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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220048-EI

Review of Storm Protection Plan,
pursuant to Rule 25-6.030, F.A.C.,
Tampa Electric Company.

_____ /

DOCKET NO. 20220049-EI

Review of Storm Protection Plan,
pursuant to Rule 25-6.030, F.A.C.,
Florida Public Utilities Company.

_____ /

DOCKET NO. 20220050-EI

Review of Storm Protection Plan,
pursuant to Rule 25-6.030, F.A.C.,
Duke Energy Florida, LLC.

_____ /

DOCKET NO. 20220051-EI

Review of Storm Protection Plan,
pursuant to Rule 25-6.030, F.A.C.,
Florida Power & Light Company.

_____ /

VOLUME 2
PAGES 202 - 378

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN ANDREW GILES FAY
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

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DATE: Wednesday, August 3, 2022
TIME: Commenced: 9:30 a.m.
Concluded: 4:56 p.m.
PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida
REPORTED BY: DEBRA R. KRICK
Court Reporter
APPEARANCES: (As heretofore noted.)

PREMIER REPORTING
112 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1	I N D E X	
2	WITNESSES	
3	NAME :	PAGE
4	AMY HOWE	
5	Examination by Mr. Bernier	207
	Prefiled Direct Testimony inserted	209
6	Examination by Mr. Rehwinkel	216
	Examination by Mr. Brew	222
7	Examination by Mr. Moyle	225
	Further Examination by Mr. Bernier	238
8		
	CHRISTOPHER MENENDEZ	
9		
	Examination by Mr. Bernier	240
10	Prefiled Direct Testimony inserted	242
	Examination by Mr. Rehwinkel	252
11	Examination by Mr. Brew	285
	Examination by Mr. Moyle	292
12	Examination by Ms. Eaton	305
	Further Examination by Mr. Bernier	314
13		
	DAVID ARTHUR PICKLES	
14		
	Examination by Mr. Wahlen	317
15	Prefiled Direct Testimony inserted	319
	Examination by Ms. Wessling	354
16	Examination by Mr. Moyle	364
	Examination by Mr. Imig	374
17	Further Examination by Mr. Wahlen	375
18		
19		
20		
21		
22		
23		
24		
25		

1	EXHIBITS			
2	NUMBER:		ID	ADMITTED
3	6-7	As identified in the CEL		239
4	104	OPC 3rd set responses	372	315
5	105	Duke Energy Investor Presentations	281	315
6				
7	8	As identified in the CEL		316
8	106	May & June Investor Presentation	360	
9	107	July 27, 2022 Actual/ Estimated Fuel and Purchased Power Cost Recovery Petition	363	
10				
11	9	As identified in the CEL		377
12	106-107	As identified in the CEL		377
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

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

2 (Transcript follows in sequence from Volume
3 1.)

4 CHAIRMAN FAY: All right. Good morning. If
5 everyone -- pretty much everyone has taken their
6 seats. We are going to jump back into where we are
7 left off on yesterday.

8 I did want to clarify one thing before we
9 started. So we did have some discussion about
10 crossing within utilities and witnesses. And just
11 confirmation with our legal folks, each docket
12 would serve as it normally does, as an independent
13 docket, and the petitioners and intervenors in each
14 of those dockets would testify that would create
15 the record that the decision is made. So I think
16 we resolved of that yesterday, but I just wanted to
17 make sure that we confirmed legally that that's
18 consistent with how we handled it before and within
19 our rules.

20 Next is we will go back into our next Duke
21 witness. My guess is that we will work until
22 around lunch, take a break to allow all the parties
23 and everyone to have lunch and then come back this
24 afternoon and potentially work until around 5:30.
25 And depending on how the schedule is going, if we

1 **position?**

2 A I work -- I am employed by Duke Energy
3 Carolinas, LLC, as the Director of Transmission and
4 Substation Performance, which is within the Transmission
5 Asset Management organization.

6 Q **Have you caused to be filed prefiled direct**
7 **testimony and exhibits in this proceeding?**

8 A Yes, I have.

9 Q **Do you have a copy of your prefiled direct**
10 **testimony and exhibits?**

11 A Yes.

12 Q **And do you have any changes to make to your**
13 **prefiled testimony or exhibits?**

14 A No.

15 Q **If I were to ask you the same questions here**
16 **today, would your answers be the same?**

17 A Yes, they would.

18 Q **Thank you very much.**

19 MR. BERNIER: Mr. Chairman, I would like to
20 enter her prefiled testimony in into the record.

21 CHAIRMAN FAY: Show it entered. Thank you.

22 MR. BERNIER: I forgot that yesterday.

23 CHAIRMAN FAY: Yeah, me too. Thank you.

24 (Whereupon, prefiled direct testimony of Amy
25 Howe was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: REVIEW OF STORM PROTECTION PLAN, PURSUANT TO RULE 25-6.030,
F.A.C., DUKE ENERGY FLORIDA, LLC.

DOCKET NO. 20220050-EI

DIRECT TESTIMONY OF AMY HOWE

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

APRIL 11, 2022

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 A. My name is Amy M. Howe. My current business address is 13338 Interlaken Road,
4 Odessa, FL 33556.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Carolinas, LLC (“DEC”) as Director, Transmission
8 and Substation Performance within Asset Management. DEC is an affiliate of Duke
9 Energy Florida (“DEF” or the “Company”) that provides various services to DEF
10 and other affiliated companies of Duke Energy Corporation (“Duke Energy”). Both
11 DEC and DEF are wholly owned subsidiaries of Duke Energy.

