

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170271-EI

(PETITION FOR RECOVERY OF
COSTS ASSOCIATED WITH NAMED
TROPICAL SYSTEMS DURING THE
2015, 2016, AND 2017 HURRICANE
SEASONS AND REPLENISHMENT OF
STORM RESERVE SUBJECT TO FINAL
TRUE-UP, TAMPA ELECTRIC
COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 10

COMMISSIONERS
PARTICIPATING: COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW G. FAY

DATE: Thursday, March 1, 2018

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

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
the State of Florida at Large

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1 P R O C E E D I N G S

2 COMMISSIONER BROWN: All right. Good
3 afternoon. We have one more agenda. We are back
4 on the record here. We have one more item on the
5 agenda and that would be Item 10, which is the TECO
6 storm docket. And Staff.

7 MR. MOURING: Good afternoon, Commissioners.
8 I'm Curt Mouring with Commission Staff. Item 10 is
9 Tampa Electric Company's request to approve the --
10 and to approve the implementation of an interim
11 storm restoration recovery surcharge.

12 On December 28th, 2017, Tampa Electric Company
13 filed a petition pursuant to its 2017 amended and
14 restated settlement agreement to recover
15 incremental storm restoration costs related to
16 tropical storms that occurred in 2015, 2016 and
17 2017, and to replenish its storm reserve. On
18 January 30th of 2018, Tampa Electric filed an
19 amended petition to reflect updated costs,
20 calculations and interim storm cost recovery
21 factors.

22 Also on January 30th of 2018, Tampa Electric
23 also filed an unopposed motion to approve
24 implementation stipulation addressing storm costs
25 and tax cut issues signed by the signatories to

1 Tampa Electric's 2017 settlement agreement.

2 And on February 13th of 2018, Tampa Electric
3 Company filed an amended implementation stipulation
4 signed by the signatories to the original
5 implementation stipulation. Several parties have
6 expressed a desire to address the Commission on
7 Item 10 in general and implementation stipulation
8 in particular.

9 COMMISSIONER BROWN: Thank you, Mr. Mouring.
10 And this is a panel, as the Chairman indicated, and
11 we will start with Tampa Electric.

12 MR. WHALEN: Thank you. Good morning -- or
13 good afternoon, Commissioners. I'm Jeff Whalen on
14 behalf of Tampa Electric Company. Carlos Aldazabal
15 is here with me. We'd like to thank the Public
16 Counsel, the other consumer parties, and especially
17 your Staff for bringing this important item to the
18 Commission for consideration today.

19 The amended implementation stipulation that
20 was referenced flows from the company's 2017
21 agreement, which was approved by the Commission in
22 November. It has two provisions that are relevant
23 today. One relates to storm cost recovery and the
24 second relates to tax savings. How those
25 provisions will be implemented is the subject of

1 the amended implementation stipulation.

2 The bottom line of the implementation
3 stipulation is simple. It avoids the need for the
4 company to adjust base rates up in April and down
5 in May. Without the amended implementation
6 stipulation, Tampa Electric would be increasing
7 base rates to collect a storm surcharge and then
8 decreasing rates to reflect an estimate of the
9 impact of tax reform. The stipulation, if
10 approved, will avoid that undesirable price
11 volatility. As part of the stipulation, the
12 company will implement the tax savings provision in
13 the 2017 agreement by foregoing the collection of
14 the storm cost surcharges requested in its amended
15 storm cost petition. The stipulation will give the
16 customers full credit for virtually all of the
17 estimated 2018 tax savings during calendar year
18 2018, and the stipulation benefits customers by
19 returning tax savings to them as quickly as
20 possible, which is something we understand is very
21 important to the consumer parties. It also paves
22 the way for the full impact of tax reform to be
23 reflected as a permanent reduction in base rates as
24 of January 1, 2019.

25 The stipulation promotes transparency and

1 accountability through two separate dockets, one
2 for the effect of tax savings and tax reform and
3 the other for storm cost recovery. The Commission
4 has set a final hearing in this docket on the
5 company's recoverable storm cost for September 12th
6 and 13th and the company will be filing its final
7 tax savings petition in mid-May and will request an
8 evidentiary hearing on that petition.

9 The Commission has an open Docket 20180045 for
10 that purpose. The two dockets and hearings will
11 give the Commission and the parties a full and
12 complete opportunity to review the company's storm
13 cost and tax savings with the true-up of the final
14 net approved amounts to be addressed in 2019
15 through a clause. The amended implementation
16 stipulation is joined by all of the parties to our
17 2017 agreement, and that includes customers from
18 all of the company's customer classes. We believe
19 it's in the public interest and ask that you
20 approve it.

21 Procedurally, once any questions have been
22 answered, the company requests that the Commission
23 approve the Staff recommendation on issue No. 1 and
24 then, following a motion and second, approve the
25 amended implementation stipulation.

