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June 26, 2020

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Review of 2020-2029 Storm Protection Plan Pursuant to Rule 25-6.030, F.A.C.,
Tampa Electric Company; FPSC Docket No. 20200067-EI

Dear Mr. Teitzman:

Attached for filing in the above docket, on behalf of Tampa Electric Company, are the following:

1. Rebuttal Testimony of Regan B. Haines;
2. Rebuttal Testimony and Exhibit of A. Sloan Lewis; and
3. Rebuttal Testimony of Jason D. DeStigter.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Attachment

cc: All Parties of Record (w/attachment)



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20200067-EI

IN RE: COMMISSION REVIEW OF
TAMPA ELECTRIC'S 2020-2029
STORM PROTECTION PLAN

REBUTTAL TESTIMONY

OF

REGAN B. HAINES

FILED: June 26, 2020

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY**

3 **OF**

4 **REGAN B. HAINES**

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13
14
15 **INTRODUCTION:**

16
17 **Q.** Please state your name, address, occupation, and
18 employer.

19
20 **A.** My name is Regan B. Haines. My business address is 702
21 N. Franklin Street, Tampa, Florida 33602. I am employed
22 by Tampa Electric Company ("Tampa Electric" or "the
23 company") as Director, Asset Management, Project
24 Management and System Planning.

1 Q. Are you the same Regan B. Haines who filed direct
2 testimony in this proceeding?

3

4 A. Yes, I am.

5

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

8

9 A. The purpose of my rebuttal testimony is to address the
10 direct testimony and exhibits of Steve Chriss and Lisa
11 Perry, both of whom are testifying on behalf of Walmart
12 Incorporated. I will also provide rebuttal testimony to
13 address the deficiencies and misconceptions in the direct
14 testimony and exhibits of Scott Norwood and Lane Kollen,
15 both of whom are testifying on behalf of Florida's Office
16 of Public Council ("OPC").

17

18 Rebuttal testimony addressing the testimony of OPC's
19 witnesses Norwood and Kollen is also being submitted by
20 Tampa Electric witnesses A. Sloan Lewis and Jason D. De
21 Stigter. For the sake of brevity, I have omitted from my
22 rebuttal testimony some of the concerns addressed by Ms.
23 Lewis and Mr. De Stigter, and I support their rebuttal
24 testimony on any points they make which are not repeated
25 in my rebuttal testimony.

1 **REBUTTAL TO DIRECT TESTIMONY OF STEVE W. CHRISS AND LISA V.**
2 **PERRY**

3
4 **Q.** Do you have any general comments regarding the overall
5 direct testimony of Mr. Chriss and Ms. Perry?
6

7 **A.** I have no comments regarding Mr. Chriss' testimony but I
8 do disagree with the recommendation made by Ms. Perry in
9 her testimony as I explain below. Tampa Electric is also
10 reserving the right to provide rebuttal on any new topics
11 that may arise in the future.
12

13 **Q.** On Page 4, line 6 of Ms. Perry's testimony, she
14 recommends that the Commission should require the
15 utilities to work with Walmart and other interested
16 stakeholders during the next interim period to develop
17 ways to include customer sited generation as a method to
18 meet the requirements of the SPP, do you agree with this
19 statement?
20

21 **A.** No, I do not agree with Ms. Perry's statement. The
22 company's Storm Protection Plan ("SPP") is designed to
23 achieve the objectives of Section 366.96 of the Florida
24 Statutes and the requirements of Rule 25-6.030, which
25 implements that statute. Neither the Statute nor the Rule

1 requires electric utilities to include customer-sited
2 generation in their storm protection plans. Tampa
3 Electric would, however, be willing to meet with Walmart
4 to discuss individual reliability concerns or options for
5 resiliency as is commonly done with many customers as
6 part of the customer service the company typically
7 provides.

8
9
10 **REBUTTAL TO DIRECT TESTIMONY OF SCOTT NORWOOD:**

11
12 **Q.** Do you have any general comments regarding the overall
13 direct testimony of Mr. Norwood?

14
15 **A.** Yes, overall Mr. Norwood's testimony inaccurately accuses
16 Tampa Electric of a lack of transparency in the
17 development of the company's proposed SPP. Mr. Norwood's
18 testimony also demonstrates that he does not understand
19 the purpose of the SPP and fails to distinguish between
20 extreme weather resiliency day-to-day or "blue-sky"
21 reliability.

22
23 **Q.** On Page 5, line 17 of his testimony, Mr. Norwood states
24 that the Company barred review of details regarding its
25 Cost Benefit Analysis ("CBA") calculations, is this

1 statement true?

2

3 **A.** No, this statement is false. Tampa Electric provided a
4 high level of transparency regarding the development of
5 the company's SPP through both its initial filing in this
6 proceeding and through the discovery process thus far.
7 The company's filed SPP contains all of the content
8 required by Rule 25-6.030. In addition to the minimum
9 filing requirements, the company also provided an 80 page
10 report from 1898 & Co., the outside consultant that
11 developed the company's cost-benefit analysis, as well as
12 a report from Accenture describing the development of the
13 company's vegetation management program. After filing
14 Tampa Electric's SPP, the company then provided responses
15 to 210 Interrogatories (not including subparts) and 79
16 Requests for Production of Documents (not including
17 subparts) from OPC. Finally, the company hosted a four-
18 hour open question technical session for Mr. Norwood and
19 other OPC representatives to view the confidential
20 mechanics of 1898 & Co.'s proprietary models and to view
21 how they were utilized to develop the company's cost-
22 benefit analysis.

23

24 **Q.** On Page 5, line 20 of his testimony, Mr. Norwood states
25 that TECO's lack of transparency needlessly complicates

1 the Commission's review and is unusual for an investment
2 of this magnitude, is this statement accurate?

3
4 **A.** No, as I have clearly explained above, the company
5 provided information above and beyond the minimum filing
6 requirements set out in Rule 25-6.030, responded to
7 hundreds of discovery requests, and hosted a technical
8 session to explain 1898 & Co.'s models to OPC. The
9 company's filing and all of its discovery responses are
10 available for review by Commission Staff, and the
11 Commission will have a robust record to review in
12 evaluating Tampa Electric's proposed SPP.

13
14 **Q.** On Page 6, line 18 of his testimony, Mr. Norwood states
15 that the forecasted improvement is relatively small and
16 would likely increase TECO's annual service reliability
17 by less than 0.004 percent, do you agree with this
18 statement?

19
20 **A.** No, I do not agree with this statement and do not know
21 how Mr. Norwood was able to make this determination.
22 Section 366.96 and Rule 25-6.030 require Tampa Electric
23 to develop a plan that will reduce restoration costs and
24 outage times associated with extreme weather and enhance
25 reliability. I believe the programs included in the

1 company's SPP will certainly accomplish these objectives.
2 While the company did not quantify day-to-day or blue-sky
3 reliability and service level improvements associated
4 with the company's SPP, these will be a secondary benefit
5 of the company's plan's implementation.
6

7 **Q.** On Page 6, lines 21-24 of his testimony, Mr. Norwood
8 states that the SPP is not needed at this time and should
9 be postponed due to the COVID-19 pandemic. Do you agree
10 that the SPP should be postponed?
11

12 **A.** I do not agree that the company's proposed SPP should be
13 postponed. The company's proposed SPP is consistent with
14 the Statute and is designed to improve the reliability of
15 electric service by reducing restoration costs and outage
16 times following major weather events is even more
17 critical at this time given the impact of COVID-19 and
18 the number of Floridians unemployed and/or working from
19 home.
20

21 **Q.** On Page 6, lines 21-25 of his testimony, Mr. Norwood
22 states that potentially less costly alternatives to the
23 SPP can be evaluated and the company's proposed SPP
24 should be delayed, do you agree with this statement?
25

1 **A.** No, I do not agree with Mr. Norwood's statement. The
2 company is constantly reviewing various hardening
3 projects and options and has been doing so since 2006 and
4 believes that the SPP programs proposed represent
5 essential fundamental hardening actions that have been
6 demonstrated and proven effective in improving the
7 resiliency of the power grid by the utilities in the
8 state. This applies to feeder hardening, transmission
9 hardening as well as the need to underground vulnerable
10 overhead distribution facilities and place additional
11 attention on increased vegetation management. In
12 addition, the results of 1898 & Co. budget optimization
13 analysis that was performed was to identify the point of
14 diminishing returns and to consider the very same
15 alternative levels of spending was included in the direct
16 testimony of Jason D. De Stigter as well as in the 1898 &
17 Co. report.

18
19 **Q.** On Page 7, line 1 of his testimony, Mr. Norwood
20 recommends to the Commission that it approve a modified
21 SPP contingent upon filing an updated SPP in 2022, do you
22 agree with his recommendation?

23
24 **A.** No, I do not agree with making modifications to the filed
25 SPP plan. The proposed plan includes storm protection

1 programs designed to reduce storm restoration costs and
2 outage times for the company's customers when Tampa
3 Electric is impacted by a major storm event. Modifying
4 the plan as suggested by Mr. Norwood will only delay
5 these benefits and create additional risk for our
6 customers.

7
8 **Q.** On Page 11, line 1 through page 12, line 13 of his
9 testimony, Mr. Norwood makes statements that the extreme
10 weather events in the company's service area are small
11 and because of this, there is only a small potential
12 outage reduction benefit of the SPP, which he states that
13 most TECO customers would probably not notice, do you
14 agree with his assessment?

15
16 **A.** No, I do not agree with this statement. While Tampa
17 Electric has been very fortunate since 2006 regarding the
18 number and severity of the extreme weather events
19 experienced, the average Extreme Weather Event ("EWE")
20 System Average Interruption Duration Index ("SAIDI") each
21 year since 2006 as calculated by Mr. Norwood nearly
22 doubles the normal outage time experienced on average
23 each year by our customers. That is significant and
24 would increase drastically if our service territory is
25 impacted by more and/or stronger storms in the future.

1 It is also misleading to look at System Average
2 Interruption Frequency Index ("SAIFI") for a specific
3 event as it typically reflects the average number of
4 outages experienced by each customer for an entire year.
5 Since Hurricane Irma was the only large storm during the
6 period evaluated by Mr. Norwood, the total SAIFI impact
7 is small on average for that time period but the seven-
8 day restoration effort and nearly \$100M in restoration
9 costs due to Hurricane Irma certainly had a significant
10 impact on customers.

11
12 **Q.** On Page 13, line 9 of his testimony, Mr. Norwood makes
13 statements regarding the rate impacts of the company's
14 proposed SPP and asserts that these are incremental, are
15 these statements accurate?

16
17 **A.** No, the company clearly communicated in the SPP that the
18 costs and associated revenue requirements within the plan
19 were based upon a total of all storm protection and prior
20 legacy storm hardening activities which included items
21 within base rates that would never make their way into
22 the Storm Protection Cost Recovery Clause. The rebuttal
23 testimony of A. Sloan Lewis will address this issue as
24 well in her rebuttal response to the testimony of OPC
25 Witness Mr. Lane Kollen, who makes the same inaccurate

1 statement.

2

3 **Q.** On Page 14, line 14 of his testimony, Mr. Norwood makes
4 statements that the company's CBA is not cost-effective,
5 is this statement accurate?

6

7 **A.** No, it appears that Mr. Norwood did not consider the
8 estimated restoration cost savings from each of the
9 proposed SPP programs in his calculations. The company
10 has provided an estimate of both the restoration cost
11 savings and the quantified, monetized benefits resulting
12 from reduced customer outage time. These were provided
13 as required by the rule but were not used to determine
14 cost effectiveness. The quantified outage time savings
15 benefits were solely used to rank and prioritize projects
16 within each program.

17

18 **Q.** On Page 15, line 10 of his testimony, Mr. Norwood asserts
19 that the company "has not provided details regarding the
20 CBA calculations for proposed SPP programs, as required
21 by Rule 25-6.030(3)(d), F.A.C." Do you agree with this
22 statement?

23

24 **A.** No, there is no merit to this statement. The company has
25 met all of the requirements of the rule which includes

1 providing a "description of how each proposed storm
2 protection program is designed to enhance the utility's
3 existing transmission and distribution facilities
4 including an estimate of the resulting reduction in
5 outage times and restoration costs due to extreme weather
6 conditions" and a comparison of the costs and benefits.
7 To meet these requirements, the company acquired
8 assistance from industry consultants with extensive
9 expertise in this area and utilized a robust methodology
10 and model to quantify the restoration cost savings and
11 outage time reduction benefits. Secondly, Mr. Norwood
12 claims "many details regarding the Storm Modeling
13 calculations supporting the forecasted EWE storm impacts
14 on TECO's system, are not available to OPC or other
15 parties." Again, the company has met the requirements of
16 the rule and provided an estimate of the resulting
17 reduction in outage times and restoration costs due to
18 extreme weather conditions. In addition, the company
19 provided a copy of the 72-page report (Appendix F in the
20 filed SPP plan) summarizing the analysis conducted by
21 1898 & Co. This report fully explains the approach and
22 methodology used for estimating the restoration cost
23 savings and outage time reduction benefits. In addition,
24 the company responded to several hundred discovery
25 requests from the OPC and held a four hour question and

1 answer session with Mr. Norwood and other OPC
2 representatives to demonstrate the model 1898 & Co.
3 utilized, review results, discuss the approach and
4 methodologies and answer all questions posed by Mr.
5 Norwood and the OPC.
6

7 **Q.** On page 17, line 5 of his testimony, Mr. Norwood claims
8 that "the Company did not evaluate or present potentially
9 lower cost alternatives to the \$1.92 billion Plan...". Do
10 you agree with this statement?
11

12 **A.** No. As pointed out in 1898 & Co.'s filed report, Tampa
13 Electric and 1898 & Co. did evaluate various investment
14 levels utilizing a resilience-based planning approach to
15 establish an overall budget level and identify and
16 prioritize resilience investments in the T&D system.
17 This was accomplished by performing a budget optimization
18 analysis, the results of which are shown in Figure 1-2 on
19 Bates stamp page 137 of the filed SPP Plan. The budget
20 optimization analysis was performed in \$250 million
21 increments up to \$2.5 billion and the figure shows the
22 total lifecycle gross NPV benefit for each budget
23 scenario. The \$1.92 billion investment level recommended
24 was identified as prudent level of investment over the
25 next 10 years capturing the hardening projects that meet

1 the objectives of the SPP rule and provide the most value
2 to customers.

