service Commission

7 Docket No. 150148-EI

8  
9 INTRODUCTION

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

11 A. My name is Donna Ramas. I am a Certified Public Accountant licensed in the State of  
12 Michigan and Principal at Ramas Regulatory Consulting, LLC, with offices at 4654  
13 Driftwood Drive, Commerce Township, Michigan 48382.

14  
15 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC**  
16 **SERVICE COMMISSION?**

17 A. Yes, I have testified before the Florida Public Service Commission (“PSC” or  
18 “Commission”) on several prior occasions. I have also testified before many other state  
19 regulatory commissions.

20  
21 **Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR**  
22 **QUALIFICATIONS AND EXPERIENCE?**

23 A. Yes. I have attached Exhibit DMR-1, which is a summary of my regulatory experience  
24 and qualifications.



1 **Q. ON WHOSE BEHALF ARE YOU APPEARING?**

2 A. I am appearing on behalf of the Citizens of the State of Florida for the Office of Public  
3 Counsel (“OPC”).

4

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

6 A. On May 22, 2015, Duke Energy Florida, Inc. (“DEF” or “Company”) filed a petition to  
7 include the revenue requirement for the Crystal River Unit 3 (“CR3”) Regulatory Asset  
8 in base rates. In its petition, DEF projected the amount of CR3 Regulatory Asset balance  
9 as of December 31, 2015 as \$1.298 billion. In this testimony, I recommend several  
10 adjustments to the projected \$1.298 billion CR3 Regulatory Asset Balance and provide  
11 the OPC’s recommended CR3 regulatory asset balance to be recovered from DEF’s  
12 Florida ratepayers.

13

14 **Q. IS DEF STILL PROPOSING THAT THE CR3 REGULATORY ASSET BE**  
15 **RECOVERED AS A COMPONENT OF BASE RATES?**

16 A. No. In its petition, DEF expressed its intent to file a subsequent petition for a financing  
17 order, pursuant to the securitization legislation passed earlier this year by the Florida  
18 House and Senate, if the legislation ultimately became law. House Bill 7109 was enacted  
19 by the Florida legislature and codified as Section 366.95 of the Florida Statutes. As  
20 provided for in Section 366.95, on July 27, 2015, DEF filed a petition for issuance of a  
21 Nuclear Asset-Recovery Financing Order. Under the July 27<sup>th</sup> petition, the approved  
22 amount of the CR3 Regulatory Asset, estimated financing costs associated with the  
23 issuance of nuclear asset-recovery bonds, and carrying charges from December 31, 2015  
24 through the date of issuance of nuclear asset-recovery bonds would be securitized. Thus,  
25 under the July 27<sup>th</sup> petition, the CR3 Regulatory Asset would be recovered from DEF’s

1 customers through the recovery of the nuclear-asset recovery bonds instead of as a  
2 component of base rates. However, under either recovery scenario – i.e., inclusion in  
3 base rates or through securitization and issuance of nuclear asset-recovery bonds – the  
4 amount of the CR3 Regulatory Asset that is recoverable from DEF’s ratepayers needs to  
5 be determined. This testimony addresses the quantification of the CR3 Regulatory Asset  
6 balance to be recovered.

7

8 **Q. COULD YOU PLEASE BRIEFLY DISCUSS THE ESTABLISHMENT OF THE**  
9 **CR3 REGULATORY ASSET?**

10 A. Yes. The CR3 Regulatory Asset was originally established as a result of a Stipulation  
11 and Settlement Agreement entered into between Progress Energy Florida (now Duke  
12 Energy Florida or DEF), the OPC, the Florida Industrial Power Users Group (“FIPUG”),  
13 the Florida Retail Federation (“FRF”), White Springs Agricultural Chemicals, Inc.  
14 (“White Springs”), and the Federal Executive Agencies on July 20, 2012, hereinafter  
15 referred to as the “2012 Settlement Agreement.” The 2012 Settlement Agreement was  
16 approved by the PSC in Order No. PSC-12-0104-FOF-EI on March 8, 2012 in Docket  
17 No. 120022-EI, as amended by Order No. PSC-12-0104A-FOF-EI. Since the 2012  
18 Settlement Agreement did not resolve all CR3 related issues, on July 31, 2013, DEF,  
19 OPC, FIPUG, FRF and White Springs entered into a Revised and Restated Stipulation  
20 and Settlement Agreement, hereinafter referred to as the “RRSSA.” The RRSSA was  
21 approved by the PSC in Order No. 13-0598-FOF-EI, issued November 12, 2013. The  
22 CR3 Regulatory Asset, as well as the determination of the amount of the regulatory asset,  
23 is addressed in both the 2012 Settlement Agreement and the RRSSA.

1 SUMMARY

2 **Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE PROJECTED CR3**  
3 **REGULATORY ASSET PRESENTED BY DEF?**

4 A. Yes. DEF projects the CR3 Regulatory Asset balance will be \$1.298 billion as of  
5 December 31, 2015. In this testimony, I present several adjustments that should be made  
6 to the CR3 Regulatory Asset balance, several of which DEF has identified as needed  
7 corrections in response to discovery. The amount of the CR3 Regulatory Asset  
8 recommended in this testimony is \$1,289,737,474, which is \$8,274,526 less than the  
9 amount proposed by DEF.

10

11 **Q. HAVE YOU PREPARED ANY EXHIBITS IN SUPPORT OF YOUR**  
12 **TESTIMONY?**

13 A. Yes. Exhibit DMR-2 presents the amount of CR3 Regulatory Asset that would result if  
14 each of the adjustments recommended in this testimony are adopted by the Commission.

15

16 **Q. WOULD YOU PLEASE PROVIDE A BRIEF SUMMARY OF EACH OF THE**  
17 **ADJUSTMENTS PRESENTED IN THIS TESTIMONY AS WELL AS THE**  
18 **IMPACT ON THE CR3 REGULATORY ASSET BALANCE ASSOCIATED**  
19 **WITH EACH OF THESE ADJUSTMENTS?**

20 A. Yes. I recommend the following adjustments to Duke's projected CR3 Regulatory Asset  
21 balance within this testimony:

22 • The CR3 Regulatory Asset should be reduced by \$5,968,985 to remove  
23 property tax expenses deferred by DEF that fall outside the deferral period  
24 allowed for in both the 2012 Settlement Agreement and the RRSSA. This  
25 includes nuclear property tax expense of \$5,585,240 for 2012 and \$383,745

1 for January 2013, each of which is net of subsequent property tax refunds  
2 applied by DEF to the Deferred Expenses.

- 3 • The CR3 Regulatory Asset should be increased by \$926,998 to include  
4 \$463,449 of additional nuclear O&M expenses incurred by DEF during the  
5 allowed deferral period that were inadvertently excluded from the regulatory  
6 asset along with the impact of the \$463,449 of additional expense on the  
7 regulatory liability offset calculated by DEF.
- 8 • The CR3 Regulatory Asset should be reduced by: 1) \$129,598 to remove  
9 \$64,799 of moving expenses that DEF agrees should not have been charged to  
10 the regulatory asset along with the associated impact on the regulatory  
11 liability offset; and 2) by \$414,932 to remove \$207,466 of accrued moving  
12 expenses that have not been supported by the Company and the impact of the  
13 removal on the regulatory liability offset.
- 14 • The travel/meals/lodging expense included in the Deferred Expense  
15 component of the CR3 Regulatory Asset should be reduced by \$11,705 to  
16 remove costs DEF indicated should not be included. The deferred liability  
17 offset calculated by DEF would also be increased by the \$11,705 resulting in a  
18 combined impact on the CR3 Regulatory asset of \$23,410.
- 19 • The CR3 Regulatory Asset should be reduced by \$656,779 to remove legal  
20 invoices that DEF identified as being inadvertently charged to the CR3  
21 Regulatory Asset.
- 22 • The CR3 Regulatory Asset should be reduced by \$549,820 to correct an error  
23 made by DEF in determining the Cost of Removal component of the  
24 regulatory asset.