12
13 **Q. What are your responsibilities as Director, Transmission Asset Management?**

1 A. My duties and responsibilities as Transmission and Substation Performance
2 Director within Asset Management include strategic planning for Transmission
3 Grid reliability improvement projects and programs across the Duke Energy
4 enterprise.

5
6 **Q. Please summarize your educational background and work experience.**

7 A. I have a Bachelor of Science degree in Electrical Engineering from University of
8 Washington and am a registered Professional Engineer in the state of Florida.
9 Throughout my 14 years at Duke Energy, I have held various positions within
10 transmission and distribution ranging from Engineer to Director focusing on
11 Distribution Asset Management, Distribution Design, Distribution Power Quality,
12 and Transmission Asset Management. My current position as Director of
13 Transmission Asset Management began in August 2021.

14

15 **II. PURPOSE AND SUMMARY OF TESTIMONY.**

16 **Q. What is the purpose of your direct testimony?**

17 A. The purpose of my direct testimony is to support the Company's filing of its Storm
18 Protection Plan 2023-2032 ("SPP 2023") and will provide details of the
19 Transmission investments in Transmission lines and substations.

20

21 **Q. Do you have any exhibits to your testimony?**

22 A. No, but I am co-sponsoring the Transmission Programs portions of Exhibit No. __
23 (BML-1) and Exhibit No. __ (BML-2).

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Q. Please summarize your testimony.

A. My testimony presents the Transmission portion of the Company’s SPP for the planning period 2023 through 2032. The Transmission Programs included in DEF’s SPP 2023 build upon the foundation established in DEF’s Storm Hardening Plans (“SHP”) instituted under the since repealed Storm Hardening Rule and DEF’s SPP 2020. The Programs present a holistic approach to further strengthening the Company’s infrastructure with the goal of reducing outage frequency and duration during extreme weather events and enhancing overall reliability.

III. OVERVIEW OF TRANSMISSION SPP

Q. Please provide an overview of Duke Energy Florida’s Transmission System.

A. DEF’s Transmission system is part of a nationwide and Florida interconnected power network that enables utilities to exchange power. As a result, the Company’s Transmission system is subject to both state and federal regulation. The Company’s Transmission system includes approximately 5,200 circuit miles of Transmission lines, including 500 kV, 230 kV, 115 kV and 69 kV lines, and more than 500 substations. These assets cover approximately 13,000 square miles in north Florida, west central Florida, and the densely populated areas around Orlando, St. Petersburg, and Clearwater. Within Florida, the Company’s system is interconnected with other investor-owned utilities, municipal electric utilities, and rural electric cooperatives. By maintaining and improving its Transmission system,

1 the Company reliably delivers power from generation resources for distribution to
2 customers' homes and businesses.

3
4 **Q. Please provide an overview of the Transmission SPP 2023 plan.**

5 A. Duke Energy Florida's Transmission plan addresses defined grid investment
6 through hardening programs to withstand the impacts of extreme weather events to
7 reduce restoration costs and customer minutes interrupted.

8 The Transmission Programs referenced in Mr. Brian Lloyd's testimony and Exhibit
9 No. __ (BML-1) are categorized into 5 main programs (with associated sub-
10 programs): Transmission Structure Hardening, Substation Hardening, Substation
11 Flood Mitigation, Loop Radially Fed Substations, and Transmission Vegetation
12 Management.

13
14 **IV. OVERVIEW OF PROGRAMS EVALUATED IN THE SPP**

15 **Q. How did DEF develop the list of Programs for the SPP?**

16 A. DEF first started with the existing SPP 2020 Programs and sub-programs as
17 previously approved in Docket No. 20200069-EI. DEF consulted subject matter
18 experts ("SMEs") with knowledge of the Transmission system and asset
19 performance to evaluate whether any new system performance trends were
20 observed that would meet the intent and requirements of Section 366.096, Florida
21 Statutes and Rule 25-6.030, F.A.C. DEF also benchmarked with other utilities to
22 identify and validate potential programs. A complete list of the Program names and

1 descriptions selected for inclusion in SPP 2023 can be found in Exhibit No. __
2 (BML-1).

3
4 **Q. Are there any new transmission Programs included in DEF's SPP 2023 when**
5 **compared to DEF's SPP 2020?**

6 A. No.

7
8 **Q. Are there other potential programs that DEF may consider in the future for**
9 **inclusion in the SPP?**

10 A. Yes, DEF will continue to monitor emergent technologies and system performance
11 that may warrant further review and consideration.

12 13 **V. PROGRAM EVALUATION, PRIORITIZATION, AND SELECTION**

14 **Q. How were the Transmission projects selected to provide the greatest value to**
15 **Duke Energy Florida customers?**

16 A. Utilizing the Guidehouse benefits to cost prioritized list of projects to select the
17 highest ranked project, DEF's Transmission SMEs then evaluated Programs for
18 targeted opportunities for optimization. The optimization process involves
19 evaluating Programs for remaining projects either on the same line segment or at
20 the same substation to determine if there are any other projects with scheduled
21 deployment within the next two years that would require the same outage. If a
22 project or projects on the line segment or at the substation met this criterion, DEF
23 selected this work to be completed alongside the initiating project. This targeted
24 optimization provides synergies to minimize disruptions to our communities and

1 customers, improve resource utilization and efficiency, and reduce the cost of
2 execution. DEF continuously works to identify efficiencies and other available
3 means to lower costs related to all Programs. If efficiencies can be identified and
4 costs lowered, those lower costs may allow for DEF to identify and complete
5 additional Program scope within the Planning horizon.