3

4 **Q.** On page 17, line 18 of his testimony, Mr. Norwood claims
5 that TECO's CBA for the SPP is flawed because it includes
6 approximately \$4 billion of non-electric customer
7 benefits for the purpose of selection and prioritization
8 of programs included in the SPP. Do you agree with this
9 statement?

10

11 **A.** No. First, the \$4 billion is not only non-electric
12 customer benefits, it also includes restoration costs
13 savings. Second, the customer benefits portion of the \$4
14 billion is based upon monetizing the CMI reduction for
15 each proposed hardening project using the Department of
16 Energy's Interruption Cost Estimate (ICE) Calculator.
17 This tool is well established and has been used in the
18 industry for quite some time to quantify and monetize the
19 customer benefits from outage time reductions. The
20 company only used this to compare the benefits of
21 projects within an SPP Program to help rank and establish
22 implantation schedules. The monetized customer benefits
23 were not used to cost justify any of the proposed SPP
24 Programs.

25

1 Q. On Page 19, line 6 of his testimony, Mr. Norwood states
2 that the company did not evaluate the electric cost
3 benefits of potentially lower cost alternatives to the
4 SPP, is this statement accurate?

5
6 A. That statement is not accurate. The company looked at
7 varying levels of activity within each SPP program as
8 well as the benefits associated with varying levels of
9 investment in total. For example, 1898 & Co. modeled
10 different levels of investment for each proposed program
11 as alternatives as well as total plan investment to
12 optimize against the estimated expected benefits. The
13 company also considered various alternatives to some of
14 the proposed programs such as undergrounding transmission
15 and undergrounding distribution feeders, but deemed those
16 to not be as cost effective as the overhead hardening
17 default standard for each. However, the company did not
18 discount the need to underground either transmission or
19 distribution feeders in the future as justified on a case
20 by case basis.

21
22 Q. On Page 19, Section V (No line number) of his testimony,
23 Mr. Norwood discusses his experience with how regulatory
24 Commissions evaluate major electric utility investment
25 such as the SPP, do you agree with his opinion?

1 **A.** I do not agree that Mr. Norwood's experience with other
2 regulatory Commissions should have any bearing on this
3 docket. Tampa Electric has developed its filed SPP to
4 meet the requirements of Section 366.96 and Rule 25-
5 6.030.

6
7 **Q.** On Page 20, line 3 of his testimony, Mr. Norwood
8 discusses how reliability is measured for electric
9 transmission and distribution customers, do you agree
10 with his assessment?

11
12 **A.** I agree that we have well established reliability metrics
13 in place, including SAIDI and SAIFI, to measure day-to-
14 day or blue-sky reliability of the electric system. For
15 example, SAIDI captures the average outage time for each
16 customer for the year, excluding events such as named
17 storms, while SAIFI captures the average number of
18 outages for each customer for the year, also excluding
19 events such as named storms. However, what Mr. Norwood
20 is missing and fails to address is that the intent of the
21 new Storm Protection Plan legislation and rule is to
22 improve the electric system's resiliency. While the
23 terms reliability and resiliency are often interchanged,
24 they are not the same. Electric reliability is typically
25 defined as dependably delivering quality electricity on a

1 day-to-day basis to customers. While resiliency can be
2 defined as the ability for the electric grid to withstand
3 and recover from extreme events, including severe weather
4 or other natural disasters, as well as cyber and physical
5 threats. Again, reliability and resiliency are not the
6 same, however resiliency does directly impact
7 reliability. While the SPP Programs proposed will
8 certainly have a positive impact on reliability, the
9 company's focus was to improve and increase the electric
10 system's resiliency.

11
12 **Q.** On Page 22, line 12 of his testimony, Mr. Norwood
13 discusses evidence that TECO's customers are happy with
14 the company's reliability performance, do you agree with
15 his assessment?

16
17 **A.** While I agree that Tampa Electric's customers have been
18 satisfied with their day-to-day electric service
19 reliability based on the percentage of customers
20 submitting PSC complaints cited by Mr. Norwood, customers
21 experiencing outages following Hurricane Irma who did not
22 have their power restored for several days were not
23 happy. The objective of the SPP rule is to improve the
24 resiliency of the power grid and to reduce outages,
25 outage times and restoration costs for our customers

1 following major weather events. While the SPP programs
2 proposed will improve day-to-day reliability, it was not
3 the primary purpose of the filed SPP plan.
4

5 **Q.** On Page 23, line 1 of his testimony, Mr. Norwood states
6 that the reliability of the company's system would not be
7 improved that much with the SPP, is this statement
8 accurate?
9

10 **A.** No, as I explained earlier, the objective of the SPP rule
11 is to improve the resiliency of the power grid and to
12 reduce outages, outage times and restoration costs for
13 our customers following major weather events. While the
14 SPP programs proposed will improve day-to-day
15 reliability, it was not the primary purpose of the filed
16 SPP and the company did not attempt to quantify the day-
17 to-day or blue-sky reliability benefits. Mr. Norwood
18 has pointed to historical reliability and outage data for
19 the last ten years as an indicator of the future. Tampa
20 Electric has evaluated several future storm scenarios
21 over the next 50 years and taken a proactive approach,
22 recommending several prudent actions that can be taken to
23 improve the resiliency of the power grid in order to
24 improve electric service to our customers and reduce
25 restoration costs in the future.

1 Q. On Page 28, Section VII (No line number) of his
2 testimony, Mr. Norwood states his conclusions and
3 recommendations, do you agree with any of his conclusions
4 and recommendations?

5
6 A. No, I would not endorse or recommend any of his
7 conclusions or recommendations.

8
9
10 **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN:**

11
12 Q. Do you have any general comments regarding the overall
13 direct testimony of Mr. Kollen?

14
15 A. Yes, Mr. Kollen asks the Commission to reject all of the
16 company's SPP projects based upon his misinterpretation
17 of how the company and 1898 & Co. developed the projected
18 cost benefit analysis. It also seems that Mr. Kollen
19 wants the Commission to establish some arbitrary
20 threshold for cost-effectiveness. He first says 100
21 percent and then changes his threshold to some other
22 defined threshold, such as 50 percent.

23
24 Q. On Page 11, line 1 of his testimony, Mr. Kollen states
25 that none of the company's projects were economically

1 justified with a benefit to cost ratio of at least 100
2 percent and provides benefit to cost ranges from 10 to 90
3 percent, do you agree with his assessment?
4

5 **A.** No, his assessment is inaccurate. In the company's filed
6 SPP, the company and 1898 & Co. provided projected
7 reductions in restoration costs and projected reductions
8 in customer minutes of interruption as approximate
9 benefits in ranges of percent reduction compared to
10 maintaining the status quo. Mr. Kollen is
11 misinterpreting these values as a benefit to cost ratio.
12

13 **Q.** From the immediate question above, are SPP projects
14 required to have some benefit to cost ratio provided
15 either in 366.96, Rule 25-6.030, or the Order
16 Establishing Procedure for this proceeding?
17

18 **A.** No, the statute and rule require a description of each
19 proposed storm protection program that includes a
20 description of how each proposed storm protection program
21 is designed to enhance the utility's existing
22 transmission and distribution facilities including an
23 estimate of the resulting reduction in outage times and
24 restoration costs due to extreme weather conditions. The
25 rule does not mention a required minimum benefit to cost

1 ratio to be approved.

2

3 **Q.** On Page 12, line 3 of his testimony, Mr. Kollen states
4 that SPP Programs should not be approved if the costs are
5 not economically viable, do you agree with his
6 assessment?

7

8 **A.** No, regarding the SPP, the Governor and Florida
9 Legislature have made it clear that there is a need to
10 further harden and protect the electrical system in
11 Florida from extreme weather events. The economic
12 viability of the proposed SPP investments can only be
13 identified if one could accurately forecast the number
14 and severity of the future storms, we can expect to
15 experience over the next fifty years. Tampa Electric has
16 made the decision to invest proactively in increasing the
17 resiliency of its power grid before we experience a major
18 storm event. The company believes these investments are
19 prudent given the Legislature's express desire to reduce
20 restoration costs and outage times for our customers over
21 the next 50 years.

22

23 **Q.** On Page 14, lines 7-9 of his testimony, Mr. Kollen states
24 that "TECO failed to include additional savings related
25 to "normal operation" and "normal weather", which it

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refers to as "blue-sky" days, except for the savings in vegetation management expense it claims is reflected in the Accenture analysis and qualifications." Do you agree with this statement?

A. No. In accordance with the 2020 Settlement Agreement, the company will be carrying out a one-time base rate reduction and consequently recover all SPP-related expenses through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). As Mr. Kollen concedes on page 12, lines 16-17, some of the savings that may result from the SPP are unknown at this time. The company made it clear in its discovery responses that these savings will be captured in the SPPCRC moving forward if they materialize.

Q. Does this conclude your rebuttal testimony?

A. Yes.



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20200067-EI

**IN RE: COMMISSION REVIEW OF
TAMPA ELECTRIC'S 2020-2029
STORM PROTECTION PLAN**

REBUTTAL TESTIMONY

OF

A. SLOAN LEWIS

FILED: June 26, 2020

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY**

3 **OF**

4 **A. SLOAN LEWIS**

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11
12
13 **INTRODUCTION:**

14
15 **Q.** Please state your name, address, occupation and employer.

16
17 **A.** My name is A. Sloan Lewis. My business address is 702 N.
18 Franklin Street, Tampa, Florida 33602. I am employed by
19 Tampa Electric Company ("Tampa Electric" or "the company")
20 in the Finance Department as Director, Regulatory
21 Accounting.

22
23 **Q.** Are you the same A. Sloan Lewis who filed direct testimony
24 in this proceeding?

1 **A.** Yes, I am.

2

3 **Q.** What is the purpose of your rebuttal testimony in this
4 proceeding?

5

6 **A.** The purpose of my rebuttal testimony is to address certain
7 statements in the direct testimony and exhibits of Lane
8 Kollen, who is testifying on behalf of Florida's Office of
9 Public Council ("OPC") regarding the company's revenue
10 requirements, rate impacts and 2020 Settlement Agreement.

11

12 **Q.** Are you sponsoring any exhibits in your rebuttal testimony
13 in addition to the already filed exhibits in this
14 proceeding?

15

16 **A.** Yes. I am sponsoring one additional exhibit entitled "2020
17 Settlement Agreement" which is identified as Exhibit No.
18 ASL-2. The company filed a Motion to Approve the 2020
19 Agreement in this docket on April 27, 2020. Mr. Kollen
20 discussed the contents of the 2020 Agreement in his
21 testimony filed on May 26, 2020. The Commission
22 subsequently approved the 2020 Agreement at a hearing held
23 on June 9, 2020 in Docket No. 20200145-EI. I am including
24 the 2020 Agreement as an exhibit to demonstrate how the
25 Agreement resolves several of the issues Mr. Kollen

1 mentioned in his direct testimony.
2

3 **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN:**
4

5 **Q.** Do you have any general comments regarding the overall
6 direct testimony of Mr. Kollen?
7

8 **A.** Yes, overall Mr. Kollen is critical of the company's Storm
9 Protection Plan (SPP"). His testimony also demonstrates
10 that he has misinterpreted and misrepresented the company's
11 calculation of the SPP revenue requirements and rate
12 impacts and the company's 2020 Settlement Agreement. In
13 addition, some of the issues raised by Mr. Kollen are
14 resolved by the 2020 Agreement, and others are no longer
15 accurate now that the Commission has approved the 2020
16 Agreement.
17

18 **Q.** Are any of the issues raised in Mr. Kollen's testimony
19 resolved by the Commission's recent approval of the 2020
20 Agreement?
21

22 **A.** Yes. Mr. Kollen concedes that two of the main issues raised
23 in his testimony would be resolved by approval of the 2020
24 Agreement. First, Mr. Kollen criticized the company for
25 failing to exclude costs already captured in base rates

1 from the estimated rate impact calculation for the plan.
2 Footnotes 8 and 12 of his testimony acknowledge that this
3 issue is resolved by the base rate reduction in the 2020
4 Agreement. Second, Mr. Kollen argued that the company did
5 not adequately capture all of the cost savings that could
6 result from implementation of the SPP. Footnotes 15 and 16
7 of his testimony acknowledge that this issue would be
8 resolved by approval of the 2020 Agreement. Since the
9 Commission approved the 2020 Agreement on June 9, 2020,
10 these two issues have now been resolved.