- 1                   • Each revision to the CR3 Regulatory Asset impacts the calculation of the  
2                   Cumulative AFUDC component of the regulatory asset. Based on the  
3                   recommended adjustments contained in this testimony, the Cumulative  
4                   AFUDC component of the regulatory asset would be reduced by an estimated  
5                   \$1,458,000. The Commission will need to determine the ultimate amount of  
6                   Cumulative AFUDC to include in the CR3 Regulatory Asset based on each of  
7                   the adjustments to the CR3 Regulatory Asset it adopts.

8  
9                   In addition to each of the above identified adjustments to the CR3 regulatory asset, I also  
10                  recommend that DEF address the nuclear fleet Information Technology (“IT”) projects  
11                  that are in development and the impact of those projects on the Other CWIP component  
12                  of the CR3 Regulatory Asset in its rebuttal testimony.

13  
14                  **Q. HAVE YOU IDENTIFIED ANY OTHER ISSUES AT THIS TIME WITH THE**  
15                  **CR3 REGULATORY ASSET THAT SHOULD BE ADDRESSED BY THE**  
16                  **COMMISSION?**

17                  A. During the discovery process and in preparation of my testimony, I expressed some  
18                  additional concerns with the Deferred Expense component of the CR3 Regulatory Asset  
19                  to the OPC. Pursuant to Paragraph 22 of the RRSSA, the OPC began the process of  
20                  conferring with DEF about this issue and the concerns I raised. Pending the outcome of  
21                  those discussions, I have decided not to include the additional issues as part of my  
22                  testimony, but the OPC has indicated that it will reserve the right to raise issues related to  
23                  my concerns in the case if warranted.

1 REGULATORY ASSET BACKGROUND AND GUIDANCE

2 **Q. BEFORE DISCUSSING THE APPROPRIATE CR3 REGULATORY ASSET**  
3 **BALANCE, WOULD YOU PLEASE FIRST BRIEFLY DISCUSS THE**  
4 **GUIDANCE IN PLACE WITH REGARDS TO THE DETERMINATION OF THE**  
5 **CR3 REGULATORY ASSET THAT IS RECOVERABLE BY DEF FROM**  
6 **RATEPAYERS?**

7 A. Yes. Paragraphs 5.a. through 5.d. of the RRSSA provide for the establishment of the  
8 CR3 Regulatory Asset and address what is to be included as part of the regulatory asset,  
9 which incorporates provisions for both regulatory assets and regulatory liabilities  
10 resulting in the total amount of the CR3 Regulatory Asset. The various components  
11 allowed for inclusion in the CR3 Regulatory Asset are specifically identified on RRSSA  
12 Exhibit 10, titled “Template for Calculation of the CR3 Regulatory Asset Value and  
13 Revenue Requirement.” Under Paragraph 5.f. of the RRSSA, a cost must be identified as  
14 a component in RRSSA Exhibit 10 in order to be eligible for cost recovery as part of the  
15 CR3 Regulatory Asset, with certain Force Majeure event exceptions defined in the  
16 RRSSA. The same paragraph states: “The Parties expressly waive, release, and do not  
17 retain the right to challenge the inclusion of the components of the CR3 Regulatory Asset  
18 that were at issue in Docket No. 100437-EI and as set forth in Exhibit 10...” While the  
19 Parties are unable to challenge the inclusion of the components of the CR3 regulatory  
20 asset, the Parties have retained the right to “...challenge whether DEF took reasonable  
21 and prudent actions to minimize the future CR3 Regulatory Asset value...” The amount  
22 of the CR3 Regulatory Asset value is also subject to Commission audit for mathematical  
23 or accounting errors in the true-up determination of the CR3 Regulatory Asset.

1 Paragraph 4 of the RRSSA, in combination with RRSSA Exhibit 13, also identified five  
2 (5) specific issues that were preserved to be addressed in future proceedings, consistent  
3 with RRSSA Exhibit 10. Included as two of the five preserved issues were the following:

4 Issue 35: What are the appropriate amounts of the individual components of the  
5 CR3 Asset for purposes of establishing customer rates after December 31, 2016?  
6

7 Issue 36: What criteria, methodologies or procedures, if any, should the Commission  
8 establish for determining the components and amounts of the CR3 Asset for  
9 purposes of establishing customer rates after December 31, 2016?  
10

11 **Q. HAS DEF PROVIDED A BREAKDOWN OF THE CR3 REGULATORY ASSET**  
12 **BY COMPONENT?**

13 A. Yes. Exhibit No. \_\_ (MO-2) attached to the Direct Testimony of Marcia Olivier provided  
14 a breakdown of the actual CR3 Regulatory Asset balance as of April 2015 and the  
15 projected balance as of December 31, 2015 by each of the components identified on  
16 Exhibit 10 of the RRSSA.  
17

18 **Q. WHICH COMPONENTS OF THE CR3 REGULATORY ASSET DO THE**  
19 **RECOMMENDED ADJUSTMENTS PRESENTED IN THIS TESTIMONY**  
20 **IMPACT?**

21 A. Exhibit DMR-2, Page 1 of 4, provides a summary of each of the adjustments  
22 recommended in this testimony and identifies the CR3 Regulatory Asset component  
23 impacted by each recommended adjustment. As shown on Exhibit DMR-2, page 1 of 4,  
24 most of the adjustments presented in this testimony impact the Deferred Expenses  
25 component of the CR3 Regulatory Asset. The summary also includes adjustments to the  
26 Construction Work in Progress – Delam Repair Project category and the Cost of Removal  
27 Regulatory Asset category, both of which have been identified as adjustments by DEF in  
28 response to discovery. Finally, line 13 of Exhibit DMR-2, page 1 of 4, adjusts the

1 Cumulative AFUDC component of the CR3 Regulatory Asset. This final adjustment to  
2 the Cumulative AFUDC component is a fall-out adjustment as it flows through the  
3 impact of the prior adjustments on the Cumulative AFUDC balance.

4  
5 REGULATORY LIABILITY OFFSET

6 **Q. ARE ANY OFFSETS TO THE CR3 REGULATORY ASSET SPECIFICALLY**  
7 **PROVIDED FOR IN THE RRSSA?**

8 A. Yes. Paragraph 5.b. of the RRSSA states, in part, as follows in addressing the regulatory  
9 liabilities:

10 b. Upon DEF's decision to retire CR3, and until inclusion of the CR3  
11 investments and related costs in customer rates, except as provided for in  
12 paragraph 5c, DEF is authorized to implement deferral accounting through the  
13 creation of a regulatory asset or assets to address the capital cost amounts and  
14 revenue requirements associated with all CR3-related costs (including, but not  
15 limited to, actual depreciation/amortization expense, operation and maintenance  
16 ("O&M") expense, property taxes, and cost of capital return) and regulatory  
17 liabilities to address O&M costs, which may be funded from the Nuclear  
18 Decommissioning Trust or obviated by ceasing operations, and property taxes  
19 which may no longer be assessed (for example, a type of regulatory liability  
20 would entail Retail Nuclear O&M 2010 MFR C-4 \$90 million (per year) (See  
21 Exhibit 7 to this Revised and Restated Settlement Agreement) less actual incurred  
22 O&M deferred as a regulatory asset). These amounts, together with the net plant  
23 balance of CR3 and other CR3-related investments, are recorded in various FERC  
24 accounts, and are collectively referred to herein as the "CR3 Regulatory Asset,"  
25 the components of which are shown on Exhibit 10 to this Revised and Restated  
26 Settlement Agreement. ...  
27  
28

29 **Q. WAS THERE A LIMITATION ON THE TIMEFRAME OVER WHICH THE**  
30 **REGULATORY ASSETS AND REGULATORY LIABILITIES ASSOCIATED**  
31 **WITH THE CR3 EXPENSES WERE TO BE ACCUMULATED?**

32 A. Yes. Paragraph 5.c. of the Revised and Restated Settlement Agreement states, in part,  
33 that "Effective January 1, 2014, DEF will cease the deferral accounting of regulatory  
34 assets and liabilities provided for in paragraph 5b above, in this Revised and Restated



1 Settlement Agreement only for CR3 O&M expenses, CR3 property taxes, and CR3  
 2 administrative and general ('A&G') expenses.” Thus, while the deferral of the regulatory  
 3 assets and liabilities associated with the CR3 O&M expense, CR3 property taxes and  
 4 CR3 A&G expenses began with the February 2013 decision to retire CR3, the deferrals  
 5 for these three categories ceased January 1, 2014.