1 If those two items are approved, I will
2 withdraw the tariffs associated with the company's
3 amended storm petition, which will make Issue 2 in
4 Staff recommendation moot. We'd be happy to answer
5 any questions you may have.

6 COMMISSIONER BROWN: Thank you. And we'll
7 just go down the line and see if any of the other
8 parties would like to address the Commission,
9 starting with Office of Public Counsel.

10 MS. PONDER: Thank you. Good afternoon.
11 Virginia Ponder with the Office of Public Counsel;
12 and the Public Counsel supports and agrees with the
13 comments made by Mr. Whalen.

14 As he indicated, a September hearing is
15 currently scheduled for a determination of Tampa
16 Electric's recoverable storm cost and another
17 hearing will be scheduled to address the proper
18 amount of Tampa Electric's tax savings. We would
19 just like to reiterate the importance of keeping
20 the determination of recoverable storm costs and
21 the determination of tax savings in two separate
22 proceedings, as each involves distinct legal and
23 factual issues.

24 Additionally, by not combining the tax savings
25 and recoverable storm cost determinations into a

1 single hearing, it will ensure transparency and
2 allow the public, in a definitive and verifiable
3 way to fully appreciate both the exact tax savings
4 the ratepayers are entitled to recover and the
5 finalized storm cost.

6 We appreciate the cooperation of Tampa
7 Electric. Additionally, we'd like to thank Staff
8 for working diligently to get this on the agenda.

9 COMMISSIONER BROWN: Thank you. Retail
10 Federation. Schef -- Mr. Wright.

11 MR. WRIGHT: Thank you, Commissioner Brown.
12 Good morning. Schef Wright on behalf of the
13 Florida Retail Federation. Very briefly. First,
14 thanks to the Staff. Thanks to all the parties,
15 Tampa Electric and my colleagues up here and those
16 absent for helping pull this together. We agree
17 with the comments made by Tampa Electric and your
18 Public Counsel.

19 This is a very good stipulation. If approved,
20 and we urge you to approve it, customer's rates
21 won't change until after this Commission finally
22 approves storm cost pursuant to hearings scheduled
23 to be held later this year. And then when the
24 finally-Commission-approved storm costs are fully
25 amortized, rates will decline. So customers will

1 see unchanged rates and then a rate reduction to
2 reflect the effects of the tax act.

3 It's important to stress what Ms. Ponder said
4 and that is this will all be very transparent.
5 Customers will know what the storm costs were as
6 determined by you. Customers will know what the
7 tax savings are as approved by you when those
8 changes go into effect. Accordingly, we urge you
9 to approve the stipulation. Thank you.

10 COMMISSIONER BROWN: Thank you. Mr. Moyle
11 with FIPUG.

12 MR. MOYLE: Thank you, Madam Chair. We echo
13 the comments the other parties have made when we
14 appeared before you, I think before Commissioner
15 Fay was seated. In the generic docket that looked
16 at tax reform we said a couple of things that are
17 important polestars. One is accountable and
18 transparency and then secondly that the benefits of
19 tax reform flow back to consumers as quickly as
20 possible.

21 In our discussions, we didn't think it made a
22 lot of sense to have an increase followed by a
23 decrease, kind of in a whips-all fashion as was
24 pointed out by TECO. So this proposal that's
25 before you prevents that. But very importantly to

1 FIPUG members and other consumers, after the
2 holiday season of 2018, the benefits of the tax
3 reform will be realized and consumers will see a
4 rate decrease, so we want to applaud that and thank
5 TECO and the other parties and Staff for moving
6 this forward. We think it's a good step in the
7 right direction. I would urge your favorable
8 consideration of it.

9 COMMISSIONER BROWN: Thank you. And before we
10 move to Commissioners for questions or discussion,
11 I just want to note that there were two other
12 parties who are not here today who were signatories
13 to the settlement agreement, that's the Hospital
14 and FEA. Is anybody here to represent anything in
15 support?

16 MR. WHALEN: No. They indicated to us they
17 would not be here, but they still support the
18 agreement.

19 COMMISSIONER BROWN: Okay. Thank you. All
20 right. Commissioners. Commissioner Polmann.

21 COMMISSIONER POLMANN: Thank you, Madam
22 Chairman. Point of clarification, if the
23 Commission approves Issue 1 and then the
24 stipulation, I understand Utility would withdraw,
25 or Issue 2 would become moot, withdraw, whatever

1 the right procedure is. What happens to issue No.
2 3? Is that also --

3 COMMISSIONER BROWN: We vote on it.

4 MS. BROWNLESS: You vote on issue No. 3, sir.

5 COMMISSIONER POLMANN: Okay. Thank you. So a
6 couple questions, one or two questions, covering
7 all of the issues. Comments were already
8 addressed -- the likelihood at the end of the day
9 that the effects for the customer, that the
10 customer would realize, is there would be an
11 increase in the bill for storm cost recovery, but a
12 decrease from the effect of the tax reform, but
13 because of the process of going through both of
14 those, what would the customer see and when?
15 Although on the bill this is all going to be
16 postponed if we move forward as contemplated today.
17 So when will they receive information?