11
12 **Q.** On Page 3, line 16 of his testimony, Mr. Kollen states,
13 "The Company plans to spend \$1,921 million on its proposed
14 SPP projects over the ten-year life of the SPP Plan. The
15 Company proposes revenue requirements of \$972 million that
16 it will likely seek to recover through the SPPCRC over that
17 ten-year period." Are these statements accurate?

18
19 **A.** No, as stated in the company's SPP filing, the costs and
20 associated revenue requirements within the plan were based
21 upon a total of all storm protection and prior legacy storm
22 hardening activities, which include items within base
23 rates. The company will not be seeking cost recovery for
24 some of these costs in the Storm Protection Cost Recovery
25 Clause ("SPPCRC").

1 **Q.** On Page 4, line 6 of his testimony, Mr. Kollen attempts to
2 compare the estimated total spend and revenue requirements
3 for the company's SPP to the company's present total net
4 plant and revenues. Do you think his comparison is
5 relevant?

6
7 **A.** No, I do not. These comparisons do not consider that the
8 intent of the plan to advance the Legislature's policy goal
9 to strengthen electric utility infrastructure to withstand
10 extreme weather conditions. The company's plan is designed
11 to achieve this goal by including those investments that
12 will deliver the highest level of storm resiliency benefits
13 at the lowest relative as explained in greater detail in
14 the direct and rebuttal testimony of Tampa Electric's
15 witnesses Regan Haines and Jason De Stigter.

16
17 **Q.** On Page 4, line 10 of his testimony, Mr. Kollen states that
18 "TECO estimates that the rate increases for the residential
19 class will be much greater than the rate increases for the
20 commercial and industrial classes." Is this statement
21 correct and if so, why is it so?

22
23 **A.** This criticism is misguided. First, Tampa Electric
24 calculated the rate impacts by customer class using the
25 cost allocation and rate design principles specified in the

1 2020 Agreement, to which the Office of Public Counsel is a
2 party. Second, and more importantly, although the relative
3 rate impact on residential customers will be greater than
4 for many commercial and industrial customers, this reflects
5 the fact that residential customers will receive benefits
6 from more of the SPP projects within the company's proposed
7 SPP than will many commercial and industrial customers.

8
9 Residential customers take service at the secondary service
10 distribution level and thus benefit from projects that will
11 improve reliability and resilience at the transmission,
12 subtransmission, primary and secondary voltage levels.
13 Many of the larger commercial and industrial customers take
14 service at higher voltage levels of service (e.g., primary
15 or subtransmission). Such customers will only benefit from
16 improvements made to those higher level of service
17 components of the electric system and using Commission
18 approved cost of service allocators will thus not be
19 allocated costs incurred at the lower voltage levels, and
20 thus will pay a lower rate for SPP costs and investments.
21 It is reasonable and appropriate that rate classes only pay
22 for the portion of the SPP that benefits them.

23
24 **Q.** On Page 5, line 1 of his testimony, Mr. Kollen states that
25 "The Company's proposed SPP total spend, increase in rate

1 base, and increase in customers rates are significant." Do
2 you agree with his assessment?

3
4 **A.** Yes, I agree. The company believes that any price increase
5 is significant to customers, however, the Legislature found
6 that it is in the state's interest to strengthen electric
7 utility infrastructure to withstand extreme weather
8 conditions and our plan was designed to advance this
9 important public policy goal. As explained in greater
10 detail in the direct and rebuttal testimony of Tampa
11 Electric's witnesses Regan Haines and Jason De Stigter, the
12 company's plan is designed to achieve this goal by including
13 those investments that will deliver the highest level of
14 storm resiliency benefits at the lowest relative cost.

15
16 **Q.** On Page 5, line 2 of his testimony, Mr. Kollen states that
17 "these are incremental costs with incremental customer rate
18 impacts." Is this statement correct?

19
20 **A.** No, as explained previously, the costs and revenue
21 requirements provided in the company's SPP are inclusive of
22 all storm protection and legacy storm hardening costs, not
23 just incremental costs. Therefore, the rate impacts
24 provided in the company's SPP are also inclusive of the
25 total SPP costs.

1 Q. On Page 5, line 12 of his testimony, Mr. Kollen states that
2 "the total multi-year customer rate impact can be
3 considered only in the SPP proceedings." Do you agree with
4 this statement?

5
6 A. Yes, that is why the company provided an estimate of the
7 rate impact of the company's SPP for the first three years
8 of the Plan, as required by Rule No. 25-6.030(3)(h) F.A.C.
9 These rate impact estimates are located in Section 8 of
10 Tampa Electric's SPP. Additionally, the company also
11 provided estimates of the rate impact of the full ten-year
12 Plan in response to OPC's Interrogatory No. 135, which was
13 provided to OPC on May 5, 2020. Lastly, the company
14 provided all working papers for the rate impact calculation
15 in response to OPC's Request for Production of Documents
16 No. 15, which was provided to OPC on April 28, 2020.

17
18 Q. On Page 5, line 17 of his testimony, Mr. Kollen states that
19 "it is critical that the customer rate impact reflect only
20 incremental cost of the SPP projects." Do you agree with
21 this statement?

22
23 A. No, I do not agree with this statement. As stated
24 previously, the company presented the full costs of the SPP
25 projects in the Plan, pursuant to Rule No. 25-6.030(3)(h)

1 F.A.C. Therefore, the rate impacts presented in the plan
2 are based on full costs, not what will be requested for
3 recovery through the SPPCRC.
4

5 **Q.** With Commission approval of the 2020 Settlement Agreement
6 how will the company ensure that no double recovery will
7 occur?
8

9 **A.** The 2020 Settlement Agreement provides a base rate
10 reduction at the same time as the SPPCRC goes into effect
11 in January 2021, and other accounting and cost recovery
12 provisions, to promote transparency and simplify the review
13 of costs which the company will seek recovery through the
14 SPPCRC and to avoid duplicative recovery of costs through
15 the utility's existing base rates or any other cost recovery
16 mechanism, as required by Rule No. 25-6.031 (6)(b) F.A.C.
17 Even if the 2020 Settlement was not approved by the
18 Commission, the company would have used the same
19 methodology presented in the 2020 Settlement Agreement to
20 ensure that only incremental costs will be charged to the
21 SPPCRC and that double recovery would not occur.
22

23 **Q.** On Page 13, line 3 of his testimony, Mr. Kollen states "the
24 Company provided an estimate of the incremental customer
25 rate impact for the ten-year life of the SPP based on the

1 sum of the return of and on the incremental capitalized
2 cost and the incremental expenses." Do you agree with this
3 statement?

4
5 **A.** I agree, in part. The company calculated the estimated
6 customer rate impacts for the ten-year life of the SPP,
7 with the expenses and return on capital presented in the
8 SPP. The return on the capital costs are inherently
9 incremental, as they include only capital expenditures for
10 SPP projects initiated after the filing of the SPP.
11 However, as stated previously, the expenses are based upon
12 a total of all storm protection and prior legacy storm
13 hardening activities, which include items previously
14 recovered through base rates for which the company will not
15 be seeking cost recovery through the SPPCRC.

16
17 **Q.** On Page 14, line 3 of his testimony, Mr. Kollen states that
18 "The Company did not recognize the additional savings due
19 to increases in cost-free accumulated deferred income taxes
20 ("ADIT")." Is this statement accurate?

21
22 **A.** No, this statement is not accurate. The company considered
23 ADIT in the same, consistent manner it does for every cost
24 recovery clause it utilizes. The weighted average cost of
25 capital ("WACC") used in the clause return on investment

1 ("ROI") calculations includes ADIT as a zero-cost component
2 of the capital structure. Inclusion of zero-cost ADIT
3 results in a lower WACC. Since the SPP investments are
4 multiplied against the WACC to determine a revenue
5 requirement, inclusion of ADIT at zero cost results in
6 savings to customers. Furthermore, as mentioned above, Mr.
7 Kollen acknowledges that the 2020 Agreement resolves this
8 issue in footnote 16 of his testimony.

9
10 **Q.** Does this conclude your rebuttal testimony?

11
12 **A.** Yes.
13
14
15
16
17
18
19
20
21
22
23
24
25

EXHIBIT
ASL-2 "2020 SETTLEMENT AGREEMENT"

OF

A. Sloan Lewis

AUSLEY McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

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April 27, 2020

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: In re: Petition for a Limited Proceeding to Approve Fourth SoBRA by Tampa Electric Company; Docket No. 20200064-EI;

In re: Petition of Tampa Electric Company to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets; Docket No. 20200065-EI;

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 26-6.030, F.A.C. Tampa Electric Company; Docket No. 20200067-EI; and

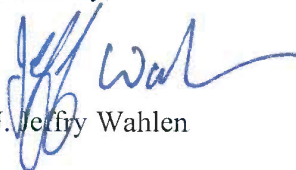
In re: Storm Protection Plan Cost Recovery Clause; Docket No. 20200092-EI

Dear Mr. Teitzman:

Attached for filing in the above four dockets is Tampa Electric Company's Agreed-To Motion to Approve the 2020 Agreement.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/bmp
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited Proceeding to Approve) Fourth SoBRA by Tampa Electric Company) _____)	Docket No. 20200064-EI
In re: Petition of Tampa Electric Company) To Eliminate Accumulated Amortization) Reserve Surplus for Intangible Software Assets) _____)	Docket No. 20200065-EI
In re: Review of 2020-2029 Storm Protection) Plan pursuant to Rule 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI Filed: April 27, 2020

Tampa Electric Company's Agreed-To
Motion to Approve 2020 Agreement

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Rule 28-106.204, Florida Administrative Code., hereby requests that the Florida Public Service Commission ("FPSC" or "Commission") approve the 2020 Agreement included with this Motion as Attachment "A" and made a part hereof, and states:

1. Tampa Electric filed its 2020-29 Storm Protection Plan ("SPP" or "Plan") in Docket No. 20200067-EI on April 10, 2020. As it was preparing its Plan, and after submitting it, the company met with the Office of Public Counsel and other consumer parties in person and by telephone to discuss ways to simplify issues associated with SPP cost recovery for Tampa Electric as well as other issues before the Commission involving Tampa Electric. More detail about how and why the 2020 Agreement was developed is contained in the recital section of the 2020 Agreement.

2. The centerpiece of the 2020 Agreement is a proposal under which Tampa Electric will reduce its base rates by an agreed-upon amount and will recover all of the costs (with limited exceptions) determined prudent by the Commission associated with activities in its SPP (O&M expenses and capital projects) through the Storm Protection Plan Cost Recovery Clause (“SPPCRC”), thereby avoiding potentially time consuming and contentious issues about which Plan costs are “incremental” and whether the company is seeking “double recovery” of certain costs. The agreed-upon base rate reduction will streamline cost recovery of certain costs associated with the activities reflected in the SPP (subject to prudence review) via the SPPCRC. It is also intended to (1) promote transparency and (2) simplify the review of costs (i.e., O&M expenses and return and depreciation expense on capital projects) the company will recover through the SPPCRC to avoid duplicative recovery of costs through the utility’s existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with Section 366.96(8).

3. The agreed-upon base rate revenue reduction amount (\$15,010,800) is specified in paragraph 11(c) of the 2020 Agreement and reflects a good faith determination of the O&M expenses associated with six activities that Tampa Electric was incurring prior to the filing of its SPP and are currently being recovered through the company’s base rates, that have been included in the company’s proposed SPP and for which (together with other incremental SPP costs) the company will seek cost recovery through the SPPCRC. The calculation of the agreed-upon amount is described more fully in the 2020 Agreement and Exhibits One and Two to the Agreement.

4. If approved by the Commission, the 2020 Agreement will establish, as to Tampa Electric, a series of stipulations that will reduce the issues to be litigated in Docket Nos. 2020067-EI (“Tampa Electric’s Storm Protection Plan”) and 2020092-TP (“Storm Protection Plan Cost

Recovery Clause”). Approving these stipulations should reduce the volume of discovery in those dockets, clarify the issues to be litigated for Tampa Electric and promote administrative and regulatory efficiency in those dockets, thereby allowing Tampa Electric, the Consumer Parties and the Commission to focus their attention and resources on the merits of the company’s SPP and the recovery of the costs associated with that Plan in 2020 and 2021 in Docket No. 20200092-EI.

5. Approving the 2020 Agreement will also completely resolve Docket No. 2020065-EI (Software Amortization Petition). Likewise, it will resolve for Docket No. 20200064-EI (Fourth SoBRA) a potential issue about how to calculate the \$1,475 per kWac threshold for evaluating the company’s eligibility to seek SoBRA cost recovery for the last 50 MW of solar (2021 Tranche) contemplated in paragraph 6 of the 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) that has been pending since the final hearing in Docket No. 20170260-EI. These items are addressed in Sections I and II of the 2020 Agreement. Approval of these items will promote administrative and regulatory efficiency in both dockets and reduce the issues to be litigated in Docket No. 20200064-EI.

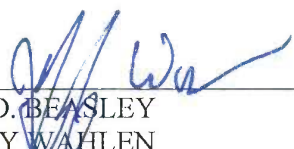
6. The Parties entered into the 2020 Agreement, each for their own reasons, but all in recognition that the cumulative total of the regulatory activity before the Commission involving Tampa Electric and the other investor owned electric utilities – now and for the rest of 2020 - is greater than normal. To maximize the administrative and regulatory efficiency benefits inherent in the 2020 Agreement for the Parties and the Commission, and the public, Tampa Electric, with the support of the Parties, requests that the Commission schedule the 2020 Agreement for consideration in all four of the above-styled dockets at an agenda conference as soon as possible.