6  
 7 **Q. DID DEF INCLUDE AN OFFSET FOR THE ABOVE REFERENCED**  
 8 **REGULATORY LIABILITY IN DETERMINING THE CR3 REGULATORY**  
 9 **ASSET BALANCE IT IS SEEKING TO RECOVER FROM FLORIDA**  
 10 **RATEPAYERS?**

11 A. Yes. The regulatory liability is included as part of the Deferred Expenses category of the  
 12 CR3 Regulatory Asset. According to page 8 of Ms. Olivier’s testimony, lines 8 through  
 13 9, the Deferred Expense category on line 16 of Company Exhibit\_\_(MO-2) totaling  
 14 \$94,460,000 consists of total deferred expenses of \$105.2 million offset by total savings  
 15 of \$10.7 million. Presented in Table 1, below, is a breakdown of the Deferred Expense  
 16 category between O&M and A&G Expenses, Property Tax Expenses, and other<sup>1</sup> as well  
 17 as the offset for what the Company has identified as “total savings” (i.e., the regulatory  
 18 liability) broken down between O&M and A&G “savings” and property tax expense  
 19 “savings.”

Table 1 - Breakdown of Deferred Expenses

	O&M / A&G Expense	Property Tax Exp.	Other	Total
Deferred Expenses	\$ 95,588,649	\$ 10,511,105	\$(949,127)	\$ 105,150,627
Regulatory Liability Offsets	\$ (4,986,717)	\$ (5,703,803)		\$ (10,690,520)
Total	\$ 90,601,932	\$ 4,807,302	\$(949,127)	\$ 94,460,107

<sup>1</sup> The “Other” category consists of the retail portion of a NEIL property insurance distribution DEF included as an offset to the deferred expenses.

1 The total net Deferred Expenses shown above ties to the \$94,460,000 Deferred Expense  
2 amount shown on Ms. Olivier's Exhibit No. \_\_ (MO-2), line 16.

3

4 **Q. CAN YOU EXPLAIN HOW DEF CALCULATED THE REGULATORY**  
5 **LIABILITY OFFSET REFERENCED IN THE PREVIOUSLY QUOTED**  
6 **PARAGRAPHS FROM THE 2012 SETTLEMENT AGREEMENT AND THE**  
7 **RRSSA?**

8 A. Yes. At page 8 of her direct testimony, lines 2 through 5, Ms. Olivier indicates that  
9 Paragraph 5.b. of the Revised and Restated Agreement "...requires DEF to record in  
10 regulatory liabilities the O&M and property tax savings for actual costs that are lower  
11 than amounts included in DEF's 2010-test year rate case minimum filing requirements."

12 In calculating the amount of the Regulatory Liability, DEF used the amount of nuclear  
13 O&M expense in 2010 MFR Schedule C-4 which was \$90,465,000 on a retail basis<sup>2</sup>. It  
14 added \$17,031,000 (retail basis) for the amount of Nuclear A&G expense DEF  
15 determined to be incorporated in the 2010 MFRs. These two amounts were combined,  
16 totaling \$107,496,000, and a factor of 11/12ths was applied to cover the eleven-month  
17 deferral period, resulting in \$98,538,000. In other words, the \$98,538,000 would be the  
18 amount incorporated in the 2010 MFRs for the retail nuclear O&M and A&G expense for  
19 an eleven-month period (i.e., deferral period).

20

21 Duke then took the actual retail Nuclear O&M and A&G expense recorded to the CR3  
22 Regulatory Asset during the eleven-month deferral period, which was \$96,734,179<sup>3</sup> and

---

<sup>2</sup> The \$90,465,000 is consistent with the \$90 million per year amount specifically identified in the example provided in Paragraph 11.b. of the 2012 Settlement Agreement and Paragraph 5.b. of the RRSSA and consistent with the \$90.465 million of retail Nuclear O&M expense provided in Exhibit 7, page 1 of 4, of each of the agreements, which is based on Schedule C-4 of the 2010 MFRs.

<sup>3</sup> Payroll tax expense of \$2,037,367 was excluded by DEF in the regulatory liability calculation.

1 calculated the difference between the actual nuclear O&M and A&G expenses of  
2 \$96,734,179 and the \$98,538,000 associated with the amounts in the 2010 MFRs to  
3 determine a Regulatory Liability Offset, or “O&M savings” of \$1,803,821. Thus, the  
4 Company’s CR3 Regulatory Asset includes the actual expenses incurred and recorded in  
5 the eleven-month deferral period less \$1,803,821 of savings.

6  
7 **Q. THE TOTAL NUCLEAR O&M AND A&G REGULATORY LIABILITY OFFSET**  
8 **SHOWN ON TABLE 1 OF YOUR TESTIMONY IS \$4,986,717, WHICH IS**  
9 **GREATER THAN THE \$1,803,821 YOU DESCRIBE ABOVE. CAN YOU**  
10 **EXPLAIN WHY?**

11 A. Yes. Many of the components of the deferred O&M and A&G expenses recorded during  
12 the February 2013 to December 2013 deferral period and included in the above described  
13 calculation were based on accounting accruals that were estimated. After the end of the  
14 deferral period, the Company recorded several true-ups to the severance accruals that  
15 were recorded during the deferral period, reducing the amounts deferred by \$2,496,653  
16 and \$686,244, respectively. In other words, the severance expense was determined to be  
17 \$3,182,897 ( $\$2,496,653 + \$686,244$ ) less than estimated and accrued for during the  
18 deferral period. The Company reduced the deferred O&M and A&G expenses by these  
19 true-up amounts and also increased the Regulatory Liability offset (or “savings”) by the  
20 same amount. Thus, the two post-2013 true-ups to the severance costs deferred during  
21 2013, totaling \$3,182,897, resulted in a \$6,365,794 reduction to the Deferred Expense  
22 category of the CR3 Regulatory Asset. These increases in the regulatory liability made  
23 by DEF for the two post-2013 severance accrual adjustments of \$3,182,897 coupled with  
24 the \$1,803,820 of regulatory liability offset recorded by DEF associated with the O&M  
25 and A&G expenses deferred during the 2013 deferral period results in the total regulatory

1 liability or “savings” offset shown on Table 1 of \$4,986,717. For each \$1 removed from  
2 the regulatory asset associated with the deferred expenses, the regulatory liability is also  
3 increased by the same \$1 resulting in an impact on the net CR3 Regulatory Asset of \$2.  
4 Thus, as discussed later in this testimony, many of the recommended adjustments have a  
5 double impact on the CR3 regulatory asset due to the impact of the adjustments in the  
6 Deferred Expense category on the regulatory liability.

7  
8 **Q. WAS A SIMILAR APPROACH FOLLOWED BY DEF FOR DETERMINING**  
9 **THE REGULATORY LIABILITY OR “SAVINGS” OFFSET ASSOCIATED**  
10 **WITH THE NUCLEAR PROPERTY TAX EXPENSE?**

11 A. Yes. DEF determined that the nuclear property tax expense contained in its 2010 MFRs  
12 was \$10,828,000 on a retail basis. It then applied the 11/12<sup>th</sup> factor resulting in  
13 \$9,925,000 for the eleven-month deferral period. DEF then calculated the actual property  
14 tax expense associated with the eleven-month period by taking the total actual annual  
15 property tax expense of \$9,143,868 times a factor of 11/12<sup>th</sup>, resulting in actual property  
16 tax expense of \$8,381,879 for the deferral period. The difference between the actual cost  
17 of \$8,381,879 and the \$9,925,000 based on the 2010 MFRs totaled \$1,543,121 which  
18 DEF used as the regulatory liability or “savings” offset. Thus, the actual deferred  
19 property tax expenses for the eleven-month period were reduced by \$1,543,121 for the  
20 savings.