6
7 **Q. Are there any modifications to the transmission Programs included in**
8 **DEF's SPP 2023 when compared to DEF's SPP 2020?**

9 A. Structurally, no, the SPP 2023 Transmission Programs are the same as those
10 approved in DEF's SPP 2020. However, DEF now has the benefit of additional
11 project execution experience, and that experience has been translated into updates
12 and modifications to the modelling used to identify and prioritize projects within
13 Programs. Some of these cost updates have resulted in reduced costs, while other
14 updates have recognized that original cost estimates did not include the full cost
15 of a given activity. For example, DEF has been able to identify efficiencies that
16 have reduced the per-unit cost of wood to non-wood pole replacement activity
17 within the Structure Hardening Program, while within the Substation Hardening
18 Program, DEF has updated the unit cost associated with replacing
19 electromechanical relay groups with electronic relays in the present filing versus
20 the estimate included in SPP 2020. DEF has determined that the unit costs used
21 to identify relay projects in SPP 2020 incorporated primarily the relay material
22 costs only, i.e., it was a unit cost that was not indicative of the work required
23 (which can vary greatly from substation to substation due to the location of the

1 relay within the substation as well as the complexity and function of the relay) and
2 therefore SPP 2023 shows a reduction in the number of proposed projects versus
3 the previous filing. This update does not indicate an increase in actual costs to
4 perform this work, but rather shows a more complete average unit cost and
5 therefore an updated projection of the number of projects that can be performed
6 within the planning horizon utilizing the same budget as included in SPP 2020.
7 DEF has determined it is appropriate and cost-effective to target an approach of
8 moving forward with relay replacements that can be completed as part of a
9 breaker/relay replacement (rather than relays in isolation); this is a consistent
10 replacement approach that Transmission applies where applicable for other
11 Transmission work and aligns with industry practice to increase efficiencies and
12 cost effectiveness.

14 VI. BENEFITS THAT DEF'S SPP WILL BRING TO DEF'S CUSTOMERS

15 **Q. What benefits does DEF intend its SPP 2023 to deliver to its customers?**

16 A. DEF proposes to implement activities included in Exhibit No. __ (BML-1) and
17 anticipates the Programs will deliver the benefits discussed in that exhibit. DEF is
18 confident that the activities included in this 10-Year plan will strengthen its
19 infrastructure, reduce outage times associated with extreme weather events, reduce
20 restoration costs, and improve overall service reliability.

22 **Q. Does this conclude your testimony?**

23 A. Yes, it does.

1 A Okay, I am there.

2 Q Is it true that you give a high level overview
3 of how the SPP programs were developed?

4 A Yes. That's correct.

5 Q And is this description related only to the
6 transmission program or -- programs or does it apply to
7 the both T&D?

8 A So within BML-1, it does include both
9 transmission and distribution program summaries, but I
10 am sponsoring the transmission component of that.

11 Q Okay. Can you show me in this part of your
12 direct testimony, or anywhere else in your direct
13 testimony, where customer rate impacts were included in
14 the development of the SPP?

15 A So I am familiar with where we captured the
16 rate impact for our customers, and it is reflected --
17 let me make sure -- on page 56 of BML-1. And I don't
18 believe I have any other exhibits where that would be
19 captured.

20 Q Okay. Does your direct testimony itself
21 describe how the customer rate impacts were taken into
22 account in developing the SPP?

23 A My direct testimony would not reflect the
24 rates. No. That would be Mr. Menendez.

25 Q Okay. Thank you.

1 And just to be clear, the -- are you aware
2 whether the cost of transmission projects proposed in
3 the SPP are recovered from all DEF customers, include --
4 even those taking service at a transmission level?

5 A So, again, that sounds like a rates question.
6 I would just refer you to Mr. Menendez.

7 Q Okay. Thank you.

8 On page 49 of BML-1, you are the witness who
9 was responsible for presenting the loop radial fed
10 substation program, is that right?

11 A That's correct.

12 Q Would you agree that this is a program that
13 the company would consider prudent to implement and
14 recover through base rates without the availability of
15 the SPP?

16 A So that sounded like a little bit of a rates
17 question, but what I will say is that loop radially fed
18 substation is a program within the SPP suite of programs
19 that is established and is beneficial for our customers.

20 Q That it's been what?

21 A It's established within the SPP suite of
22 programs.

23 Q Okay. But it was also implemented before the
24 SPP process was authorized, is that right?

25 A I believe it has been, yeah. I believe a lot

1 of the assets that are being replaced through this storm
2 protection plan were done prior to an SPP being in
3 place.

4 **Q But wasn't the loop radial fed substation**
5 **program implemented, or started before the SPP statute**
6 **was passed as a part of the 2017 settlement agreement?**

7 A I actually don't know if we had one in the
8 2017 -- I forget the rest of the words that you shared
9 there, but I don't believe that there were any, but I
10 couldn't say for sure.