7. The standard for approving a settlement agreement is whether it is in the public interest.¹ The 2020 Agreement is in the public interest for the reasons specified above and as specified in the agreement itself. The Parties to the 2020 Agreement agree that the 2020 Agreement is in the public interest and should be approved.

8. The undersigned counsel has consulted with counsel for the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, the Federal Executive Agencies and the West Central Florida Hospital Utility Alliance and is authorized to represent that they support and agree to this Motion.

DATED this 27th day of April, 2020.

Respectfully submitted,



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J. JEFFRY WAHLEN
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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

¹ See Order No. PSC-2020-0084-S-EI, issued March 20, 2020, in Docket No. 20190061-EI (Petition for Approval of SolarTogether program and tariff, by Florida Power & Light Company) at 5, citing Sierra Club v. Brown, 243 So. 3d 903, 910-913 (Fla. 2018); Order No. PSC-13-0023-S-EI, issued on January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company; Order No. PSC-11-0089-S-EI, issued February 1, 2011, in Docket Nos. 080677-EI and 090130-EI, In re: Petition for increase in rates by Florida Power & Light Company and In re: 2009 depreciation and dismantlement study by Florida Power & Light Company; Order No. PSC-10-0398-S-EI, issued June 18, 2010, in Docket Nos. 090079-EI, 090144-EI, 090145-EI, and 100136-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., and In re: Petition for approval of an accounting order to record a depreciation expense credit, by Progress Energy Florida, Inc.; Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, In re: Petition for rate increase by Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 27th day of April, 2020 to the following:

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* Docket No. 20200092-EI Only

** Docket No. 20200067-EI and
Docket No. 20200092

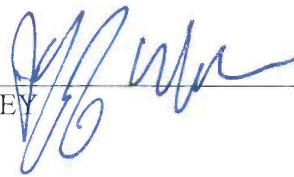
*** Docket No. 20200092-EI Only

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ATTORNEY



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited Proceeding to Approve) Fourth SoBRA by Tampa Electric Company) _____)	Docket No. 20200064-EI
In re: Petition of Tampa Electric Company) To Eliminate Accumulated Amortization) Reserve Surplus for Intangible Software Assets) _____)	Docket No. 20200065-EI
In re: Review of 2020-2029 Storm Protection) Plan pursuant to Rule 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI

2020 SETTLEMENT AGREEMENT

THIS AGREEMENT is dated this 27th day of April 2020 and is by and between Tampa Electric Company (“Tampa Electric” or the “company”) and the Office of Public Counsel (“OPC” or “Citizens”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), the Federal Executive Agencies (“FEA”) and the West Central Florida Hospital Utility Alliance (“HUA”). Collectively, Tampa Electric, OPC, FIPUG, FRF, FEA and HUA shall be referred to herein as the “Parties” and the term “Party” shall be the singular form of the term “Parties.” OPC, FIPUG, FRF, FEA and HUA will be referred to herein as the “Consumer Parties.” This document shall be referred to as the “2020 Agreement.”

Recitals

2017 Agreement

A. Tampa Electric is operating under its 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved by the Florida Public Service Commission

ATTACHMENT A

(“FPSC” or “Commission”).¹ Among other things, paragraph 6 of the company’s 2017 Agreement contains a provision that authorizes the company to recover the costs of certain qualifying solar generating projects through a solar base rate adjustment mechanism (“SoBRA”) based on projected costs and estimated in-service dates, with true-ups for both. It also contains provisions addressing depreciation [paragraph 8], customer rates [paragraph 3(a)], other cost recovery [paragraph 4], storm damage [paragraph 5] and changes in federal and state income tax rates [paragraph 9].

B. The Commission has approved three SoBRAs for Tampa Electric totaling 550 MW of solar capacity. The First SoBRA was approved by Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI. The Second SoBRA was approved by Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI. The Third SoBRA was approved by Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 20190136-EI. The Commission has also approved two base rate reductions for Tampa Electric to reflect changes to federal and state corporate income tax rates (Docket Nos. 20180045-EI and 20190203-EI) and approved cost recovery for four named storms by Tampa Electric without a base rate increase or storm surcharge appearing on customers’ bills (Docket No. 20170271-EI) — all pursuant to the 2017 Agreement. The 2017 Agreement has promoted regulatory certainty and efficiency and has proven to be in the public interest.

Fourth SoBRA
and First and Second SoBRA True-Up

C. On February 27, 2020, Tampa Electric filed a notice with the Commission advising the Commission and Consumer Parties to the 2017 Agreement that it has met the requirements to

¹ The Commission approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

qualify to petition for approval of its Fourth SoBRA totaling 45.7 MW with an effective date of January 1, 2021. The Commission opened Docket No. 20200064-EI for use when the company files its final SoBRA petition.

D. Tampa Electric will soon be filing a petition to true-up its First and Second SoBRAs. The company will request approval of tariff changes that reflect the actual annual revenue requirements for the seven projects in the First and Second SoBRAs and permission to implement those changes effective with the first billing cycle for January 1, 2021, or another date to be decided by the Commission. The company will also request that the FPSC approve the company's proposed revenue true-up — a credit to customers — and to allow the company to apply the credit amount to customers through the Capacity Cost Recovery Clause for 2021. The Office of Public Counsel plans to intervene in that proceeding.

Software Amortization Petition

E. On February 28, 2020, Tampa Electric filed a petition (Docket No. 20200065-EI) seeking FPSC permission to eliminate an approximately \$16 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. OPC filed a notice of intervention in that docket on March 24, 2020. The Commission acknowledged OPC's intervention by Order No. PSC-2020-0091-PCO-EI, issued on March 27, 2020.

Storm Protection Plan and Cost Recovery Clause

F. In 2019, the Florida Legislature enacted section 366.96, Florida Statutes, entitled "Storm protection plan cost recovery." Section 366.96(3) requires Tampa Electric and the other public electric utilities to file a transmission and distribution storm protection plan ("SPP") at least every three years that covers the immediate 10-year planning period, and explain the systematic

approach they will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. The Commission must determine whether it is in the public interest to approve, approve with modification, or deny each utility's transmission and distribution storm protection plan no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule. The new statute also creates a storm protection plan cost recovery clause ("SPPCRC") to promote the timely recovery of costs incurred by a utility pursuant to its Storm Protection Plan. Rules 25-6.030 and 25-6.031, Florida Administrative Code, were adopted by the Commission to implement section 366.96.

G. Rule 25-6.030 requires each utility to file a SPP at least every three years with the Commission, and specifies the required elements of the utility's SPP. Subsection 25-6.030(3)(h) requires a Plan to include "an estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility's typical residential, commercial, and industrial customers." Pursuant to the Order Establishing Procedure for the SPP Dockets, each public electric utility, including Tampa Electric, must file a SPP by April 10, 2020.

H. Rule 25-6.031 governs the new SPPCRC created by section 366.93, Florida Statutes. Subsection 6(b) of that rule states: "Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism."

I. The FPSC established Docket No. 20200067-EI for the filing and approval of Tampa Electric's SPP. It also opened Docket No. 20200092-EI for the consideration of issues related to SPP costs through the SPPCRC. Tampa Electric anticipates filing its petition for storm protection plan cost recovery in Docket No. 20200092-EI (SPPCRC), as required by the Docket Schedule, in late July 2020.

Overall Regulatory Activity

J. The cumulative total of the regulatory activity described above, together with the other annual clause proceedings and other dockets pending at the FPSC, is greater than normal and led Tampa Electric, OPC, and the other Consumer Parties to discuss ways to resolve some or all of the potentially time-consuming issues in the dockets listed above by agreement or stipulation in a manner that promotes regulatory economy and administrative efficiency and that serves the public interest. This 2020 Agreement is the product of those discussions and is being filed for approval in the above-styled four Dockets to resolve some or all of the issues in those dockets as discussed further below.

K. The Parties have entered into this 2020 Agreement in compromise of positions taken in accord with their rights and interests under chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties to this 2020 Agreement, each Party has agreed to concessions to the others with the expectation, intent, and understanding such that all provisions of the 2020 Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties. The Parties agree that this 2020 Agreement is in the public interest and should be approved.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this 2020 Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Terms

I. Docket No. 20200064-EI: Petition to Approve Fourth SoBRA

The Parties agree and stipulate as follows:

1. OPC has taken the position that, for the company to meet the cost cap trigger for the 2021 Tranche specified in paragraph 6 of the 2017 Agreement (“Fourth SoBRA”), a two-part test applies, namely: the average cost of the projects in the First SoBRA must be less than or equal to \$1,475 per kWac and, in addition, the average cost of the projects in the Second SoBRA must be less than or equal to \$1,475 per kWac.

2. The company believes that for the company to meet the cost cap trigger for the Fourth SoBRA, a one-step test applies, namely: the average cost of the projects in the First and Second SoBRAs, taken together, must be at or below \$1,475 per kWac.

3. To the extent the costs of the actual First and Second SoBRA projects as determined in the company’s First and Second SoBRA True-Up docket make this difference an issue in Docket No. 20200064-EI, the Parties stipulate that the one-step test as described in paragraph 2 above shall be used to assess eligibility of the Fourth SoBRA for recovery under the SoBRA mechanism.

4. Nothing in this agreement shall limit any party to Docket No. 20200064-EI from taking any position, offering any evidence or advocating as it desires in Docket No. 20200064-EI, except as specified in paragraph 3.

II. Docket No. 20200065-EI: Intangible Software Amortization Surplus.

The Parties agree and stipulate as follows:

5. The surplus in the company’s accumulated amortization reserve for Intangible Software in Account 303.15 as of December 31, 2019, was \$15,971,292.

6. Granting the relief requested by Tampa Electric in Docket No. 20200065-EI (“Software Amortization Petition”) will not violate the 2017 Agreement or require the 2017 Amendment to be amended.

7. The relief requested by Tampa Electric in Docket No. 20200065-EI shall be granted.

8. Tampa Electric shall eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020.

9. Tampa Electric shall record the approximately \$16.0 million credit to amortization expense ratably over 12 months beginning retroactively in January 2020.

III. Storm Protection Plan, Cost Recovery Clause and Base Rate True-Up

The Parties agree and stipulate as follows:

10. Project-level Detail. Except for the four Programs specified below, Tampa Electric has included project-level detail for all Projects for 2020 in its initial Storm Protection Plan filed on April 10, 2020, for approval by the FPSC. It will provide project-level detail for all Projects it is planning for 2021 to the Consumer Parties on or before April 23, 2020. It will also include project-level detail for Projects it is planning for 2020 and 2021 when it files its petition for cost recovery through the SPPCRC. The Parties agree that the following three Programs do not have project components: (1) Vegetation Management, (2) Infrastructure Inspections and (3) Legacy Storm Hardening Plan Initiatives,² so project level detail is not needed or required for these three

² The term “Legacy Storm Hardening Plan Initiatives” refers to seven initiatives contained in the company’s last approved storm hardening plan that it has included in its SPP as one program with that name. The seven programs are Geographic Information System, Post-Storm Data Collection, Outage Data – Overhead and Underground Systems, Increase Coordination with Local Governments, Collaborative Research, Disaster Preparedness and Recovery Plan and Distribution Pole Replacement, and are described in Section 6.8 of the company’s SPP.

Programs for 2020 and 2021. The Parties further agree that the company's Extreme Weather Hardening Study³ does not have project components for at least 2020 and 2021; therefore, project level detail is not needed or required for this program in 2020 and 2021.

11. Operations and Maintenance Expenses. Tampa Electric will seek recovery of incremental Operations and Maintenance (O&M) expenses related to its proposed SPP programs in the following manner:

(a) Rather than recovering incremental SPP O&M expenses (i.e., SPP O&M costs that are over and above the O&M costs already recovered through base rates) through the SPPCRC, the company will seek to recover all of the O&M expenses associated with activities in its SPP through the SPPCRC (except as otherwise provided herein) and will reduce its base rates on a one-time basis by an agreed-upon amount. The agreed-upon, one-time base rate reduction amount is specified in paragraph 11(c), below, and reflects a good faith determination of the annual O&M expenses associated with six activities ("Six Activities")⁴ that were being incurred prior to the filing of the company's SPP⁵, are currently being recovered through the company's base rates,

³ As explained in section 6.4 of its SPP, the company's Substation Extreme Weather Hardening Program is designed to harden existing substations to minimize outages, reduce restoration times and enhance emergency response during extreme weather events. Hardening Projects within this Program could involve the installation of extreme weather protection barriers; installation of flood or storm surge prevention barriers; additions, modifications or relocation of substation equipment; modification to the designs of the company's substations; or other approaches identified to protect against extreme weather damage in or around the company's substations.

⁴ The six activities are Planned Distribution Vegetation Management, Planned Transmission Vegetation Management, Transmission Vegetation Management – ROW Maintenance, Infrastructure Inspections, Distribution and Transmission Wood Pole Inspections and Transmission Asset Upgrades. The first three are now included the company's proposed Vegetation Management SPP program. The next two have been included the company's proposed SPP Infrastructure Inspection program. Transmission Asset Upgrades is included in the company's proposed SPP in a program by that name.