21  
22 Subsequent to the deferral period, DEF received a refund associated with 2012 and 2013  
23 Citrus County property taxes. DEF reduced the property tax expense deferral by the full  
24 refund, but also reflected an additional regulatory liability offset for the portion of the  
25 refund that was applicable to the eleven-month deferral period, which increased the

1 regulatory liability or “savings” offset associated with the property tax expense by  
2 \$4,160,682 to \$5,703,803.

3

4 PROPERTY TAX EXPENSE DEFERRALS

5 **Q. OVER WHAT TIME PERIOD DOES THE RRSSA ALLOW FOR THE**  
6 **DEFERRAL OF CR3 EXPENSES?**

7 A. The deferral of CR3-related costs, including, but not limited to, “...actual  
8 depreciation/amortization expense, operation and maintenance (‘O&M’) expense,  
9 property taxes and cost of capital return...” was provided for in Paragraph 5.b. of the  
10 RRSSA, which specifically indicated that the deferral accounting was to begin “Upon  
11 DEF’s decision to retire CR3...” The Company announced that it had decided to retire  
12 CR3 rather than attempt further repairs in February 2013. Additionally, Paragraph 5.b.  
13 specifically states: “Effective January 1, 2014, DEF will cease the deferral accounting of  
14 regulatory asset and liabilities provided for in paragraph 5b above in the Revised and  
15 Restated Settlement Agreement only for CR3 O&M expenses, CR3 property taxes and  
16 CR3 administrative and general (‘A&G’) expenses.” Thus, under the RRSSA, the  
17 deferral of CR3-related O&M expenses, A&G expenses and property tax expenses would  
18 begin in February 2013 and cease effective January 1, 2014.

19

20 **Q. DID DEF INCLUDE ANY O&M, A&G AND PROPERTY TAX EXPENSES**  
21 **THAT FALL OUTSIDE OF THE ALLOWED-FOR DEFERRAL PERIOD IN**  
22 **THE CR3 REGULATORY ASSET?**

23 A. Yes. The Deferred Expense category of the CR3 Regulatory Asset includes the CR3  
24 property tax expense for 2012 and for January 2013, which falls outside the allowed  
25 deferral period.

1 **Q. WHAT AMOUNT IS INCLUDED IN THE DEFERRED EXPENSES FOR THE**  
2 **PROPERTY TAX EXPENSE AMOUNTS THAT ARE APPLICABLE TO**  
3 **PERIODS PRIOR TO THE FEBRUARY 2013 START OF THE DEFERRAL**  
4 **PERIOD?**

5 A. Exhibit DMR-2, page 2 of 4, shows that the Deferred Expense category of the CR3  
6 Regulatory Asset includes \$5,585,240 for 2012 property tax expenses and \$383,745 for  
7 January 2013 property tax expenses. DEF originally booked 2012 property tax expense  
8 of \$8,373,340 on December 28, 2012<sup>4</sup>. In March 2014, the Company recorded a  
9 reduction to the deferred property tax expenses for a settlement with Citrus County,  
10 reducing the deferred property tax expenses by \$7,327,026, \$2,778,100 of which was  
11 applicable to the 2012 property taxes.<sup>5</sup> Thus, the net amount included in the CR3  
12 Regulatory Asset for 2012 property tax expense is \$5,585,240. The \$383,745 for January  
13 2013 property tax expense is also net of 1/12<sup>th</sup> of the portion of the Citrus County  
14 settlement applicable to 2013 property taxes.

15  
16 **Q. DO YOU RECOMMEND THAT THE 2012 AND JANUARY 2013 PROPERTY**  
17 **TAX EXPENSES BE REMOVED OR EXCLUDED FROM THE DEFERRED**  
18 **EXPENSE COMPONENT OF THE CR3 REGULATORY ASSET?**

19 A. Yes. DEF's projected CR3 Regulatory Asset should be reduced by \$5,585,240 to remove  
20 the property tax expenses associated with 2012 and by \$383,745 to remove the property  
21 tax expenses for January 2013. This removal is shown in the Summary of Adjustments to  
22 CR3 Regulatory Asset on Exhibit DMR-2, page 1 of 4. While the Company's responses  
23 to OPC POD 1-1 and OPC POD 2-22 provided an internal analysis conducted by DEF  
24 regarding whether or not the 2012 property tax expenses should be included in the CR3

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<sup>4</sup> Response to OPC POD 2-22 at Bates No. 150148-OPCPOD2-22a-000001.

<sup>5</sup> Response to OPC POD 2-22 at Bates No. 150148-OPCPOD2-22b-000003.

1 Regulatory Asset<sup>6</sup>, I have found no provisions within the RRSSA that allow for the  
2 deferral of the property tax expenses incurred by DEF in 2012 and in January 2013. As  
3 indicated above, the language provided in Paragraph 5.b. of the RRSSA clearly indicates  
4 that the deferral of CR3-related O&M expenses, A&G expenses and property taxes  
5 would begin upon DEF's decision to retire CR3, which was announced in February 2013.

6  
7 ADJUSTMENTS IDENTIFIED AND AGREED TO BY DEF

8 **Q. HAS DEF IDENTIFIED ANY CORRECTIONS OR REVISIONS THAT SHOULD**  
9 **BE MADE TO THE CR3 REGULATORY ASSET BALANCE AS PART OF THE**  
10 **DISCOVERY PROCESS IN THIS DOCKET?**

11 A. Yes. In response to several discovery questions posed by OPC, the Company has  
12 identified several corrections and revisions that should be made to the CR3 Regulatory  
13 Asset. As several of the identified corrections fall within the Deferred Expense category  
14 of the CR3 Regulatory Asset, the corrections in the Deferred Expense category also  
15 impact the offsetting regulatory liability.

16  
17 **Q. WOULD YOU PLEASE DISCUSS THE CORRECTIONS OR ADJUSTMENTS**  
18 **IDENTIFIED BY DEF THAT IMPACT THE DEFERRED EXPENSE**  
19 **CATEGORY OF THE CR3 REGULATORY ASSET AND INDICATE IF YOU**  
20 **AGREE THE CORRECTION OR ADJUSTMENT SHOULD BE MADE?**

21 A. Yes. In response to OPC POD 1-4, the Company indicated that "expenses in the amount  
22 of \$463,499.02 were inadvertently omitted from the journal entry to defer expenses in  
23 December 2013 as they were recorded in December 2013 after the deferral journal entry

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<sup>6</sup> Internal analysis regarding the property tax deferral was provided at Bates Nos. 150148-OPCPOD1-1-000147 to 000148 and Bates Nos. 150148-OPCPOD2-22a-000007 to 000008.

1 was prepared.”<sup>7</sup> The response continued to explain that the CR3 regulatory liability  
2 would also be overstated by \$463,499.02. Thus, the total impact of the \$463,499.02  
3 expense understatement on the net CR3 Regulatory Asset would be an increase of  
4 \$926,998.04. I am not challenging the increase in the CR3 Regulatory Asset for the  
5 expenses that were inadvertently omitted, thus the \$463,499 increase in the CR3  
6 Regulatory Asset is shown on Exhibit DMR-2, page 1 of 4, line 3, and the additional  
7 \$463,499 increase for the impact on the regulatory liability is shown on line 4.

8  
9 In response to OPC Interrogatory 2-25(b), the Company indicated that the employee  
10 moving expenses included in the Deferred Expense component of the CR3 Regulatory  
11 Asset included the costs associated with one individual who was reimbursed for moving  
12 expenses under the Merger Relocation Program and the moving costs for two individuals  
13 who were not employees at the CR3 location. The response also indicated that the  
14 moving costs associated with these three individuals will be removed from the CR3  
15 Regulatory Asset. On Exhibit DMR-2, Page 1 of 4, at line 5, I removed \$64,799<sup>8</sup>  
16 associated with moving expenses DEF identified to be removed. The additional \$64,799  
17 reduction to the CR3 Regulatory Asset for the impact on the regulatory liability is  
18 reflected on line 6 of the exhibit.