11 **Q I apologize. You are correct. This is one**
12 **that won't start until 2025, is that right?**

13 A That's correct.

14 **Q Okay. So the substation hardening program**
15 **that's on page 51 of BML-1, is this an initiative that**
16 **was started before the SPP process began?**

17 A So breakers and relays have definitely been
18 replaced prior to the introduction of the storm
19 protection plan.

20 **Q And is this something that the company would**
21 **consider prudent to implement without the availability**
22 **of the SPP cost recovery process?**

23 Let me -- let me withdraw that question and
24 ask it a different way.

25 **Is this something you would do anyway even if**

1 **you didn't have the SPP?**

2 A So replacing breakers and relays, just like
3 any other asset on the transmission system, there are
4 reasons, or -- or -- there is reasons that we would
5 replace those normally.

6 What I would say is that this storm protection
7 plan was established to meet the requirement of the
8 legislation, and we utilized our Guidehouse model to
9 help establish, or to help build out our suite of
10 programs.

11 And one thing that I think is helpful to
12 understand with the substation hardening program, or
13 just these assets that we are talking about in general,
14 is that what breakers and relays are, because to the
15 layman, that's a really strange term, I think.

16 So breakers are very similar to your house.
17 Like, you have breakers in your garage or maybe, you
18 know, in a panel somewhere. Those are the devices that
19 protect the wiring in your house. So very similar on a
20 transmission or distribution system, the breakers are
21 there to protect the transmission and distribution
22 system.

23 The relays, a little different from your home,
24 are the smart devices that tell the breaker when to open
25 or close, or when to protect the system. And they are

1 critical for the protection, for the performance of the
2 grid.

3 Q So I think you answered my question, but let
4 me make sure. If you didn't -- if the SPP wasn't in
5 place, you would still do this program, right?

6 A So if this -- if this storm protection plan
7 wasn't in place, there are definitely assets that we
8 would have to continue replacing regardless.

9 What I would share is that the storm
10 protection plan was built to -- with the -- let me use
11 the terminology I have got captured here -- with the
12 weather modeling, with the last 200 years of historical
13 damage, and the probabilistic damage is assessed through
14 the modeling.

15 And so the program is built from a storm
16 perspective, and it really doesn't make sense -- I will
17 use the house analogy again. It really doesn't make
18 sense to harden and protect the lines if you are,
19 similar to your home, if you are going to upgrade the
20 wiring, or replace the wiring in your home, you wouldn't
21 -- it wouldn't make sense to just leave the old fuse
22 panel there. The intent is that a comprehensive
23 upgrade, or a comprehensive protection of the system.

24 These oil breakers that we have in the program
25 are more susceptible to failure in extreme weather

1 events because they experience more operations, or more
2 -- they are called upon a lot more in extreme weather
3 events because of the impacts of the storm, and
4 therefore, are at risk of failing in extreme weather
5 events.

6 And for those breakers, the -- they are there
7 to protect the system, and if one were to fail, you
8 would be at risk of not just taking out maybe 5,000,
9 8,000, 10,000 customers, but potentially taking out
10 20,000 customers or more. So there is -- there is a
11 risk of the breakers, a greater risk during extreme
12 weather events.

13 **Q Thank you.**

14 MR. REHWINKEL: Mr. Chairman, those are all
15 the questions I have.

16 Thank you, Ms. Howe.

17 CHAIRMAN FAY: Great. Thank you.

18 Next we will move to PCS Phosphate.

19 MR. BREW: Thank you, Commissioner.

20 EXAMINATION

21 BY MR. BREW:

22 **Q Good morning, Ms. Howe.**

23 A Good morning.

24 **Q Very quickly. You were responsible for**
25 **portions of BLM-1 and BLM-2 that pertain to**

1 transmission, is that right?

2 A That's correct.

3 Q And you are familiar with both the program
4 development -- you are familiar with the program
5 development estimated cost and benefits?

6 A Yeah, I have a high level view of that, yes.

7 Q Okay. Let's take it at a high level. Can I
8 refer you to BLM-2, page five?

9 A Okay.

10 Q Do you see Table ES 2?

11 A Do I see it.

12 Q And Table ES 3?

13 A Yes, I do.

14 Q And that shows avoided restoration cost for
15 the proposed plan and avoided customer minutes
16 interrupted reduced for the 10-year plan, right?

17 A That's correct.

18 Q And it breaks them down between distribution
19 and transmission, right?

20 A It does.

21 Q So if I just look at -- and there is two
22 columns, one for average storm frequency and the other
23 is labeled elevated storm frequency, do you see that?

24 A I do now.

25 Q You don't?

1 A I do, yeah. It took me a second.

2 Q All right. So my question is this: Looking
3 at the average estimated benefits for avoided
4 restoration costs, if you will accept my math, it's
5 basically 73 percent distribution and 27 percent
6 transmission?

7 A I'm sorry, I am not good at math in my head,
8 but subject to check, I trust your math.

9 Q But just -- just comparing the two numbers
10 listed for restoration costs, right?

11 A Right.

12 Q Okay. And the same, if I looked at the CMI
13 reduction under the average, it's about 94 percent
14 distribution and six percent transmission, again subject
15 to checking the math?

16 A Yes.

17 Q Okay. Looking at the elevated storm frequency
18 where the same comparisons I provided, would you accept,
19 again, subject to check, that the percentages are
20 exactly the same as they are for the average?