⁵ There are two additional activities (Targeted Critical Facilities/Flood Damage Mitigation and Targeted Distribution Overhead Feeder Hardening) that are included in the company's SPP and shown on Exhibit One; however, the company did not incur O&M expenses for these activities in 2017, 2018 and 2019 and the agreed-to base rate reduction in paragraph 11(c) does not include O&M expenses for these activities. The costs associated with a third category of activity included in the SPP — Joint Use Pole Attachments Audits — are borne by the entities that attach to the company's poles, so the net expense to Tampa Electric for that activity is zero and did not factor into the calculation of the agreed-to base rate reduction.

have been included in the company's proposed SPP and for which the company will seek cost recovery through the SPPCRC. The purpose of the one-time, agreed-upon base reduction is to streamline cost recovery for the expenses associated with the Six Activities, so that all O&M expenses associated with the activities reflected in the SPP will be recoverable (subject to prudence review) via the SPPCRC, except as otherwise provided herein. The intent of this base rate true-up is to promote transparency and to ensure that the O&M expenses the company will recover through the SPPCRC do not include O&M expenses recovered through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with section 366.96(8).

(b) The specified amount of base revenue reduction described above will be accomplished through one-time reductions to base rates using the cost allocation and rate design principles reflected in paragraph 3 of the 2013 Stipulation among the Parties as modified by paragraph 3 of the 2017 Agreement, and those same cost allocation and rate design principles shall be used to develop the cost recovery factors/rates that will be used for SPP cost recovery in the SPPCRC beginning in 2020 and annually thereafter as provided in paragraph 3(g) of the 2017 Agreement. The one-time base rate reductions will become effective contemporaneous with the beginning of cost recovery via the SPPCRC and remain in effect until the next Commission-approved change in the company's general base rates (i.e., in the company's next general base rate case). The company will file the revised tariffs necessary to implement the one-time base rate reduction specified herein for Commission approval in Docket No. 20200092-EI within a reasonable time following approval of this 2020 Agreement and on a schedule such that the necessary customer notices can be given and the proposed base rate reduction can become effective contemporaneous with the effective date of cost recovery by the company under the SPPCRC.

(c) For each category of O&M expense for which cost recovery will be moved from base rates to SPPCRC (i.e., the Six Activities), the specified amount of base revenue reduction should be calculated as the company's average actual O&M expense for the most recent two years and grossed up for the regulatory assessment fee which is not reflected as a separate line-item on customers' bills. Based on the company's current plan to seek cost recovery under the SPPCRC in 2020, the company has calculated, and the Parties agree, that Tampa Electric's 2-year average actual annual O&M expense amounts for the Six Activities for 2018 and 2019 totals \$15.0 million per year as shown on Exhibit One and the grossed-up amount of the annual base revenue reduction is \$15,010,800. The manner in which this \$15.0 million O&M expense amount has been grossed up to reflect the \$15,010,800 annual base revenue reduction to be made is set out in Exhibit Two to this agreement.

(d) For purposes of this paragraph 11, the Parties intend that the \$15,010,800 agreed-upon base revenue reduction be final and not subject to further true-up, unless any of the Six Activities as a category used to calculate the \$15.0 million annual O&M expense amount are not allowed for cost recovery through the SPPCRC, in which case, the \$15.0 million amount and related base revenue reduction shall be reduced by the associated amounts shown in Exhibit One multiplied by the Regulatory Assessment Fee Multiplier shown on Exhibit Two Notwithstanding the foregoing, the Parties agree that nothing in this Agreement shall preclude any Consumer Party from challenging the recovery of any specific cost or level of cost proposed for recovery by the company through the SPPCRC.

(e) In its 2020 SPPCRC filing, Tampa Electric may seek to recover 2020 SPP O&M expense for the Six Activities in the period May to December 2020 only to the extent that the May 2020 to December 2020 total expense for those activities exceeds the average of the total expense

incurred by the company for those activities in May through December 2018 and May through December 2019 as shown on Exhibit Three (i.e., \$10.4 million).

(f) Most of the Vegetation Management Program activities in the company's SPP are planned, meaning that the company develops a scheduled Vegetation Management plan that it intends to follow, i.e., trim specific circuits, etc. The company engages in two other general types of vegetation management activities, namely: (1) Vegetation Management associated with named storms, the costs of which are subject to recovery under paragraph 5 of the 2017 Agreement and the FPSC's storm cost recovery rules and (2) unscheduled or unplanned vegetation management activities necessitated by minor storm damage, identification of danger trees, automobile accidents, routine repair work and the like ("Unplanned Vegetation Management"). Even though the company's SPP includes Unplanned Vegetation Management as part of its overall Vegetation Management program, the company will continue to recover costs associated with Unplanned Vegetation Management activities through base rates and will not seek recovery of costs associated with those activities through the SPPCRC.

12. Rate Base Items. Tampa Electric will seek recovery of return on capital expenditures and assets related to the SPP programs, as well as the incremental depreciation expense for the SPP assets, in the following manner:

(a) Cost recovery for capital projects initiated prior to April 10, 2020, shall remain recovered through base rates. This means that both the return on investment associated with a capital project initiated before April 10, 2020 and the related depreciation expense shall continue to be recovered through base rates and will not be recoverable through the SPPCRC. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's

accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order in which costs have been posted before April 10, 2020 shall not be eligible for cost recovery through the SPPCRC.

(b) The return on investment and depreciation expense associated with capital projects initiated on or after April 10, 2020, shall be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order that did not have any costs charged to it before April 10, 2020, or opened on or after April 10, 2020, may be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket.

(c) To ensure that there is no double recovery between base revenue and SPPCRC revenue, the company will employ the following protocols for capital items:

(i) For assets being retired and replaced with new assets as part of a program in the company's SPP, the company will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to the company's accumulated depreciation reserve according to normal regulatory plant accounting procedures.

(ii) For SPP capital projects, any depreciation expense from SPP asset additions will be reduced by the depreciation expense savings that results from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

(iii) Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets in retail rate base from capital and assets being recovered through the SPPCRC.

(iv) Whenever the company petitions for a change to its base rates and charges pursuant to sections 366.06 and/or 366.07, Florida Statutes, the assets being recovered that have been determined prudent through a final true-up in the SPPCRC by the Commission as of the end of the historic year presented in the company's minimum filing requirement schedules may, at the Company's option, be simultaneously removed from SPPCRC recovery and included in retail rate base for the applicable test year by appropriate proforma adjustments. Thereafter, new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates may be submitted for recovery through the SPPCRC petition process.

13. Distribution Pole Replacements. Distribution Pole Replacement is a legacy storm hardening activity that is included in the company's SPP in section 6.8.7. Due to the large number of annual pole replacements and the challenges associated with accounting for the associated mass asset additions and retirements, and as a matter of accounting and administrative efficiency, the company will include distribution pole replacements within its SPP; however, cost recovery for the plant additions and retirements associated with all distribution pole replacements (for the avoidance of doubt, this includes like kind replacements, replacements of existing poles with higher class wood poles, and/or concrete or steel for wood distribution poles identified through the company's Infrastructure Inspection Program) will remain through base rates, not through the SPPCRC. The company will also not seek recovery of the O&M expenses from asset transfers related to distribution pole replacements⁶ through the SPPCRC.

⁶ During a capital project that involves changing out a distribution pole, the costs associated with moving supporting fixtures and conductors and transferring them to new distribution poles, which sometimes involves rearranging and

14. No Bundling. The company will not, as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction (“AFUDC”) in Rule 25-6.0141, Florida Administrative Code, aggregate SPP capital projects (a) that are not in the same geographic vicinity or (b) that would otherwise only be aggregated solely because the projects or activities: (i) are part of the same SPP program; (ii) will be performed by the same contractor; (iii) are part of the same SPP program budget or (iv) are being managed by the same company project manager.

15. Other SPP items.

(a) Nothing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudence of all or part of any SPP program or project in any future proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200067-EI or 2020092-EI.

(b) To the extent the base rate adjustment described in paragraph 11 is inconsistent with paragraph 4 of the 2017 Agreement, the Parties agree that the 2017 Agreement is hereby amended, as necessary to accomplish the base rate adjustment.

(c) Beginning October 1, 2020 and for a period of up to 60 days thereafter, Tampa Electric shall meet with the Parties and will work in good faith with them to identify a method acceptable to all of the Parties to modify the analytical framework used in the development of the company’s SPP in Docket No. 20200067-EI that: (1) complies with applicable statutes and rules and (2) reasonably recognizes the importance of protecting transmission and distribution facilities serving public safety customers and critical public infrastructure (e.g., hospitals, fire stations,

changing the location of plant not retired, are considered an O&M expense pursuant to CFR Title 18, Chapter 1, Subchapter C, Part 101: Operating Expense Instructions, 2. Maintenance, and CFR Title 18, Chapter 1, Subchapter C, Part 101: Account 593.

police stations, military installations, ports, airports, etc.). The company shall use any such unanimously and mutually agreed-upon method consistent with applicable statutes and rules when it prepares and files its next SPP for FPSC approval and thereafter unless the resulting modified framework is changed by agreement of the Parties.

IV. Other Provisions

16. Commission Approval.

(a) The provisions of this 2020 Agreement are contingent on approval of this 2020 Agreement in its entirety by the Commission without modification, regardless of the sequence of the individual above styled Docket decisions; further, any decision by the Commission not to approve any provision of this Agreement shall, per se and as a matter of law, render the Agreement null and void and of no force or effect. The Parties further agree that this 2020 Agreement is in the public interest, that they will support this 2020 Agreement and that they will not request or support any order, relief, outcome, or result in conflict with the terms of this 2020 Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this 2020 Agreement or the subject matter hereof.

(b) No Party will assert in any proceeding before the Commission that this 2020 Agreement or any of the terms in the 2020 Agreement shall have any precedential value. The Parties' agreement to the terms in the 2020 Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this 2020 Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this 2020 Agreement by virtue of that Party's signature on, or participation in, this

2020 Agreement. It is the intent of the Parties to this 2020 Agreement that the Commission's approval of all the terms and provisions of this 2020 Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this 2020 Agreement endorses a specific provision, in isolation, of this 2020 Agreement by virtue of that Party's signature on, or participation in, this 2020 Agreement.

(c) The Parties intend, and agree to request, that the Commission's order state that approval of this 2020 Agreement in its entirety will resolve the matters as specified herein in Docket Nos. 20200064-EI, 20200065-EI, 20200067-EI, and 20200092-EI and in accordance with section 120.57(4), Florida Statutes.

(d) No Party shall seek appellate review of any Commission order approving this 2020 Agreement in its entirety.

17. Disputes. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this 2020 Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

18. Execution. This 2020 Agreement is dated as of April 27, 2020. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this 2020 Agreement by their signature(s):

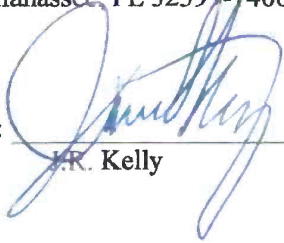
Tampa Electric Company
702 N. Franklin Street

Tampa, FL 33601
E-Signed: 04/27/2020 12:51 PM EDT
By *Nancy Tower*
ntower@tecoenergy.com
IP: 66.35.152.98
Sertifi Electronic Signature
DocID: 20200427113456645

Signature Page to 2020 Agreement

Office of Public Counsel
J. R. Kelly, Esquire
Public Counsel
Charles Rehwinkel, Esquire
Deputy Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

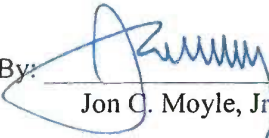
By: _____



J.R. Kelly


Signature Page to 2020 Agreement

The Florida Industrial Power Users Group
Jon C. Moyle, Jr., Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  _____ 4/27/20
Jon C. Moyle, Jr.

Signature Page to 2020 Agreement


Florida Retail Federation
Robert Scheffel Wright
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By: 
Robert Scheffel Wright

Signature Page to 2020 Agreement

Federal Executive Agencies

Thomas Andrew Jernigan, Esquire
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403

By:  _____
Thomas Jernigan

Signature Page to 2020 Agreement

WCF Hospital Utility Alliance
Mark F. Sundback
Sheppard Mullin
2099 Pennsylvania Ave., Suite 100
Washington, D.C. 20006-6801
msundback@sheppardmullin.com

By: Mark F. Sundback - jfw
Mark F. Sundback

TAMPA ELECTRIC'S STORM PROTECTION PLAN O&M EXPENSES (\$ Million)

Recovered Through SPP Clause	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Planned	10.3	13.8	12.0
Transmission Vegetation Management - Planned	0.8	0.8	0.8
Transmission Vegetation Management - ROW Maintenance	0.4	0.5	0.5
Infrastructure Inspections	0.4	0.5	0.4
Distribution & Transmission Wood Pole Inspections	1.2	1.3	1.3
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.1	0.1	0.1
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total SPP Clause	13.2	16.9	15.0

Recovered Through Base Rates	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Unplanned	1.6	2.2	1.9
Transmission Vegetation Management - Unplanned	-	-	0.0
Distribution Pole Replacement	0.8	0.7	0.8
Disaster Preparedness and Recovery Plan	0.2	0.3	0.2
Geographical Information System	-	-	-
Post Storm Data Collection	-	-	-
Outage Data - Overhead and Underground	-	-	-
Increase Coordination with Local Governments	-	-	-
Collaborative Research	-	-	-
Total Base Rates	2.6	3.2	2.9
Total SPP O&M Expenses	15.8	20.1	17.9

Note: Totals may not sum due to rounding.