19  
20 In response to OPC POD 2-24, the Company indicated that the Meals/Travel/Lodging  
21 expense incorporated in the Deferred Expense component of the CR3 Regulatory Asset  
22 included \$8,667 associated with an expense report that was not related to CR3 and \$5,265

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<sup>7</sup> A listing of the deferred expenses that were inadvertently omitted by DEF was provided at Bates No. 150148-OPCPOD1-4-000552.

<sup>8</sup> The total moving expenses for the three individuals are contained on the highlighted lines on the redacted attachment to the response to OPC ROG 2-25 at Bates Nos. 150148-OPCPOD2-25-000013 and 000015 and total \$77,128. After application of the 91.7806% DEF factor and 91.538% separations factor, the reduction is \$64,799.



1 of expenses were paid for which the detail does not reconcile. The response indicated  
2 that DEF will include an adjustment for these costs. On Exhibit DMR-2, page 1, at line  
3 9, I reduced the CR3 Regulatory Asset by \$11,705 for these two items, calculated as the  
4 \$13,932 identified by DEF with a 91.7806% DEF factor to remove the Joint Owner's  
5 portion and a 91.538% separation factor applied. The impact on the regulatory liability  
6 of \$11,705 is shown on line 10 of the exhibit.

7  
8 **Q. WOULD YOU PLEASE DISCUSS THE CORRECTIONS OR ADJUSTMENTS**  
9 **IDENTIFIED BY DEF THAT IMPACT THE CATEGORIES OTHER THAN THE**  
10 **DEFERRED EXPENSE CATEGORY OF THE CR3 REGULATORY ASSET AND**  
11 **INDICATE IF YOU AGREE THE CORRECTION OR ADJUSTMENT SHOULD**  
12 **BE MADE?**

13 A. Yes. In response to OPC Interrogatory 1-6, DEF indicated that it identified legal invoices  
14 in the Delam Repair Project component of the CR3 Regulatory Asset that should not have  
15 been charged to the CR3 Regulatory Asset. The legal invoices that should not have been  
16 charged to the CR3 Regulatory Asset totaled \$656,779.<sup>9</sup> I removed the \$656,779 on  
17 Exhibit DMR-2, Page 1 of 4, line 11.

18  
19 In response to OPC Interrogatory 2-23, DEF indicated that there was an error in the  
20 amount of the CR3 Cost of Removal Regulatory Asset, and that the amount included in  
21 the CR3 Regulatory Asset should be reduced by \$549,820, decreasing from the  
22 \$107,469,000 contained on Exhibit No.\_\_(MO-2) to \$106,919,000<sup>10</sup>. The \$549,820  
23 reduction to the CR3 Regulatory Asset is shown on Exhibit DMR-2, page 1 of 4, line 12.

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<sup>9</sup> Amounts identified at Bates Nos. 150148-OPCROG1-6-000022 through 000025 and in response to OPC ROG 2-23 at Bates Nos. 150148-OPCROG2-23-000001 to 000003.

<sup>10</sup> Amounts identified at Bates Nos. 150148-OPCROG2-23-000001 and 000005 through 000008.

1 Additionally, all of the corrections identified in this section, with the exception of the  
2 reduction to the CR3 Cost of Removal identified above, also impact the Cumulative  
3 AFUDC component of the CR3 Regulatory Asset. In response to OPC Interrogatory No.  
4 23, DEF agreed that the calculation of the Cumulative AFUDC will be revised for the  
5 impact of any adjustments deemed necessary.

6  
7 MOVING EXPENSE REDUCTION

8 **Q. WHAT AMOUNT IS INCLUDED IN THE DEFERRED EXPENSE CATEGORY**  
9 **FOR EMPLOYEE MOVING EXPENSES?**

10 A. In response to OPC POD 1-4, DEF provided a breakdown of the costs included in the  
11 Deferred Expenses category of the CR3 Regulatory Asset. Based on that response, the  
12 deferred expenses included \$6,434,588 for employee moving expenses prior to the  
13 application of the separation factors.

14  
15 **Q. HAS A MORE DETAILED BREAKDOWN OF THE EMPLOYEE MOVING**  
16 **EXPENSES BEEN PROVIDED BY THE COMPANY?**

17 A. Yes. In response to OPC Interrogatory No. 2-25, the Company provided a breakdown of  
18 the employee relocation costs that was provided by a third party relocation firm, NEI  
19 Global Relocation. The report provided the moving expenses incurred broken down by  
20 cost category and by employee. The response identified \$6,187,647 of moving expenses  
21 and listed 90 employees. Exhibit DMR-2, page 3 of 4, provides a breakdown of the  
22 moving expenses by cost category. As shown on the exhibit, the costs were broken down  
23 into twenty categories, including costs such as home sale costs, home closing costs, home  
24 sale bonuses, loss on home sale, household goods moving costs, temporary living  
25 expense and tax gross-ups.

1 **Q. DID THE COMPANY EXPLAIN WHY THE MOVING COSTS IDENTIFIED IN**  
2 **THE BREAKDOWN FROM THE THIRD PARTY RELOCATION FIRM**  
3 **DIFFERED FROM THE AMOUNT OF MOVING EXPENSES INCLUDED IN**  
4 **THE DEFERRED EXPENSE COMPONENT OF THE CR3 REGULATORY**  
5 **ASSET?**

6 A. In response to OPC Interrogatory 2-25(a), DEF stated that the report provided by the  
7 third party relocation firm "...is based on cash payments made and therefore does not tie  
8 to our records provided which is based on an accrual basis." No further explanation was  
9 provided regarding why the amount accrued and incorporated in the deferred expenses of  
10 \$6,434,588 was greater than the actual expenses that have been paid of \$6,187,647.

11  
12 **Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE AMOUNT OF**  
13 **MOVING EXPENSES INCLUDED IN THE CR3 REGULATORY ASSET?**

14 A. Yes. As shown on Exhibit DMR-2, page 3 of 4, the amount of employee moving  
15 expenses included in the Deferred Expense category of the CR3 Regulatory Asset is  
16 \$246,941 greater than the amount of employee moving expenses that have actually been  
17 paid. The deferred employee moving expenses were accrued during 2013, and the report  
18 of the actual cash payments made for the employee moving expenses was created on July  
19 20, 2015, which is over 18 months after the period in which the costs were deferred by  
20 DEF. At this point, the Company has not supported the additional amount accrued during  
21 the deferral period in excess of the actual cash payments made to date. Thus, I  
22 recommend that the CR3 Regulatory Asset be reduced by the \$207,466 by which the  
23 amount accrued during the deferral period exceeds the payments made to date on a DEF  
24 Florida retail basis. This is in addition to the correction to the moving expenses agreed to  
25 by DEF discussed previously in this testimony. As shown on Exhibit DMR-2, page 1 of

1 4, line 8, the CR3 Regulatory Asset is reduced by an additional \$207,466 due to the  
2 impact of the adjustment on the calculation of the regulatory liability.

3  
4 IMPACT OF ADJUSTMENTS ON CUMULATIVE AFUDC COMPONENT

5 **Q. DO THE REVISIONS AND ADJUSTMENTS MADE TO THE CR3**  
6 **REGULATORY ASSET ALSO IMPACT THE CUMULATIVE AFUDC**  
7 **COMPONENT OF THE CR3 REGULATORY ASSET?**

8 A. Yes. The amounts included in the CR3 Regulatory Asset, as well as the timing in which  
9 the costs were incurred, impact the resulting amount of the Cumulative AFUDC included  
10 in the CR3 Regulatory Asset. Thus, once a final determination is made on the amounts  
11 included in the CR3 Regulatory Asset, the calculation of the ultimate amount of  
12 Cumulative AFUDC needs to be made. In response to OPC Interrogatory 2-23(b), DEF  
13 indicated that "...the calculation of the Cumulative AFUDC will be revised for the  
14 impact of any adjustments deemed necessary" and that "AFUDC will be retroactively  
15 adjusted in the correct month."