21 A Yes.

22 Q So my question is: Did you simply ratio up
23 the amounts for more frequent storms, or did the model
24 show exactly the identical results?

25 A So the model was utilized to establish the

1 numbers.

2 Q So the -- so can you explain the difference
3 between the average and the elevated storm frequency
4 cases?

5 A I don't believe I can.

6 Q Okay. Thank you.

7 MR. BREW: That's all I have.

8 CHAIRMAN FAY: Great. Thank you.

9 THE WITNESS: Probably Mr. Lloyd can.

10 CHAIRMAN FAY: Next we have Nucor.

11 MR. BRISCAR: No cross, Mr. Chairman.

12 CHAIRMAN FAY: Okay. Great. Thank you.

13 Mr. Moyle, FIPUG.

14 MR. MOYLE: Thank you.

15 EXAMINATION

16 BY MR. MOYLE:

17 Q I have a few questions for you.

18 All right. You don't work for Duke Energy
19 Florida, in terms of your employer?

20 A I work for Duke Energy Carolinas, but I
21 support all regions.

22 Q And when you say all regions, that includes
23 all regions that are -- that have operating electric
24 companies in them that are owned by the parent company
25 of the Duke subsidiaries, is that right?

1 A So I am not sure I know all the terms, but
2 what we classify them as is, like, Duke Energy Midwest,
3 which incorporates a couple states there, then the
4 Carolinas and Florida.

5 Q Okay. And South Carolina, North Carolina are
6 two states, correct, that you are responsible for?

7 A That's right.

8 Q And then in the midwest, is it Kentucky, Ohio?

9 A Indiana.

10 Q And Indiana?

11 A Uh-huh.

12 Q So those three?

13 A That's right.

14 Q And so your duties and responsibilities are to
15 provide advice and counsel, and help make sure those
16 transmission systems are in good order to provide
17 electrical service to customers in all of those areas,
18 correct?

19 A So the way I would describe it is I have an
20 organization called Reliability Programs. We sponsor
21 the asset management replacements, or upgrades to our
22 equipment.

23 Q And given that Florida has this storm
24 protection plan statute, would I be correct in assuming
25 that what you do for Florida in how its to provide

1 reliability is much greater than what you do for the
2 other states that you are responsible for; that Florida,
3 with its plan, is way above, or somewhat above all of
4 the other states, so that if you live in Florida, you
5 can expect much better service than if you live in any
6 of these other states, is that -- is that right?

7 A No, I would not say that.

8 Q Why not?

9 A We have comprehensive reliability programs,
10 each jurisdiction has different reliability trends that
11 are evaluated. The storm protection plan is very
12 specific to the hurricanes and the extreme weather, and
13 so the comprehensive suite of programs is different.
14 It's not different per se, but it's a different
15 complement targeted at extreme weather, and is for the
16 benefit of the customers and to meet the legislation.

17 Q So South Carolina and North Carolina, they get
18 hurricanes just like Florida does, correct?

19 A Yeah.

20 Q Is what you do in Florida materially different
21 from what you do in South Carolina and North Carolina to
22 prepare the transmission system and the things you have
23 responsibility for storms, or are they the same or
24 similar?

25 A I would say every circumstance is different.

1 Again, we look at the reliability trends, the
2 performance of the grid. For the storm protection plan,
3 there is legislation that is directing us to build --
4 build a program and a suite of programs that will harden
5 and protect the grids for Florida. But I -- every
6 jurisdiction, we look at, you know, specifics for that
7 jurisdiction, what they are facing, to build out the
8 suite of programs there.

9 **Q Okay. Out of all the states that you have**
10 **responsibility for, the only one with a storm hardening**
11 **legislative scheme is Florida, correct?**

12 **A Florida is the only one that has the storm**
13 **specific legislation.**

14 **Q Okay. And then in your professional opinion,**
15 **is -- because of this legislation, is Florida in a**
16 **better position from the standpoint of reliability than**
17 **people in North Carolina on the coast, or people in**
18 **South Carolina on the coast?**

19 **A I guess I don't have a specific example that I**
20 **would reference, or parameters that I would utilize to**
21 **make an assessment like that. I am an engineer by**
22 **trade, so details matter.**

23 **Q No, I understand. I understand. I am just**
24 **trying to understand from an operational standpoint. I**
25 **am not an engineer, but I am trying to understand if you**

1 would have been doing the best you can to harden the
2 system irrespective of the legislation that passed in
3 Florida to the same degree that you are hardening and
4 taking resiliency steps in South Carolina and North
5 Carolina?

6 A So the way I would describe it is --

7 MR. BERNIER: I am sorry -- I am sorry, Ms.
8 Howe, I am going to object. I am not really sure
9 why we are talking about what goes on in the other
10 states. I let it go on a little while. This is
11 going well beyond her testimony in this docket
12 talking about the storm protection plan.

13 CHAIRMAN FAY: Yeah. Mr. Moyle, I mean, her
14 expertise for that area might be relevant, but is
15 there something specific you are trying to get to?

16 MR. MOYLE: Well, Mr. Rehwinkel was asking a
17 number of questions about, you know, have you done
18 this but for the statute, and I think it's along
19 the similar lines that he was asking those
20 questions on in terms of the increase that we are
21 having now, you know, the statute has said the --
22 you are not supposed to move stuff if it's covered
23 in base rates, you can't pay for it twice. And I
24 am trying to understand it if what they've done --

25 CHAIRMAN FAY: Yeah, I will allow it, but just

1 do your best not to be repetitive.