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT ONE

**TAMPA ELECTRIC'S STORM PROTECTION PLAN BASE RATE REVENUE
REQUIREMENT REDUCTION FOR CLAUSE RECOVERY**

(\$)

Revenue Requirement Calculation:	
Agreed Upon SPP O&M Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	15,000,000
Agreed Upon SPP Capital Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	0
Agreed Upon Expense Amount Related to Base Revenue Reduction	15,000,000
Regulatory Assessment Fee Multiplier ⁷	1.00072
Revenue Requirement to Be Used for Base Rate Revenue Reduction	15,010,800

Proof of Net Impact of Base Rate Revenue Reduction:	
Lower Base Revenue	(15,010,800)
Resulting Lower Regulatory Assessment Fee Expense	10,800
Net Reduction to Pre-Income-Tax Operating Income	(15,000,000)

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT TWO

⁷ Each investor-owned electric company shall pay a regulatory assessment fee in the amount of .00072 of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives or any combination thereof. *Rule 25-6.0131(1)(a), F.A.C.*

**TAMPA ELECTRIC COMPANY
(\$ Million)**

Actual May – December	2018	2019	2018-2019
STORM PROTECTION PLAN O&M EXPENSES	ACTUAL	ACTUAL	AVERAGE
TO BE RECOVERED THROUGH SPP CLAUSE			
Distribution Vegetation Management - Planned	6.9	10.1	8.5
Transmission Vegetation Management - Planned	0.4	0.3	0.4
Transmission Vegetation Management - ROW Maintenance	0.2	0.4	0.3
Infrastructure Inspections	0.3	0.3	0.3
Distribution & Transmission Wood Pole Inspections	1.2	0.6	0.9
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total - Clause	9.0	11.8	10.4

"Exhibit Three"

44

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2018 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	0.8	0.8	0.7	1.0	0.6	0.8	1.0	1.2	6.9
Transmission Vegetation Management - Planned	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4
Transmission Vegetation Management - ROW Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Infrastructure Inspections	0.0	0.0	0.1	(0.0)	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.0	(0.0)	-	0.1	0.2	0.2	0.4	0.3	1.2
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.0	0.9	0.9	1.2	0.9	1.1	1.5	1.6	9.0

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2019 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	1.4	1.0	1.3	1.2	0.9	1.3	1.2	1.9	10.1
Transmission Vegetation Management - Planned	0.0	0.1	(0.0)	0.0	0.2	0.1	0.0	0.0	0.3
Transmission Vegetation Management - ROW Maintenance	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.4
Infrastructure Inspections	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.1	0.2	0.0	0.0	0.0	0.0	0.3	0.0	0.6
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.7	1.3	1.4	1.2	1.1	1.5	1.6	2.0	11.8



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20200067-EI

IN RE: COMMISSION REVIEW OF
TAMPA ELECTRIC'S 2020-2029
STORM PROTECTION PLAN

REBUTTAL TESTIMONY

OF

JASON D. DE STIGTER

FILED: June 26, 2020

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY**

3 **OF**

4 **JASON D. DE STIGTER**

5
6
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11
12
13 **INTRODUCTION:**

14
15 **Q.** Please state your name, address, occupation and employer.

16
17 **A.** My name is Jason D. De Stigter, and my business address is
18 9400 Ward Parkway, Kansas City, Missouri 64114. I am
19 employed by 1898 & Co. and lead the Capital Asset Planning
20 team as part of our Utility Consulting Practice. 1898 &
21 Co. was established as the consulting and technology
22 consulting division of Burns & McDonnell Engineering
23 Company, Inc. ("Burns & McDonnell") in 2019. 1898 & Co. is
24 a nationwide network of over 200 consulting professionals
25 serving the Manufacturing & Industrial, Oil & Gas, Power

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Generation, Transmission & Distribution, Transportation, and Water industries.

Burns & McDonnell has been in business since 1898, serving multiple industries, including the electric power industry. Burns & McDonnell is a family of companies made up of more than 7,000 engineers, architects, construction professionals, scientists, consultants and entrepreneurs with more than 40 offices across the country and throughout the world.

Q. Are you the same Jason D. De Stigter who filed direct testimony in this proceeding?

A. Yes, I am.

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

A. The purpose of my rebuttal testimony is to address the deficiencies, mischaracterizations, and misconceptions in the direct testimony and exhibits of Scott Norwood and Lane Kollen, both of whom are testifying on behalf of Florida's Office of Public Council ("OPC").

1 **REBUTTAL TO DIRECT TESTIMONY OF SCOTT NORWOOD:**

2
3 **Q.** Please summarize witness Norwood's main conclusions and
4 recommendations.

5
6 **A.** Witness Norwood's testimony is mainly directed at the
7 benefits assessment of Tampa Electric's Storm Protection
8 Plan ("SPP"). He makes four main conclusions and one
9 recommendation. His first conclusion is that the plan lacks
10 transparency related to the benefits and cost assessment.
11 His second conclusion is that the outage benefits are
12 overstated and that the cost of the hardening investments
13 is 3.7 times higher than the benefits. His third conclusion
14 is that the company's SPP did not evaluate alternatives
15 such as delaying or scaling back the proposed SPP. His
16 fourth conclusion is that the improvement in outage times
17 is relatively small since Tampa Electric's reliability is
18 high and since extreme weather events are minor from an
19 outage perspective. Based on these four conclusions, along
20 with reference to economic impacts of the COVID-19
21 pandemic, his recommendation is that the SPP should be
22 delayed so that less costly alternatives can be evaluated.

23
24 **Q.** What will your rebuttal testimony state regarding these
25 conclusions and recommendation?

1 **A.** My rebuttal testimony will dispute:

2 1. The premise that the benefits and cost assessment
3 lacks transparency and complicates the Commission's
4 review.

5 2. The statement that the outage benefits are inflated
6 and the assertion that the SPP cost-effectiveness and
7 benefits assessment should only consider restoration
8 cost savings.

9 3. The claim that an alternatives analysis was not
10 performed.

11 4. The claim that outage benefits are relatively small.

12 5. The recommendation to delay TECO's SPP based on the
13 four conclusions and the COVID-19 pandemic.

14 In addition, I will address several other
15 mischaracterizations within witness Norwood's testimony and
16 other major concerns I have with respect to his
17 representation of the SPP, extreme weather events, and the
18 benefits assessment.

19
20 **1. REBUTTAL OF CONCLUSION 1 - TRANSPARENCY**

21
22 **Q.** Witness Norwood's testimony states his first primary
23 concern with TECO's proposed SPP is that the company barred
24 review of details regarding its Cost Benefit Analysis
25 ("CBA") calculations and that transparency was not

1 provided¹. Is this statement true?
2

3 **A.** No. Witness Norwood's comments on the plan lacking
4 transparency are unsubstantiated, unfounded, and contrary
5 to reality. He provides no basis or examples for those
6 comments other than that he was not provided the detailed
7 calculations within a proprietary model. In fact, the
8 company hosted a four-hour technical session for witness
9 Norwood and other OPC representatives to review details of
10 the Storm Resilience Model, including all the data sources,
11 confidential algorithms, and results. During that session,
12 the company and 1898 & Co. answered any and all questions
13 from witness Norwood and other OPC representatives.
14 Further, witness Norwood's testimony does not include a
15 single example of an interrogatory that was not answered or
16 a requested document that was not provided in whole or in
17 part. In fact, the company provided responses to six sets
18 of Interrogatories, which included 210 requests not
19 including subparts, and six sets of Production of
20 Documents, which included 79 requests not including
21 subparts. Witness Norwood even references and sources many
22 of these discovery responses throughout his direct
23 testimony. By my count, he sourced information from 15
24 different Interrogatories or Production of Documents in his

¹ See OPC Witness Norwood Testimony at 5:17-20

1 direct testimony. Finally, he does not reference any part
2 of the SPP that is vague or ambiguous. In fact, the SPP
3 includes a 72-page report from 1898 & Co. that carefully
4 and thoughtfully explains the resilience benefit
5 assessment. In my opinion, Tampa Electric and 1898 & Co.
6 have provided a significant level of transparency in the
7 original filing materials on April 10, 2020 and in all the
8 Interrogatory responses, productions of documents, and
9 direct communications since.

10
11 **Q.** As part of witness Norwood's first primary conclusion, he
12 states on page 5 line 20 through page 6 line 2 that "TECO's
13 lack of transparency regarding its CBA calculations
14 needlessly complicates the Commission's review and is
15 unusual for investment of this magnitude." Do you agree
16 with this statement?

17
18 **A.** No, as I just discussed in the response to the question
19 above, the company provided a significant level of
20 transparency. His continued rhetoric throughout his
21 testimony on the lack of transparency is counter to reality.
22 With respect to complicating the Commission's review, the
23 SPP, including the 1898 & Co. Report, carefully and clearly
24 provide all required information outlined in Florida Public
25 Service Commission ("FPSC or Commission") Rule 25-

1 6.030(3)(d), Florida Administrative Code ("F.A.C"), "SPP
2 Rule". Additionally, even though this information is not
3 strictly required by the Rule, the company and 1898 & Co.
4 hosted a four-hour meeting with Mr. Norwood and other
5 representatives from the Office of Public Counsel to review
6 these calculations.
7

8 **Q.** You stated above that the company provided all the required
9 information outlined in the SPP Rule. Witness Norwood
10 expresses his first primary concern regarding the manner in
11 which TECO's CBA was conducted and performed. He states
12 that the company did not provide "details regarding the CBA
13 calculations for proposed SPP programs, as required by Rule
14 25-6030(3)(d), F.A.C.²" Is this correct?
15

16 **A.** No, the SPP Rule is clear and nowhere does it state that
17 details of calculations need to be provided. However, the
18 company provided many details through the discovery process
19 in addition to the four-hour technical session with OPC.
20 The rule does state that costs and benefits need to be
21 provided for each program with a description of the criteria
22 used to select and prioritize investments. The 1898 & Co.
23 Report carefully and clearly describes the process to
24 select and prioritize investments as well as the benefits

² See OPC Witness Norwood Testimony at 15:10-12

1 and costs of each program.

2
3 **2. REBUTTAL OF CONCLUSION 2 - INFLATED BENEFITS AND**
4 **MISUNDERSTANDING OF EXTREME WEATHER EVENTS("EWE").**

5
6 **Q.** What term does witness Norwood use to characterize the
7 customer benefits and cost assessment included as part of
8 TECO's Storm Protection Plan?

9
10 **A.** Witness Norwood uses the term Cost Benefit Analysis, or
11 "CBA" when he refers to the customer benefits and cost
12 assessment included in the SPP. For purposes of my rebuttal
13 testimony I will use the term "business justification" and
14 only use the term "CBA" when quoting or referring to witness
15 Norwood's testimony. This distinction is important because
16 the term "Cost Benefit Analysis" can imply that the benefits
17 outweigh the costs which means costs and benefits are both
18 evaluated in the same denomination, mainly dollars. This
19 could be a misleading term since the evaluation considers
20 two main benefits, one in dollars, the other in minutes.
21 For this reason, I prefer the term "business
22 justification". The business justification for Tampa
23 Electric's SPP aligns with Section 366.96 of the Florida
24 Statutes and the Rule 25-6.030 (the "SPP Rule"), which
25 require an estimate of the reduction in storm restoration

1 costs and customer impact, calculated as Customer Minutes
2 of Interruption ("CMI"), to be compared against program and
3 project costs. As outlined in the 1898 & Co. Report, my
4 direct testimony, and several interrogatory responses, the
5 business justification was provided for each of the five
6 main SPP programs and projects for execution in 2020 in
7 accordance with the SPP Rule.

8
9 **Q.** What is the second main conclusion of witness Norwood's
10 testimony?

11
12 **A.** Witness Norwood's second conclusion is that the benefits of
13 the "CBA" are inflated. He makes two claims. First, he
14 claims the customer outage impacts are three (3) times
15 higher after adjusting for extraordinary impact of
16 Hurricane Irma³. The second claim is that the cost of the
17 SPP is 3.7 times higher than the benefits.⁴ I will address
18 the first claim here and the second claim in the following
19 section.

20
21 **Q.** Do you agree with witness Norwood's conclusion that the
22 customer benefits are inflated?

23
24 **A.** No, not at all. His arguments are based on a

³ See OPC Witness Norwood Testimony at 6:3-6

⁴ See OPC Witness Norwood Testimony at 6:6-11

1 misunderstanding and mischaracterization of the impact of
2 extreme weather events ("EWEs") on Tampa Electric's service
3 territory and of the benefits assessment provided in the
4 plan.

5
6 **Q.** What assessment or reasoning does he give to claim that the
7 outage benefits are inflated?

8
9 **A.** Witness Norwood concludes that Tampa Electric and 1898 &
10 Co. overstated the outage minutes associated with EWE. He
11 starts by claiming that the number of events to impact the
12 TECO service territory is relatively low.⁵ He then provides
13 a table of historical EWE for the period 2006 to 2019
14 showing an annual average of 68 minutes of EWE outages for
15 each TECO customer.⁶ He then claims Hurricane Irma was an
16 "extraordinary event" as a Category 4 hurricane, excludes
17 it from the calculation of EWE minutes, and then
18 recalculates a "normalized" EWE annual average of 20
19 minutes for each TECO customer.⁷ Assuming a 50 percent
20 reduction in minutes, he calculates a potential benefit of
21 10 minutes of reduced outage time per customer per year.⁸
22 He correctly characterizes the benefits shown in the SPP at

⁵ See OPC Witness Norwood Testimony at 8:14-17

⁶ See OPC Witness Norwood Testimony at 11:9

⁷ See OPC Witness Norwood Testimony at 12:2-7

⁸ See OPC Witness Norwood Testimony at 12:8-11

1 approximately 29 minutes per year per customer on average.⁹
2 He then states that the SPP's benefits are inflating the
3 impacts of EWE outages by three (3) times (29 minutes
4 divided by 10 minutes).¹⁰ His conclusion is that most TECO
5 customers would probably not notice this benefit.¹¹
6

7 **Q.** Witness Norwood argues that Hurricane Irma should be
8 excluded from the period 2006 to 2019 to normalize the EWE
9 period since Hurricane Irma was one of two Category 4 storms
10 to impact the TECO system since 1852¹². Do you agree with
11 his assertion?
12

13 **A.** No. It is based on a misunderstanding of EWEs and their
14 impact on Florida and Tampa Electric's service territory.
15 First, while Hurricane Irma was a Category 4 at its peak
16 strength, it was a Category 1 when it impacted the company's
17 service territory. Second, Hurricane Irma was not an
18 "extraordinary" event for the 2006 to 2019 time horizon,
19 with a 1 in 13, or 7.7 percent, annual probability. This
20 aligns with the long-term annual probability of 7.2
21 percent¹³ for a direct hit (within 50 miles of Tampa
22 Electric's service territory) from a Category 1 hurricane.