16  
17 **Q. HAVE YOU ESTIMATED THE IMPACT OF THE ADJUSTMENTS**  
18 **RECOMMENDED IN THIS TESTIMONY, WHICH INCLUDES THE VARIOUS**  
19 **CORRECTIONS AND ADJUSTMENTS AGREED TO BY DEF, ON THE**  
20 **CUMULATIVE AFUDC BALANCE?**

21 A. Yes. In response to OPC POD 2-13, the Company provided an electronic copy of the  
22 model it used in projecting the December 31, 2015 Cumulative AFUDC balance of  
23 \$173,005,000. I inserted each of my recommended adjustments into the model. For  
24 those adjustments for which I had the date the Company booked the amount, I input the  
25 adjustments into that month in the model. Since the 2012 property taxes were booked in

1 December 2012, I removed the 2012 property tax deferral from the beginning January 1,  
2 2013 balance in the model. For the adjustments in which I am not certain when the costs  
3 would have been input in the Company's model, such as the removal of moving expenses  
4 and several of the corrections identified by DEF, I removed the costs in July 2013 in the  
5 model, using a mid-year convention approach. As shown on Exhibit DMR-2, page 4 of  
6 4, the impact of the adjustments recommended in this testimony reduces the Cumulative  
7 AFUDC by an estimated \$1,458,000, reducing the balance from the \$173,005,000 shown  
8 on DEF Exhibit No.\_\_(MO-2) to \$171,547,000. Once the final adjustments are  
9 determined, the impacts can be entered into DEF's model to get a more precise  
10 Cumulative AFUDC balance for inclusion in the CR3 Regulatory Asset.

11  
12 NUCLEAR FLEET IT PROJECT DEVELOPMENT AND IMPACT

13 **Q. ARE THERE ANY AREAS FOR WHICH YOU RECOMMEND DEF PROVIDE**  
14 **FURTHER EXPLANATION IN SUPPORT OF THE COSTS INCLUDED IN THE**  
15 **CR3 REGULATORY ASSET?**

16 A. Yes. Included in the Construction Work In Progress – Other CWIP category of the CR3  
17 Regulatory Asset balance as of April 2015 is \$5,014,544 for a project titled “60480D PEF  
18 Passport Suite” and \$827,387 for a project titled “60480D Primavera SW-PEF NUC.”<sup>11</sup>  
19 The CWIP balance for each of these projects was \$0 as of December 2012. DEF  
20 described the PEF Passport Suite project as a nuclear fleet project for the Consolidated  
21 Asset Suite and indicated that the application “...is required for common processes,  
22 procedures, data, and software tools with integrated applications for work management,  
23 operations, radiation protection, engineering and training” and it “...supports critical

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<sup>11</sup> Response to OPC ROG 1-12 at Bates No. 150148-OPCROG1-12-000004.

1 nuclear business and regulatory processes data.”<sup>12</sup> The Company has described the  
2 Primavera SW-PEF NUC project as a nuclear fleet project for the Primavera Project  
3 Management Software that will work with the Consolidated Asset Suite.<sup>13</sup> DEF is being  
4 allocated the costs associated with these projects that are still in progress and not yet  
5 complete. OPC Interrogatory 2-41 asked the Company, in part, to provide the calculation  
6 of the allocation factors used to determine the amounts that were assigned to the CR3  
7 nuclear operations for the PEF Passport Suite project. The response referred to the  
8 Nuclear Services Agreement provided in response to OPC POD 2-26 for the allocation  
9 method. The information provided with the response to OPC Interrogatory 2-41 shows  
10 that the portion of the project costs being allocated to DEF is based on a Maximum  
11 Dependable Capacity Ratio. Given the maximum dependable capacity at CR3 is non-  
12 existent, it is not clear from the information provided by DEF why any costs would be  
13 allocated to CR3 if the Maximum Dependable Capacity Ratio is being used to allocate  
14 the costs. A more detailed explanation from DEF of how the allocation factor used in  
15 determining the amount being allocated to DEF was derived, as well as a detailed  
16 explanation of why that allocation method is appropriate and supportable given that CR3  
17 is no longer operating and providing service to customers, would be helpful in evaluating  
18 whether or not the costs should remain as part of the Other CWIP component of the CR3  
19 Regulatory Asset.

20  
21 **Q. SINCE THE PEF PASSPORT PROJECT IS NOT YET COMPLETE AND IN**  
22 **SERVICE, HAS DEF INDICATED HOW THE ADDITIONAL CAPITAL COSTS**  
23 **ASSOCIATED WITH THE PROJECT THAT ARE ALLOCATED TO THE**

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<sup>12</sup> Response to OPC ROG 1-20(g)

<sup>13</sup> Response to OPC ROG 1-20(h)

1           **FLORIDA NUCLEAR OPERATIONS WILL BE ACCOUNTED FOR ONCE THE**  
2           **CR3 REGULATORY ASSET IS FINALIZED?**

3    A.    Yes. In response to OPC Interrogatory No. 41(f), DEF indicated that it "...will write off  
4           any additional charges incurred to complete the implementation of the system." Thus,  
5           costs associated with the system should not be included in DEF's rate base in future  
6           proceedings as the Company intends to write-off the future costs.

7

8    **Q.    DOES THIS COMPLETE YOUR PREFILED TESTIMONY?**

9    A.    Yes, it does.

**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing **DIRECT TESTIMONY AND EXHIBITS OF DONNA RAMAS** has been furnished by electronic mail on this 12<sup>th</sup> day of August, 2015, to the following:

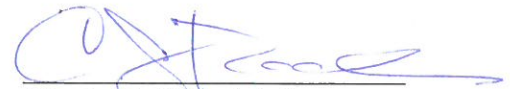
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Charles J. Rehwinkel  
Deputy Public Counsel



Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant, licensed in the State of Michigan, and a senior regulatory consultant and Principal of the firm Ramas Regulatory Consulting, LLC, located in Commerce Township, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated with honors from Oakland University in Rochester, Michigan in 1991. From 1991 through October 2012, I was employed by the firm of Larkin & Associates, PLLC. In November 2012, I formed Ramas Regulatory Consulting, LLC. As a certified public accountant and regulatory consultant, I have analyzed utility rate cases and regulatory issues, researched accounting and regulatory developments, prepared computer models and spreadsheets, prepared testimony and schedules and testified in regulatory proceedings. While employed by Larkin & Associates, PLLC, I also developed and conducted five training programs on behalf of the Department of Defense - Navy Rate Intervention Office on measuring the financial capabilities of firms bidding on Navy assets and one training program on calculating the revenue requirement for municipal owned water and wastewater utilities. Additionally, I have served as an instructor at the Michigan State University - Institute of Public Utilities as part of their Annual Regulatory Studies programs, Advanced Regulatory Studies Program, and in a Basics of Utility Regulation and Ratemaking course.

I have prepared and submitted expert testimony and/or testified in the following cases, many of which were filed under the name of Donna DeRonne:

**Arizona:** Ms. Ramas prepared testimony on behalf of the Staff of the Arizona Corporation Commission in the following case before the Arizona Corporation Commission: Southwest Gas Corporation (Docket No. G-01551A-00-0309).

**California:** Ms. Ramas prepared testimony on behalf of the Division of Ratepayer Advocates of the California Public Utilities Commission in the following cases before the California Public Utilities Commission:

San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.05-08-021), 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 (Application 06-05-025), California Water Services Company (Docket No. 07-07-001\*), Golden State Water Company (Docket No. 08-07-010), and Golden State Water Company (Docket No. 11-07-017\*), Golden State Water Company – Rehearing (Docket No. 08-07-010\*), and California Water Services Company (Docket No. 12-07-007\*).

Ms. Ramas also prepared testimony on behalf of the Department of Defense in the following cases before the California Public Utilities Commission: San Diego Gas and Electric Company (Docket No. 98-07-006) and Southern California Edison Company and San Diego Gas & Electric Company (Docket No. 05-11-008\*).