2 MR. MOYLE: Thank you.

3 I think there was a pending question. Would
4 you mind reading back the pending question, please?

5 (Whereupon, the court reporter read the
6 requested portion of the record.)

7 THE WITNESS: So the storm protection plan was
8 built utilizing the Guidehouse model. It took into
9 account the assets and the risks that we have in
10 the Florida region, and it established the -- and
11 we established the storm protection plan to meet
12 the requirement of the legislation.

13 I will also add that the -- we are not doing a
14 double recovery. Our work that we are performing
15 in this storm protection plan is going through the
16 storm protection plan.

17 BY MR. MOYLE:

18 **Q Do you use the model that you are referencing**
19 **in other states as well?**

20 A Say that one more time for me.

21 MR. BERNIER: I'm going to object.

22 BY MR. MOYLE:

23 **Q The Guidehouse model?**

24 MR. BERNIER: Mr. Chairman, I am going to
25 object again. I don't see what relevance that has

1 in this proceeding, what goes on in the other
2 states.

3 CHAIRMAN FAY: I think her expertise is
4 relevant. As to a specific state or something that
5 they do, I don't -- I take issue with trying to
6 narrow that, but I think in general it's an
7 appropriate question.

8 MR. BERNIER: Okay.

9 THE WITNESS: So I will share that we have a
10 model that we utilize for every region. The storm
11 protection plan has a very specific intentional
12 model built for it because it was directed by the
13 legislation. So the specifics around hardening and
14 adding resiliency is specific to the Florida region
15 and to the legislation, but we do have a model that
16 we use in every region.

17 BY MR. MOYLE:

18 **Q Okay. And can you use the model that you have**
19 **developed for Florida in other regions, and do you plan**
20 **to do so, or, no, it's only a Florida model?**

21 A So I am not sure what the plans are for the
22 future. I can't speak to any changes that may come in
23 the future. What I can share is that to build the
24 model, we brought in very specific characteristics from
25 the Florida region, asset specific locations, the

1 historical storm path in the Florida region, the
2 200-year flood storm path. So the model was built very
3 specific to the Florida region. So it's not as simple
4 as just, like, picking it up and setting it in the
5 Carolinas. There would -- you would essentially have to
6 rebuild the entire model for another region. So it's
7 not as transferable as I think you may be thinking.

8 **Q Okay. There was a couple of questions**
9 **yesterday about floods, and you said your model looks at**
10 **flood regions. Can you just, at a high level, describe**
11 **the concern with respect to floods in Duke's Florida**
12 **service territory vis-a-vis a wind?**

13 A Yeah. Let me just go to, I believe it's
14 BML-2. You might have to bear with me while I look for
15 this.

16 So if you look at BML-2, page 25, it talks a
17 little bit about some of the details, and I think page
18 24 as well. Yep, there it is.

19 So we utilize the storm surge, the FEMA flash
20 models. We also have some NOAA and FEMA flood risk
21 layers that are incorporated, and that includes both
22 flood and storm surge.

23 We also layered all of that in with our --
24 with our assets and, you know, specific locations and
25 utilized the 200-year history to, you know, to establish

1 what assets were at risk, or which locations were at
2 risk.

3 Q Yeah. And with respect to a storm surge,
4 that's typically seen in hurricanes and those types of
5 events, correct?

6 A Yes.

7 Q And with respect to undergrounding in coastal
8 areas of distribution, when you underground in coastal
9 areas and you have floods, is that more expensive to
10 restore and more time-consuming to restore than if the
11 distribution lines were overhead?

12 A That sounds like a Brian Lloyd question.

13 Q Do you know from an engineering standpoint, in
14 terms of operationally, is it harder to get in, you
15 know, trench, dig to get to the underground lines than
16 it is the overhead lines?

17 A I actually haven't been in Operations and
18 Distribution for quiet some time, so I am not sure that
19 I would be the expert to comment on that.

20 Q And in terms of -- if I were to ask you about
21 the total dollars that Duke is asking in this -- in this
22 case, it's more than eight billion, could you just
23 confirm that for me, if you know?

24 A I do know. I know it's listed in our
25 documents.

1 **Q The number that I have is the overall Duke**
2 **request in this filing is eight -- 8,129,500,000.**

3 A Right. So I am looking at page 56, which
4 shows the 10-year spend. Subject to check, I will take
5 you at your word, because I am not going to be able to
6 add that quickly, but that sounds in the ballpark.

7 **Q Okay. Thank you.**

8 MR. MOYLE: I have no further questions.

9 THE WITNESS: Okay.

10 CHAIRMAN FAY: Great. Thank you. Walmart?

11 MS. EATON: No questions.

12 CHAIRMAN FAY: Staff?

13 MR. IMIG: No questions.

14 CHAIRMAN FAY: Commissioners?

15 Commissioner Clark, you are recognized.

16 COMMISSIONER CLARK: I will just ask one kind
17 of, I guess, a little bit of a technical question.

18 I want to go back to the loop radial feeds,
19 that's two different terms in my opinion. You are
20 describing it as a radially looped feed, but
21 typically a radial feed from a transmission line is
22 a single line going to a substation off the
23 transmission line that is not -- does not have the
24 ability to be back-fed from another direction, is
25 that correct?