18 MR. WHALEN: Well, we'll be communicating with
19 the customers, but by virtue of the amended
20 implementation stipulation agreement, base rates
21 will remain constant through the end of this year,
22 subject to our petition for the first SOBRA, which
23 is a September event. And then because all of the
24 tax savings will have been used to offset the storm
25 cost recovery by the end of December, the permanent

1 effect of the tax reform act will be reflected with
2 the base rate decrease effective with billing
3 cycles on the first of January. So setting aside
4 the first SOBRA petition, rates will be constant
5 through the rest of the year and then they will go
6 down for the effect of tax reform January 1 of '19.

7 COMMISSIONER POLMANN: Okay. Now, the word
8 transparency I heard here, will you be
9 communicating through newsletters or bill inserts
10 or what do you anticipate, just so that the
11 customers are aware that we're in process and
12 there's a lot of media attention to the storm issue
13 and the tax issue and so forth? Could you
14 elaborate on that notice --

15 MR. ALDAZABAL: Yes, Commissioners. We'll be
16 sending out notices in November for the base rate
17 increase in January. However, we will be issuing
18 releases on the outcomes of both the storm cost
19 recovery hearings and the tax reform hearings that
20 we have later this year, and the resulting impacts
21 on customer rates at that time.

22 COMMISSIONER POLMANN: Okay. Is our action
23 here today newsworthy or is it confusing?

24 MR. ALDAZABAL: We are planning on issuing a
25 press release related to this, so it is newsworthy.

1 COMMISSIONER POLMANN: Okay. Okay. Very
2 good. Thank you.

3 COMMISSIONER BROWN: Thank you, Commissioner
4 Polmann. I think this is just awesome. So commend
5 the parties for bringing those forth to us. We did
6 anticipate it if there were going to be changes
7 when we approved the settlement agreement, but it's
8 good work here.

9 Commissioner Fay, would you like to speak?

10 COMMISSIONER FAY: Just really quick, Madam
11 Chair. When you're in charge, things seem to go
12 very well here, so.

13 COMMISSIONER BROWN: Oh, you are sweet. Music
14 to my ears.

15 COMMISSIONER FAY: No, thank you. I agree
16 with the comments that were said and I know
17 probably there's a better time for the discussion
18 as it goes down the road, but I noticed that, you
19 know, in January 30, 2018, there was an amended
20 petition filed based on those amounts and as I'm
21 learning more about how those things are calculated
22 and brought forward, I'd just be curious to see how
23 those changes came about. Thank you.

24 COMMISSIONER BROWN: And, with that, we are
25 ripe for a motion if there are no other comments or

1 responses. Anything further here? We are ripe for
2 a motion on Issue 1.

3 COMMISSIONER POLMANN: I would move the Staff
4 recommendation on Issue 1.

5 COMMISSIONER BROWN: All in favor say aye.
6 (Chorus of ayes.)

7 COMMISSIONER BROWN: Passes. Now we will go
8 to the amended implementation stipulation, correct?
9 Yes. So move?

10 COMMISSIONER POLMANN: I would move approval
11 of the amended stipulation and all the other words
12 that are appropriate.

13 COMMISSIONER BROWN: Implementation
14 stipulation. And there's a second?

15 COMMISSIONER FAY: Second.

16 COMMISSIONER BROWN: All those in favor, say
17 aye.

18 (Chorus of ayes.)

19 COMMISSIONER BROWN: It passes. Therefore
20 item -- Issue 2 is moot. So we'll go to Issue 3,
21 which is a docket --

22 MS. BROWNLESS: Excuse me. TECO has to
23 withdraw their tariff.

24 MR. WHALEN: I think it's my turn to withdraw
25 the --

1 COMMISSIONER BROWN: It is your turn.

2 MR. WHALEN: -- associated with the storm
3 surcharge petition and we formally withdraw those.

4 COMMISSIONER BROWN: It is noted for the
5 record. And now we're on to Issue 3 to close the
6 docket.

7 COMMISSIONER POLMANN: I move approval of
8 Issue 3.

9 COMMISSIONER BROWN: Is there a second?

10 COMMISSIONER FAY: Second.

11 COMMISSIONER BROWN: All those in favor, say
12 aye.

13 (Chorus of ayes.)

14 COMMISSIONER BROWN: The item passes and, with
15 that recognition, I believe that we cover all
16 matters and if there are no other items here to
17 discuss, this agenda conference is adjourned.

18 We will be meeting in the IA room in how many
19 minutes?

20 MR. BEAZ: Five minutes, I think the Chairman
21 said.

22 COMMISSIONER BROWN: Five minutes. See you
23 there.

24 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12th day of March, 2018.



DANA W. REEVES
NOTARY PUBLIC
COMMISSION #FF968527
EXPIRES MARCH 22, 2020