Additionally, Ms. Ramas prepared testimony on behalf of the City of Fontana in the following rate cases before the California Public Utilities Commission: San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.08-07-009) - Phases 1 and 2; San Gabriel Valley Water Company, Los Angeles Division (Docket No. A.10-07-019\*), and San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.11-07-005).

Ms. Ramas also prepared testimony on behalf of The Utilities Reform Network in the following rate case before the California Public Utilities Commission: California American Water Company (Docket No. 10-07-007).

**Colorado:** Ms. Ramas prepared testimony on behalf of the Colorado Healthcare Electric Coordinating Council in the following case before the Public Utilities Commission of the State of Colorado: Public Service Company of Colorado (Proceeding No. 14AL-0660E\*).

**Connecticut:** Ms. Ramas has prepared testimony on behalf of the Connecticut Office of Consumers Counsel in the following cases before the State of Connecticut, Department of Public Utility Control:

Connecticut Light & Power Company (Docket No. 92-11-11), Connecticut Natural Gas Corporation (Docket No. 93-02-04), Connecticut Natural Gas Corporation (Docket No. 95-02-07), Southern Connecticut Gas Company (Docket No. 97-12-21), Connecticut Light & Power Company (Docket No. 98-01-02), Southern Connecticut Gas Company (Docket No. 99-04-18

Phase I), Southern Connecticut Gas Company (Docket No. 99-04-18 Phase II), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase I), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase II), Connecticut Light & Power Company (Docket No. 00-12-01), Yankee Gas Services Company (Docket No. 01-05-19), United Illuminating Company (Docket No. 01-10-10), Connecticut Light & Power Company (Docket No. 03-07-02), Southern Connecticut Gas Company (Docket No. 03-11-20), Yankee Gas Services Company (Docket No. 04-06-01\*), The Southern Connecticut Gas Company (Docket No. 05-03-17PH01), The United Illuminating Company (Docket No. 05-06-04), Connecticut Natural Gas Corporation (Docket No. 06-03-04\* Phase I), Yankee Gas Services Company (Docket No. 06-12-02PH01\*), Aquarion Water Company of Connecticut (Docket No. 07-05-19), Connecticut Light & Power Company (Docket No. 07-07-01), The United Illuminating Company (Docket No. 08-07-04), Connecticut Light & Power Company (Docket No. 09-12-05), and Yankee Gas Services Company (Docket No. 10-12-02).

Ms. Ramas also assisted the Connecticut Office of Consumer Counsel by conducting cross-examination of utility witnesses in the following cases: Southern Connecticut Gas Company (Docket No. 08-12-07), Connecticut Natural Gas Corporation (Docket No. 08-12-06), UIL Holdings Corporation and Iberdrola USA, Inc. (Docket No. 10-07-09), and Northeast Utilities/NSTAR Merger (Docket No. 12-01-07).

Ms. Ramas prepared testimony on behalf of the Connecticut Public Utilities Regulatory Authority Prosecutorial Staff in Docket No. 14-05-06RE01 involving Connecticut Light & Power Company addressing certain accumulated deferred income tax issues that were the subject of a reopening.

Ms. Ramas also assisted the Connecticut Public Utility Regulatory Authority staff in the following cases for which testimony was not provided. As part of the assistance, Ms. Ramas conducted cross examination on behalf of staff: Connecticut Light & Power Company Major Storm case (Docket No. 13-03-23).

**District of Columbia:** Ms. Ramas prepared testimony on behalf of the Office of the People's Counsel of the District of Columbia in the following case before the Public Service Commission of the District of Columbia: Washington Gas Light Company (Formal Case No. 1054\*), Potomac Electric Power Company (Formal Case No. 1076), Potomac Electric Power Company (Formal Case No. 1087), Washington Gas Light Company (Formal Case No. 1093), Potomac Electric Power Company (Formal Case No. 1103), and Exelon Corporation/PHI Holdings, Inc. Merger (Formal Case No. 1119).

**Florida:** Ms. Ramas prepared testimony on behalf of the Florida Office of Public Counsel in the following cases before the Florida Public Service Commission:

Southern States Utilities (Docket No. 950495-WS), United Water Florida (Docket No. 960451-WS), Aloha Utilities, Inc. – Seven Springs Water Division (Docket No. 010503-WU), Florida Power Corporation (Docket No. 000824-EI\*), Florida Power & Light Company (Docket No.

001148-EI\*\*), Tampa Electric Company d/b/a Peoples Gas System (Docket No. 020384-GU\*), The Woodlands of Lake Placid, L.P. (Docket No. 020010-WS), Utilities, Inc. of Florida (Docket No. 020071-WS), Florida Public Utilities Company (Docket No. 030438-EI\*), The Woodlands of Lake Placid, L.P. (Docket No. 030102-WS), Florida Power & Light Company (Docket No. 050045-EI\*), Progress Energy Florida, Inc. (Docket No. 050078-EI\*), Florida Power & Light Company (Docket No. 060038-EI), Water Management Services, Inc. (Docket No. 100104-WU), Gulf Power Company (Docket No. 110138-EI), Florida Power & Light Company (Docket No. 120015-EI), Tampa Electric Company (Docket No. 130040-EI)\*, Florida Public Utilities Company (Docket No. 140025-EI)\*, and Florida Power & Light Company – Fuel Clause (Docket No. 140001-EI).

**Illinois:** Ms. Ramas prepared testimony on behalf of the Illinois Office of the Attorney General, Apple Canyon Lake Property Owners Association and Lake Wildwood Association, Inc. in the following cases before the Illinois Commerce Commission: Apple Canyon Utility Company (Docket No. 12-0603) and Lake Wildwood Utilities Corporation (Docket No. 12-0604).

**Louisiana:** Ms. Ramas prepared testimony on behalf of various consumers in the following case before the Louisiana Public Service Commission: Atmos Energy Corporation d/b/a Trans Louisiana Gas Company (Docket No. U-27703\*).

**Maryland:** Ms. Ramas prepared testimony on behalf of the Maryland Office of People's Counsel in the following case before the Public Service Commission of Maryland: Potomac Electric Power Company (Case No. 9336).

**Massachusetts:** Ms. Ramas prepared testimony on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy in the following cases before the Massachusetts Department of Public Utilities: New England Gas Company (DPU 10-114), Fitchburg Electric Company (DPU 11-01), Fitchburg Gas Company (DPU 11-02); NStar/Northeast Utilities Merger (DPU 10-170); and Bay State Gas Company d/b/a Columbia Gas of Massachusetts (DPU 13-75).

**New York:** Ms. Ramas prepared testimony on behalf of the New York Consumer Protection Board in the following cases before the New York Public Service Commission: New York State Electric & Gas Corporation (Case No. 05-E-1222), KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (Case Nos. 06-G-1185 and 06-G-1186\*), Consolidated Edison Company of New York, Inc. (Case No. 06-G-1332\*), and Consolidated Edison Company of New York, Inc. (Case No. 07-E-0523).

**Nova Scotia:** Ms. Ramas prepared testimony on behalf of the Nova Scotia Utility and Review Board – Board Counsel in the following cases: Halifax Regional Water Commission (W-HRWC-R-10); Nova Scotia Power Incorporated (NSPI-P-892\*); Heritage Gas Limited (NG-HG-R-11\*); NPB Load Retention Rate Application – NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd. (NSPI-P-202); Nova Scotia Power Incorporated (NSPI-P-893\*);

Halifax Regional Water Commission (HRWC-R-13); and Halifax Regional Water Commission (W-HRWC-R-14\*).

**North Carolina:** Ms. Ramas assisted Nucor Steel-Hertford, A Division of Nucor Corporation in the review of an application filed by Dominion North Carolina Power for an Increase in rates (Docket no. E-22, Sub 459\*\*). The case was settled prior to the submittal of intervenor testimony.

**Texas:** Ms. Ramas prepared testimony on behalf of the Texas Office of Public Utility Counsel in the following case before the Public Utility Commission of Texas: Southwestern Public Service Company (SOAH Dkt. No. 473-15-1557 / PUC Dkt. No. 40443).