1 THE WITNESS: So with a -- with a radial feed,
2 the description that we are -- that we are laying
3 out for the looping radially fed substations, you
4 have got two substations on either side -- this is
5 the most common scenario -- and a single line going
6 between, and then tapped off of that line we have a
7 substation. And so that's a radial tap to the
8 substation.

9 And what we -- the most common design that we
10 would be looking at is basically, you know,
11 intercepting the line and bringing another line
12 out, adding that redundancy, also enabling us to
13 sectionalize the line.

14 COMMISSIONER CLARK: So you have proposed --
15 in your proposal, if I remember reading it right,
16 you proposed you had seven substations that you
17 would be building or constructing. We're looking
18 at -- I think you were \$82 million for that
19 particular portion, is that right, in your storm
20 protection plan, 82, \$83 million, \$12 million a
21 substation.

22 THE WITNESS: I think it's roughly 10 million
23 a substation.

24 COMMISSIONER CLARK: That's for the equipment.

25 THE WITNESS: Let me get to that point, but

1 you are in the ballpark.

2 COMMISSIONER CLARK: Okay. And so that would
3 reduce your outage time in your plan by, I believe,
4 a million minutes, is that correct?

5 THE WITNESS: We have reduces a million
6 minutes annually as our CMI savings.

7 COMMISSIONER CLARK: Of all of the things that
8 you are proposing in your storm protection plan, do
9 you feel like this is probably one of the top
10 priority items, one of the items that could have
11 the biggest effect on customer outage time?

12 THE WITNESS: I would say it's a complement of
13 programs. So I wouldn't say that that is the
14 highest, or the only one that provides benefit for
15 the customers.

16 One of the things that I like to share about
17 the transmission system is it's very networked and
18 it's very redundant. So different from
19 distribution, we don't directly serve customers off
20 of a single line. This radial line example is the
21 one example where we can reflect that, where we can
22 show direct customers served from a line.

23 So when we build out the model in Guidehouse,
24 we take a, you know, an approached to approach to
25 reflect the redundancy, and so there are times

1 where, in certain scenarios on the transmission
2 system, a lot of customers could be at risk, and
3 extreme weather is a great example of that.

4 So my reason for explaining that is that for
5 certain scenarios in -- or certain configurations
6 of the transmission system, a lot more customers
7 could be at risk. And so I wouldn't want to say
8 that just this one program is the most impactful,
9 because the, you know, the structure hardening
10 program could be, or the substation hardening
11 program could be just as impactful from a customer
12 perspective.

13 COMMISSIONER CLARK: And my final questions
14 goes to the other benefits associated with loop
15 substations. Do you have the ability to do load
16 shifting between stations at the time, and has Duke
17 calculated the economic impacts and benefits from
18 moving loads between stations, and is -- are those
19 savings calculated in any of your plan anywhere?

20 THE WITNESS: So the savings calculated for
21 trans -- for being able to transfer the customers,
22 like in the scenario where maybe we have a
23 distribution backfeed scenario, I do believe that
24 that would be calculated in the model as well.

25 What I can say is there are scenarios,

1 especially when we get to those locations where we
2 have a radial feed to a substation, where they are
3 generally a little bit more remote and there is
4 less connectivity for the customers.

5 And so I can't speak -- I don't know all 17
6 locations to be able to speak intelligently to
7 every detail. But generally, when we have a radial
8 feed to a substation, it's less likely there is a
9 lot more connectivity.

10 COMMISSIONER CLARK: Great. Thank you, Mr.
11 Chairman.

12 CHAIRMAN FAY: Great. Any other questions?
13 All right. With that, we will go to redirect.

14 MR. BERNIER: Thank you, Mr. Chairman. Just
15 very briefly.

16 FURTHER EXAMINATION

17 BY MR. BERNIER:

18 **Q Ms. Howe, Mr. Brew was asking you questions**
19 **regarding the average storm frequency and the elevated**
20 **storm frequency. Do you remember those questions?**

21 A I do.

22 **Q Can you turn to page 31 of Exhibit BML-2?**

23 A Yes.

24 **Q Thank you.**

25 **And although they use slightly different**

1 terminology, is this where the weather scenario modeling
2 is explained in Exhibit BML-2?

3 A Yes, it is.

4 Q Okay. Thank you.

5 MR. BERNIER: Nothing further, Mr. Chairman.

6 CHAIRMAN FAY: Great. Thank you.

7 With that, we will enter in the exhibits. Mr.
8 Trierweiler, I have 6 and 7.

9 MR. BERNIER: Yes, sir. That sounds right.
10 If we could move those in, that would be great.

11 CHAIRMAN FAY: Okay. No objection? Show
12 those moved.

13 (Whereupon, Exhibit Nos. 6-7 were received
14 into evidence.)

15 CHAIRMAN FAY: And with that, you are
16 dismissed for now. You will have to come back for
17 rebuttal.

18 Thank you.

19 THE WITNESS: Thank you.

20 MR. BERNIER: Mr. Chairman, we will call Mr.
21 Chriss Menendez to the stand, please.

22 CHAIRMAN FAY: Okay.

23 Whereupon,

24 CHRISTOPHER MENENDEZ

25 was called as a witness, having been previously duly

1 sworn to speak the truth, the whole truth, and nothing
2 but the truth, was examined and testified as follows:
3 previously

4 EXAMINATION

5 BY MR. BERNIER:

6 Q Good morning.

7 A Good morning.

8 Q Will you please introduce yourself to the
9 Commission, and provide your business address?

10 A Good morning, Commissioners. My name is
11 Christopher Menendez. My business address is 299 1st
12 Avenue North, St. Petersburg, Florida, 33701.