⁹ See OPC Witness Norwood Testimony at 16:17-19

¹⁰ See OPC Witness Norwood Testimony at 16:19-21

¹¹ See OPC Witness Norwood Testimony at 12:11-13

¹² See OPC Witness Norwood Testimony at 12:4-7

¹³ See TECO Witness De Stigter Direct Testimony at 29:1-14,
4: 7.2% = 12 Events / (2019 - 1852)

Table

1 It should be noted that there has been one "direct hit",
2 within 50 miles, and one "peripheral hit", between 100 to
3 150 miles, from a Category 4 to impact Tampa Electric's
4 service territory since 1852. This data was provided to
5 the OPC and witness Norwood as discussed in more detail
6 below. This puts the probability of a direct hit to Tampa
7 Electric's service territory from a Category 4 hurricane at
8 0.6 percent annually. Witness Norwood likely based his
9 claim that Hurricane Irma was "extraordinary" based on this
10 probability for a Category 4 storm, even though Hurricane
11 Irma impacted the company as a Category 1. Third, the
12 statute was specifically enacted to reduce the impact of
13 events like Hurricane Irma. Excluding it defies logic,
14 even if it was thought to be a one in 167 year event.

15
16 **Q.** Do you have any issues with witness Norwood's sole reliance
17 on the 2006 to 2019 EWE period outlined in Table 2 to make
18 major conclusions and recommendations for TECO's SPP?

19
20 **A.** Yes, it is reductionistic and fails to include a full
21 history of the types of events to impact the company's
22 service territory. An assessment based on only partial
23 history is incomplete and prone to biased results and should
24 not be trusted to make conclusions or recommendations. For
25 this reason, 1898 & Co. provided a full analysis of

1 historical events going back 167 years to categorize events
2 into 13 different event types with the associated
3 historical probabilities.

4
5 **Q.** How does the 68 minutes of historical average customer EWE
6 outage time for the 2006 to 2019 period compare to the
7 results of the resilience assessment 1898 & Co. performed
8 for TECO?

9
10 **A.** The average minutes of customer EWE outage time calculated
11 in the resilience assessment can be determined from Figure
12 15¹⁴ of my direct testimony. This figure is also included
13 in the 1898 & Co. Report. Assuming approximately 794,000
14 customers, the annual average EWE outage time is
15 approximately 84 minutes (3,318,000,000 minutes / 794,000
16 customers / 50 years). For the high range, it is 88
17 minutes.

18
19 **Q.** What is the reason for the difference between the historical
20 average of 68 minutes for the 2006 to 2019 period and the
21 84 minutes resulting calculated by the 1898 & Co. Storm
22 Resilience Model?

23
24 **A.** There are several reasons for the difference. First, the

¹⁴ See TECO Witness De Stigter Direct Testimony at 68:1-15

1 Storm Resilience Model models the full range of possible
2 EWE types, not just 13 years of historical data. Second,
3 the model also includes Major Event Days ("MED"). This high-
4 level comparison of 68 minutes to 84 minutes provides
5 validation on the results produced by the Storm Resilience
6 Model since modeling results when normalized for
7 differences align with actual historical results.

8
9 **Q.** Setting aside his calculation of EWE minutes, do you have
10 any other issues with witness Norwood's statements
11 regarding the frequency of EWE impacts on Tampa Electric?
12

13 **A.** Yes. Witness Norwood states that there have been
14 "relatively few" EWEs on TECO's system over time with
15 approximately 184 EWEs (on average 1.1 events per year)
16 that have impacted TECO's service area since 1852¹⁵. This
17 is misleading. The 184 EWE figure is correct. He does not
18 provide any comparisons or data, however, to assess whether
19 this is "relatively low." In fact, a comparison to other
20 major metropolitan cities in Florida demonstrates that
21 Tampa Electric's system experiences similar average EWEs
22 per year since 1852. Miami, Jacksonville, Panama City, and
23 Orlando have an average EWE per year of 1.02, 1.21, 0.9,
24 and 1.16, respectively, as compared to Tampa Electric's

¹⁵ See OPC Witness Norwood Testimony at 8:12-17

1 service territory with an average of 1.1 EWEs per year.

2
3 **Q.** Do you have any other concerns with how witness Norwood has
4 characterized EWE and their impact on TECO's system?

5
6 **A.** Yes. Witness Norwood does not address the wide range of
7 possible EWE types that could impact Tampa Electric's
8 service territory based on storm intensity and distance. A
9 Category 1 direct hit event from the Gulf of Mexico has
10 much different impacts than a Category 4 hurricane 100 to
11 150 miles away moving across the Atlantic. Both events
12 would likely cause customer outages and damage, and one of
13 them would be significant. Additionally, each type of EWE
14 has a much different probability of impacting the company's
15 service territory based on historical analysis. The 1898
16 & Co. Report includes an entire section, 13 pages, outlining
17 the historical types of events, their probabilities, and,
18 where available, cost and customer impacts. Additionally,
19 my direct testimony also includes an entire section, 10
20 pages, dedicated to the topic. Further, the live
21 spreadsheets used to develop these sections were provided
22 to the OPC and witness Norwood¹⁶. Yet, witness Norwood makes
23 little reference to them and instead focuses his assessment
24 to a subset of the available data and then further claims

¹⁶ See TECO's responses to OPC Production of Documents 6-72

1 a lack of transparency.

2

3 **Q.** Witness Norwood claims Tampa Electric did not provide
4 transparency regarding how the company's SPP was developed.
5 Was witness Norwood provided with the full database of
6 historical events to impact TECO service territory going
7 back to 1852?

8

9 **A.** Yes, in addition to a summary database of the 184 events
10 found in my direct testimony¹⁷ and the 1898 & Co. Report,
11 the company provided a detailed database to OPC and witness
12 Norwood of all 184 events¹⁸. That database included the
13 Category of storm and when the event impacted Tampa
14 Electric's service territory. The file also includes live
15 formulas to calculate the historical probabilities of the
16 event types that are shown in the various figures from my
17 direct testimony and the 1898 & Co. Report. Put simply,
18 1898 & Co. and Tampa Electric provided the raw data with
19 sourcing, live calculations, and electronic figures shown
20 throughout the plan. Full transparency was provided on
21 historical extreme weather events.

22

23 **Q.** Does that database of 184 events include information on
24 Hurricane Irma?

¹⁷ See TECO Witness De Stigter Direct Testimony at 29:1-14

¹⁸ See 16

1 **A.** Yes, it shows Hurricane Irma as a Category 1 hurricane when
2 it impacted the company's service territory. It also shows
3 it as a direct hit, coming within 50 miles. The company
4 also provided an after action storm report on Hurricane
5 Irma detailing the storm category from day to day and
6 category when it would impact Tampa Electric's service
7 territory¹⁹.

8
9 **Q.** How would you summarize your assessment of witness
10 Norwood's second main conclusion that the customer outage
11 benefits are inflated in the TECO SPP?

12
13 **A.** It is fundamentally flawed. Witness Norwood's conclusion
14 is based on a misunderstanding of historical EWE impacts on
15 Tampa Electric and a flawed calculation of 20 minutes of
16 average annual customer outages due to EWE, with a potential
17 benefit of 10 minutes assuming a 50 percent reduction.
18 Hurricane Irma was Category 1 storm when it impacted Tampa
19 Electric's service territory, not a Category 4 like he
20 describes. Further, excluding a historical event because it
21 is "extraordinary" defies logic. Furthermore, Section
22 366.96 requires utilities to mitigate the impacts of
23 "extreme weather conditions" just like Hurricane Irma.
24 Further, his assessment is based on a subset, only 13 of

¹⁹ See TECO's responses to OPC Production of Documents 6-73

1 165 years, of actual historical EWE to impact the company's
2 service territory. In fact, the 2006 to 2019 period of EWE
3 outage impacts aligns with the results of the Storm
4 Resilience Model when factoring in the full event type
5 history and the inclusion of MED events. This is an example
6 where witness Norwood misunderstood the assessment
7 performed and the data provided to make significant
8 conclusions with respect to Tampa Electric's SPP.
9

10 **3. REBUTTAL OF CONCLUSION 2 - COST EFFECTIVENESS**
11

12 **Q.** Witness Norwood claims that the cost of the SPP is 3.7 times
13 higher than the benefits.²⁰ Do you agree with this
14 assessment?
15

16 **A.** No, I do not.
17

18 **Q.** How did witness Norwood arrive at the conclusion that the
19 cost of the SPP is 3.7 times higher than the benefits?
20

21 **A.** Witness Norwood starts by claiming the customer outage
22 benefits are small, approximately 10 minutes, and claims
23 that most TECO customers would not notice the improvement²¹.
24 Next, he describes the typical utility approach to evaluate

²⁰ See OPC Witness Norwood Testimony at 6:6-11

²¹ See OPC Witness Norwood Testimony at 12:11-13

1 the cost-effectiveness of investments. He states that
2 after reliability targets are established, the cost-
3 effectiveness is based on a benefit-cost analysis where the
4 preferred projects are the lowest reasonable cost
5 alternatives to supply the identified need, with
6 consideration given to uncertainty in major assumptions
7 used for the analysis²². Next, since the customer outage
8 benefits are small based on his assessment, the cost-
9 effectiveness of the TECO SPP is solely based on the
10 restoration cost savings compared to the SPP's investment
11 level. He includes Table 3,²³ which shows costs as 3.7
12 times higher than restoration cost savings. He then
13 concludes that TECO's SPP is not cost-effective²⁴. He
14 partially bases his recommendation to delay TECO's SPP on
15 this assessment²⁵.

16
17 **Q.** Are the EWE outages relatively small with minor potential
18 customer outage benefits as witness Norwood's assessment
19 concludes?

20
21 **A.** No, as I described at length in the section above, his
22 assessment to make that conclusion is based on a
23 misunderstanding of the historical EWE data and flawed

²² See OPC Witness Norwood Testimony at 14:4-9

²³ See OPC Witness Norwood Testimony at 15:1

²⁴ See OPC Witness Norwood Testimony at 14:14-16

²⁵ See OPC Witness Norwood Testimony at 6:21-25 through 7:1-5

1 analysis.

2

3 **Q.** Does his approach to evaluating the cost-effectiveness of
4 utility investments align with the express requirements of
5 the SPP Statute and the SPP Rule?

6

7 **A.** Partially. The SPP Rule outlines the requirements for the
8 benefits assessment as the decrease in customer outages and
9 restoration costs. It also requires that costs be compared
10 to these benefits. From a high-level perspective there is
11 alignment between witness Norwood's definition and the
12 statute. However, there is a key difference, his approach
13 ignores customer outages in favor of only considering
14 restoration cost savings. Under the SPP Statute, each storm
15 protection program will be evaluated based on its potential
16 to mitigate long customer outages due to regular enough,
17 but not annual, "extreme weather conditions" that cause
18 significant impact. In this way, the benefit assessment is
19 primarily focused on system extreme weather resilience
20 rather than day-to-day reliability.

21

22 **Q.** What does this mean regarding witness Norwood's cost-
23 effectiveness approach and results in Table 3 showing the
24 investment cost at 3.7 times the restoration cost savings²⁶?

²⁶ See OPC Witness Norwood Testimony at 14:14-16 through 15:1

1 **A.** First, it means that his cost-effectiveness assessment is
2 at odds with the requirements of Section 366.96 and the SPP
3 Rule. At a minimum, he should have included the 10 minutes
4 of decrease in customer outage benefits calculated in his
5 assessment. Second, it mischaracterizes the benefits
6 assessment within the company's SPP by only showing one of
7 the benefits, restoration savings, and ignoring the other,
8 CMI reduction. Third, it means any conclusions or
9 recommendations made from this assessment are fundamentally
10 flawed and should be ignored.

11
12 **Q.** Do you agree with Mr. Norwood's exclusion of CMI benefits
13 from Table 3²⁷ and surrounding text?