**Utah:** Ms. Ramas prepared testimony on behalf of the Utah Committee of Consumer Services in the following cases before the Public Service Commission of Utah:

PacifiCorp dba Utah Power & Light Company (Docket No. 99-035-10), PacifiCorp dba Utah Power & Light Company (01-035-01\*), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23 Interim (Oral testimony)), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23\*\*), Questar Gas Company (Docket No. 02-057-02\*), PacifiCorp (Docket No. 04-035-42\*), PacifiCorp (Docket No. 06-035-21\*), Rocky Mountain Power (Docket Nos. 07-035-04, 06-035-163 and 07-035-14), Rocky Mountain Power (Docket No. 07-035-93), Questar Gas Company (Docket No. 07-057-13\*), Rocky Mountain Power (Docket No. 08-035-93\*), Rocky Mountain Power (Docket No. 08-035-38\*), Rocky Mountain Power Company (Docket No. 09-035-23), Questar Gas Company (Docket No. 09-057-16\*\*), Rocky Mountain Power Company (Docket No. 10-035-13), Rocky Mountain Power Company (Docket No. 10-035-38), Rocky Mountain Power Company (Docket No. 10-035-89), Rocky Mountain Power Company (Docket No. 10-035-124\*), Rocky Mountain Power Company (Docket No. 11-035-200\*), Rocky Mountain Power Company (Docket No. 13-035-184\*) and Rocky Mountain Power Company (Docket No. 14-035-147\*).

**Vermont:** Ms. Ramas prepared testimony on behalf of the Vermont Department of Public Service in the following cases before the Vermont Public Service Board: Citizens Utilities Company – Vermont Electric Division (Docket No. 5859), Central Vermont Public Service Corporation (Docket No. 6460\*), and Central Vermont Public Service Corporation (Docket No. 6946 & 6988).

**Washington:** Ms. Ramas prepared testimony on behalf of the Public Counsel Section of the Washington Attorney General's Office in the following case before the Washington Utilities and Transportation Commission: PacifiCorp (Docket UE-090205\*), Pacific Power & Light Company (Docket UE-140762 ET AL.) and Avista Corporation (Electric Docket UE-150204 and Natural Gas Docket UE-150205).

**West Virginia:** Ms. Ramas has prepared testimony on behalf of the West Virginia Consumer Advocate Division in the following cases before the Public Service Commission of West Virginia: Monongahela Power Company (Case No. 94-0035-E-42T), Potomac Edison Company (Case No. 94-0027-E-42T), Hope Gas, Inc. (Case No. 95-0003-G-42T\*), and Mountaineer Gas Company (Case No. 95-0011-G-42T\*).

\* Case Settled / \*\* Testimony not filed/submitted due to settlement

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Exh. DMR-2 Reference:</u>	<u>Where included by DEF on Exh. No. (MO-2)</u>
1	Remove 2012 Property Tax Deferral, net of Citrus Refund	(5,585,240)	Page 2	Deferred Expenses
2	Remove Property Taxes for January 2013, net of Citrus Refund	(383,745)	Page 2	Deferred Expenses
3	Additional 2013 nuclear O&M expenses	463,499	Testimony	Deferred Expenses
4	- Impact on Regulatory Liability	463,499	Testimony	Deferred Expenses
5	Remove Moving Expenses for non-CR3 employees	(64,799)	Testimony	Deferred Expenses
6	- Impact on Regulatory Liability	(64,799)	Testimony	Deferred Expenses
7	Remove Unsupported Moving Expense Accruals	(207,466)	Page 3	Deferred Expenses
8	- Impact on Regulatory Liability	(207,466)	Testimony	Deferred Expenses
9	Meals/Lodging/Travel correction	(11,705)	Testimony	Deferred Expenses
10	- Impact on Regulatory Liability	(11,705)	Testimony	Deferred Expenses
11	Remove Legal Costs	(656,779)	Testimony	Delam Repair Project
12	Correction to Cost of Removal	(549,820)	Testimony	Cost of Removal Reg Asset
13	Impact of Above Adjustments on Cumulative AFUDC	<u>(1,458,000)</u>	Page 4	Cumulative AFUDC
14	Adjustments to CR3 Regulatory Asset	\$ (8,274,526)		
15	CR3 Regulatory Asset, per DEF Filing - Exh. No.__(MO-2)	<u>1,298,012,000</u>		
16	CR3 Regulatory Asset, as Adjusted	<u><u>1,289,737,474</u></u>		



<u>Line</u>	<u>Description</u>	<u>Amount</u>
<u>Calculation of 2012 Property Tax Expenses Included in Deferred Expenses:</u>		
1	2012 Property Tax Expenses included in Deferred Expenses by DEF	\$ 8,373,340
2	Citrus County Property Tax Settlement included in Deferred Expenses by DEF - 2012 Portion	<u>(2,788,100)</u>
3	Net 2012 Property Tax Expenses included in Deferred Expenses by DEF	<u>5,585,240</u>
4	Adjustment to Remove 2012 Property Taxes from Deferral Balance	<u><u>\$ (5,585,240)</u></u>
 <u>Calculation of January 2013 Property Tax Expenses Included in Deferred Expenses:</u>		
5	2013 Property Tax Expenses included in Deferred Expenses by DEF	\$ 9,143,868
6	Citrus County Property Tax Settlement included in Deferred Expenses by DEF - 2013 Portion	<u>(4,538,926)</u>
7	Net 2013 Property Tax Expenses included in Deferred Expenses by DEF	<u>4,604,942</u>
8	Portion of 2013 Net Property Taxes Applicable to January (Line 7 x 1/12th)	<u>383,745</u>
9	Adjustment to January 2013 Property Taxes from Deferral Balance	<u><u>\$ (383,745)</u></u>



Line	Description	Amount
1	Administrative Fees	\$ 102,537
2	Business	3,480
3	Final Move	44,529
4	Tax Gross-Up	822,930
5	Home Find	118,584
6	Home Sale Costs	996,819
7	Household Goods Move	749,079
8	Home Sale Bonus	112,752
9	Lease Cancel	9,366
10	Loss on Home Sale	1,871,752
11	Lump Sum	6,000
12	Misc.	277
13	Misc. Expense Allowance	653,379
14	New Home Closing	96,764
15	Old Home Closing	22,210
16	Rental Find	10,000
17	Return Trip	23,526
18	Spousal Emp. Assist.	1,275
19	Storage > 30 days	6,849
20	Temporary Living	<u>535,540</u>
21	Moving Expenses per NEI Global Relocation Report	\$ 6,187,647
22	Moving Expense Accrued by Company	<u>6,434,588</u>
23	Unsupported Accruals (Line 21 - Line 22)	\$ (246,941)
24	DEF Portion (removes JO portion)	91.7806%
25	Separation Factor	91.538%
26	Adjustment to Remove Unsupported Accruals	<u><u>\$ (207,466)</u></u>

Source:

Lines 1 - 20: Redacted version of response to OPC ROG 2-25 at Bates Nos. 150148-OPCROG2-25-000001 to 0000015.

Line 22: Response to OPC POD 1-4. "Employee Moving Expenses (OEM) derived using electronic spreadsheet provided as attachment to response.

Line 24: Response to OPC POD 1-4 at Bates No. 150148-OPCPOD1-4-000002.

<u>Line</u>	<u>Description</u>	<u>Amount</u>
1	Cumulative AFUDC revised to incorporate OPC recommended adjustments in calculation	\$ 171,547,000
2	Cumulative AFUDC per Company	<u>173,005,000</u>
3	Impact of Adjustments to CR3 Regulatory Asset on Cumulative AFUDC Balance	<u>\$ (1,458,000)</u>

Source/Notes:

Line 1: Calculated using electronic spreadsheet provided by Company in response to OPC POD 2-15. OPC Recommended Adjustments were input into the electronic spreadsheet. The per OPC Regulatory Liability Offsets were spread ratably over the 11 month nuclear O&M and property tax expense deferral period (February 2013 through December 2013) in the spreadsheet.

Line 2: DEF Exhibit No. (MO-2), line 17.