14
15 **A.** No, it grossly mischaracterizes the benefits assessment
16 presented by the company. His decision to ignore the
17 estimated CMI benefits leads him to significantly
18 understate the overall benefits of the plan. As I mentioned
19 previously, the SPP Statute and Rule both require the
20 company to estimate the reduction in restoration costs and
21 decrease in customer outages, calculated as minutes of
22 interruption, that will result from the company's SPP. The
23 company's SPP aligns with the requirements of the SPP Rule
24 and clearly describes the benefits in terms of both

²⁷ See 26

1 restoration cost savings and decrease in customer outage
2 times. Tampa Electric and 1898 & Co. carefully,
3 thoughtfully, and repeatedly described the benefits
4 assessment to avoid this confusion. In fact, witness
5 Norwood refers to the company's response to OPC
6 Interrogatory 6-196 as the source for his development of
7 Table 3. That response specifically mentions that the
8 "business justification for the plan is in alignment with
9 Florida Statute 366.96, specifically the CMI reduction and
10 restoration cost savings for the plan, program, and
11 projects.²⁸" The company repeated this business
12 justification clarification in several other responses
13 provided to OPC. Furthermore, the spreadsheet provided
14 with the response to OPC Interrogatory 196 included the
15 customer outage benefits in the columns next to the
16 restoration benefits used in Table 3. In spite of this
17 clear presentation of the avoided CMI benefits within all
18 documents provided by the company, witness Norwood ignores
19 the customer outage benefits as part of the whole benefits
20 and cost assessment.

21
22 **Q.** Witness Norwood states that Tampa Electric's assessment
23 "includes approximately \$4 billion of non-electric customer
24 benefits for the purpose of selection and prioritization of

²⁸ See OPC Witness Norwood Testimony at 15:1 and reference 16

1 programs included in the SPP. These estimated non-electric
2 customer benefits include items such as EWE outage related
3 costs and lost revenues that are theoretically avoided by
4 reducing outages. It is not appropriate to include such
5 speculative non-electric benefits to justify selection of
6 a major electric utility investment as the SPP.²⁹ Is this
7 an accurate representation of the benefits assessment in
8 Tampa Electric's SPP?

9
10 **A.** No. Again, witness Norwood mischaracterizes the benefits
11 assessments. I will reiterate for emphasis, the benefits
12 assessment performed for Tampa Electric's SPP is in
13 alignment with both the statute and SPP Rule, which require
14 benefits to be calculated in terms of both the decrease in
15 restoration costs and the decrease in outage times,
16 calculated in terms of CMI. All the documentation provided
17 so far has clearly and regularly stated the benefits in
18 these terms and have added that for project prioritization
19 purposes, the CMI benefits were monetized and added to the
20 restoration cost savings. My direct testimony explains why
21 the CMI benefits were monetized. Additionally, this topic
22 was addressed during the four-hour technical session. In
23 spite of all of this, witness Norwood mischaracterizes the
24 benefits assessment by stating that the monetized CMI was

²⁹ See OPC Witness Norwood Testimony at 17:18-24

1 used to justify the plan. Witness Norwood pulls the \$4
2 billion value from Figure 13.³⁰ of my direct testimony. As
3 a minor point, he has mischaracterized this value by
4 claiming it is all non-electric customer benefits. This is
5 not correct; it includes the restoration savings and the
6 monetized CMI. Norwood misinterpreted the assessment
7 performed and then used the assessment results to make
8 significant conclusions. In this case that the benefits
9 assessment is flawed, a very strong word.

11 **4. REBUTTAL OF CONCLUSION 3 - ALTERNATIVES ANALYSIS**

13 **Q.** Witness Norwood's third primary conclusion is that TECO's
14 benefits and cost assessment did not evaluate alternatives
15 to selected programs, including potentially lower cost
16 alternatives, such as delaying or scaling back the proposed
17 \$1.92 billion SPP³¹. Is this statement correct?

19 **A.** No, this is another mischaracterization of the assessment
20 provided by the company and 1898 & Co. In fact, the company
21 did provide alternatives for consideration within the SPP,
22 specifically in Section 9.³² That section includes the
23 budget optimization analysis performed by 1898 & Co, which

³⁰ TECO Witness De Stigter Direct Testimony at 62:1-15

³¹ See OPC Witness Norwood Testimony at 6:12-14

³² See TECO's 2020-2029 SPP Report on page 78 of 206

1 included eleven different investment levels starting at
2 \$250 million and moving up to \$2.5 billion in \$250 million
3 increments. The results of the budget optimization
4 analysis are also included in Figure 13³³ of my direct
5 testimony and the 1898 & Co. Report. The budget
6 optimization assessment was intended to identify the point
7 of diminishing returns and to consider the very same
8 alternative levels of spending that witness Norwood
9 recommends.

10
11 **5. REBUTTAL OF CONCLUSION 4 - BENEFITS ARE MINOR**

12
13 **Q.** Witness Norwood's fourth primary conclusion is that Tampa
14 Electric's system has high reliability and that the EWE
15 annual outages are relatively minor, 20 minutes, causing
16 the high cost of the SPP to provide relatively small
17 improvements overall.³⁴ Is this conclusion accurate?

18
19 **A.** No, it is not accurate with respect to the expected EWE
20 annual customer outages being relatively small. As I have
21 outlined above, witness Norwood's assessment in calculating
22 the 20 minutes of annual average customer EWE outage time
23 is flawed and inaccurate for assuming away an event that is
24 not extraordinary. Since that assessment is flawed, and

³³ TECO Witness De Stigter Direct Testimony at 62:1-15

³⁴ See OPC Witness Norwood Testimony at 6:15-20

1 this conclusion is largely based on that assessment, this
2 conclusion is also flawed.

3
4 **6. REBUTTAL OF RECOMMENDATION 1 - DELAY SPP AND LOWER COST**
5 **ALTERNATIVES**

6
7 **Q.** Do you agree with witness Norwood's recommendation that the
8 TECO SPP should be delayed and followed up by lower cost
9 alternatives?³⁵

10
11 **A.** No, this recommendation is based on his four main
12 conclusions which are all fundamentally flawed. His first
13 conclusion was that the SPP lacked transparency. I have
14 shown that the opposite is true - that there was a
15 significant level of transparency. His second conclusion
16 was that the outage benefits are inflated and that the plan
17 was not cost-effective. I have shown that his assessment
18 was based on a misunderstanding of historical EWE,
19 specifically Irma as a Category 1, not a 4, improper focus
20 on a subset of historical events, and a mischaracterization
21 of the benefits provided in the SPP. Further, these benefits
22 were regularly and clearly communicated as required by the
23 SPP statute and SPP Rule. Additionally, he was provided
24 the full historical record. His third conclusion was that

³⁵ See OPC Witness Norwood Testimony at 6:21-25 to 7:1:5

1 alternative levels of spending were not evaluated. Again,
2 I have shown that this is not true, in fact the very
3 alternative spending level analysis that he requests was
4 performed and included in the plan documents originally
5 filed on April 10. Witness Norwood even referenced this
6 evaluation in in his own testimony to mischaracterize the
7 benefits assessment. His fourth conclusion was that since
8 the outages are minor, the high cost of the plan would not
9 justify the incremental benefits. I have shown that this
10 was based on the flawed assessment from his second
11 conclusion. The Commission should disregard his
12 recommendation to delay implementation of the SPP because
13 it is based on flawed assessments and conclusions.

14
15 **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN:**

16
17 **Q.** What will your rebuttal testimony state regarding witness
18 Kollen's recommendations?

19
20 **A.** My rebuttal testimony will dispute:

21 1. The advocacy of an alternative standard to Section
22 366.96 of the Florida Statutes and the SPP Rule for
23 the purpose of evaluating SPP benefits based solely on
24 restoration cost savings.

25 2. The characterization that the benefits assessment

1 includes the monetization of CMI or value of service
2 as witness Kollen describes it.

3 3. The recommendation to only approve investments with a
4 benefit to cost ratio of 100 percent.

5

6 **1. REBUTTAL OF ALTERNATIVE STANDARD**

7

8 **Q.** What standard does Kollen recommend for the Commission to
9 use in evaluating SPP programs and projects?

10

11 **A.** Witness Kollen recommends that the Commission should adopt
12 an approach to evaluate SPP investments based on an
13 "economic justification" where benefits are calculated as
14 the savings from storm restoration costs and operations and
15 maintenance ("O&M") savings³⁶ and then compared against the
16 costs.

17

18 **Q.** Why didn't you use the approach presented by witness Kollen
19 to develop Tampa Electric's SPP?

20

21 **A.** Section 366.96 of the Florida Statutes requires utilities
22 to include an explanation of how the plan will reduce both
23 the outage times and restoration costs associated with
24 extreme weather in their SPP. The SPP Rule requires

³⁶ See OPC Witness Kollen Testimony at 10:4-14

1 utilities to provide an estimate of the reduction in outage
2 times for each SPP program. Kollen's approach would
3 disregard the potential reductions in outage times and
4 assigns no value to those reductions.

5
6 **2. REBUTTAL OF MONETIZED CMI OR VALUE OF SERVICE**

7
8 **Q.** In several instances throughout his testimony, Witness
9 Kollen characterizes the benefits assessment performed by
10 1898 & Co. as including the monetization of customer
11 outages. He uses the term "value of service". Is this a
12 correct characterization of the benefits assessment of
13 TECO's SPP?

14
15 **A.** No, similar to witness Norwood, witness Kollen has
16 mischaracterized the benefits assessment in Tampa
17 Electric's SPP. The benefits assessment performed for the
18 company's SPP meets the requirements of the SPP statute and
19 SPP Rule to provide an estimate of both the decrease in
20 restoration costs and outage times in terms of CMI. Tampa
21 Electric and 1898 & Co. carefully, thoughtfully, and
22 repeatedly described the benefits in these two terms in the
23 company's SPP, direct testimonies, the 1898 & Co. Report,
24 in several interrogatory responses and production of
25 document responses, and in the four-hour technical session

1 with witness Kollen and other OPC representatives. While
2 the assessment does include monetization of CMI, it
3 carefully notes that this was done for project
4 prioritization purposes. My direct testimony addresses
5 this topic and explains why the CMI benefits were
6 monetized³⁷. In spite of this repeated clarity, witness
7 Kollen still mischaracterizes the benefits assessment
8 saying the monetized CMI was used to justify the plan.

9
10 **Q.** Witness Kollen references a summary table of the TECO SPP
11 program costs and benefits³⁸ to state that even if the
12 monetized CMI benefits are included, none of the programs
13 show benefits equal to or greater than the investment
14 costs³⁹. Has witness Kollen accurately understood the
15 summary result of this table?

16
17 **A.** No, witness Kollen misunderstands the summary results of
18 this table. The table shows the projected reduction in
19 percentage terms of the status quo restoration costs and
20 CMI of each program. The percentages are not the benefit
21 compared to the capital investment cost. Witness Kollen
22 draws conclusions from this table based on a flawed
23 understanding of the results.

³⁷ See TECO witness De Stigter's Direct Testimony at 44:4-15

³⁸ See TECO's 2020-2029 SPP Report on page 72 of 206

³⁹ See OPC Witness Kollen Testimony at 11:3-10

1 **3. REBUTTAL OF 100 PERCENT BENEFIT COST RATIO**

2
3 **Q.** Witness Kollen recommends that the Commission only adopt
4 investments with a benefit-cost ratio of 100 percent where
5 the benefits only include restoration cost savings⁴⁰. Do
6 you agree with this recommendation?

7
8 **A.** No. I have performed business cases and analysis for over
9 \$75 billion in capital investment projects and programs.
10 In my experience, the parameters of a benefits assessment
11 can vary significantly, especially when some of the
12 benefits drivers are more challenging to monetize, such as
13 the case with the SPP and customer outages. Here, the SPP
14 Rule has provided the framework for evaluating benefits,
15 and that framework is inherently customer centric since it
16 requires quantification of restoration savings and decrease
17 in outage times. In my opinion, this is a prudent framework
18 allowing the Commission to calculate the cost to buy down
19 EWE outage minutes for customers.

20
21 **4. WITNESS KOLLEN REBUTTAL CONCLUSIONS**

22
23 **Q.** Do you have any final comments on witness Kollen's direct
24 testimony?

⁴⁰ See OPC Witness Kollen Testimony at 6:5-10

1 **A.** Yes, witness Kollen's three main recommendations should be
2 ignored. They are contrary to the requirements of the SPP
3 Statute and SPP Rule and based on a misunderstanding of the
4 benefits assessment provided. Recommending that the
5 Commission disregard the estimated reduction in outage
6 times required by the Statute and Rule defies logic and
7 common sense. In my opinion, the framework established
8 within the Statute and Rule is prudent and best practice
9 for electric utilities as it is wholly customer centric.
10 It also allows the Commission to evaluate the cost to buy
11 down EWE outage minutes. Also, recommendations based on a
12 misunderstanding or mischaracterization of an assessment
13 should be ignored since they cannot be trusted.

14

15 **REBUTTAL CONCLUSION:**

16

17 **Q.** Do you have any final remarks with respect to witness
18 Norwood's and witness Kollen's testimony?

19

20 **A.** Yes, as I have shown above, they both base their
21 recommendations on a

22 1. Misunderstanding of EWE, the company's SPP, and the
23 benefits assessment performed.

24 2. Gross mischaracterization of the clearly and routinely
25 communicated benefits assessment.

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3. False claims of transparency and the plan lacking assessments required by the statute and SPP Rule
Because of this, their recommendations to delay the SPP and only approve investments with BCR of 100 percent based only on restoration costs and contrary to the statute cannot be trusted. In contrast, I recommend that the Commission should approve Tampa Electric's SPP without modification. I base this recommendation on the assessment and results outlined in the 1898 & Co. Report, specifically:

1. The Storm Resilience Model and its robust modeling approach that calculates benefits in alignment with the statute and SPP Rule requirements.
2. Results of that resilience benefit assessment that show a decrease restoration costs of approximately 32 to 37 percent and decrease in CMI of 32 percent.

Q. Does this conclude your rebuttal testimony?

A. Yes.