13 Q And were you previously sworn?

14 A I was.

15 Q And you understand you remain under oath?

16 A I do.

17 Q Thank you.

18 Who do you work for and what is your position?

19 A I work for Duke Energy Florida. My position
20 is Director of Rates and Regulatory Planning.

21 Q And have you filed prefiled direct testimony
22 and exhibits in this proceeding?

23 A I have.

24 Q And do you have a copy of your prefiled
25 testimony and exhibits?

1 A I do.

2 Q Do you have any changes to make?

3 A I do not.

4 Q If I were to ask you the same questions here
5 today, would your answers be the same?

6 A Yes.

7 Q Thank you.

8 MR. BERNIER: Mr. Chairman, I would like to
9 enter his prefiled testimony into the record.

10 CHAIRMAN FAY: Show that entered without
11 objection.

12 MR. BERNIER: Thank you.

13 (Whereupon, prefiled direct testimony of
14 Christopher Menendez was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: REVIEW OF STORM PROTECTION PLAN, PURSUANT TO RULE 25-6.030,
F.A.C., DUKE ENERGY FLORIDA, LLC.

DOCKET NO. 202200050-EI

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

APRIL 11, 2022

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 A. My name is Christopher A. Menendez. My business address is Duke Energy
4 Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as
8 Director, Rates and Regulatory Planning.

9

10 **Q. What are your responsibilities as Director, Rates and Regulatory Planning?**

11 A. I am responsible for the Company’s regulatory planning and cost recovery,
12 including the Company’s Storm Protection Plan (“SPP”) filing.

13

14 **Q. Please summarize your educational background and work experience.**

1 A. I joined the Company on April 7, 2008. Since joining the company, I have held
2 various positions in the Florida Planning & Strategy group, DEF Fossil Hydro
3 Operations Finance and DEF Rates and Regulatory Strategy. I was promoted to my
4 current position in April 2021. Prior to working at DEF, I was the Manager of
5 Inventory Accounting and Control for North American Operations at Cott
6 Beverages. I received a Bachelor of Science degree in Accounting from the
7 University of South Florida, and I am a Certified Public Accountant in the State of
8 Florida.

9

10 **II. PURPOSE AND SUMMARY OF TESTIMONY.**

11 **Q. What is the purpose of your direct testimony?**

12 A. The purpose of my direct testimony is to provide an estimate of the annual revenue
13 requirements for the Company's 2023-2032 Storm Protection Plan ("SPP"), as
14 required by Rule 25-6.030(3)(g), F.A.C., as well as an estimate of rate impacts for
15 each of the first three years of the SPP for DEF's typical residential, commercial,
16 and industrial customers, as required by Rule 25-6.030(3)(h), F.A.C.

17

18 **Q. Have you prepared, or caused to be prepared under your direction,
19 supervision, or control, exhibits in this proceeding?**

20 A. Yes. I am co-sponsoring the Revenue Requirements and Rate Impact section of
21 Exhibit No. __ (BML-1) attached to the direct testimony of Mr. Lloyd. This section
22 of Exhibit No. __ (BML-1) is true and accurate to the best of my knowledge and
23 belief.

1
2 **Q. What are the estimated annual revenue requirements for the Company's 2023-**
3 **2032 SPP?**

4 A. That information is found on page 56 of Exhibit No. __ (BML-1).
5

6 **Q. What are the estimated rate impacts for each of the first three years of the SPP**
7 **for DEF's typical residential, commercial, and industrial customers?**

8 A. That information is found on page 56 of Exhibit No. __ (BML-1).
9

10 **Q. Has DEF complied with the requirements of Rule 25-6.030(3)(g) and (3)(h)?**

11 A. Yes.
12

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: REVIEW OF STORM PROTECTION PLAN, PURSUANT TO RULE 25-6.030,
F.A.C., DUKE ENERGY FLORIDA, LLC.

DOCKET NO. 20220050-EI

DIRECT TESTIMONY OF AMY HOWE

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

APRIL 11, 2022

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 A. My name is Amy M. Howe. My current business address is 13338 Interlaken Road,
4 Odessa, FL 33556.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Carolinas, LLC (“DEC”) as Director, Transmission
8 and Substation Performance within Asset Management. DEC is an affiliate of Duke
9 Energy Florida (“DEF” or the “Company”) that provides various services to DEF
10 and other affiliated companies of Duke Energy Corporation (“Duke Energy”). Both
11 DEC and DEF are wholly owned subsidiaries of Duke Energy.

12
13 **Q. What are your responsibilities as Director, Transmission Asset Management?**

1 A. My duties and responsibilities as Transmission and Substation Performance
2 Director within Asset Management include strategic planning for Transmission
3 Grid reliability improvement projects and programs across the Duke Energy
4 enterprise.

5
6 **Q. Please summarize your educational background and work experience.**

7 A. I have a Bachelor of Science degree in Electrical Engineering from University of
8 Washington and am a registered Professional Engineer in the state of Florida.
9 Throughout my 14 years at Duke Energy, I have held various positions within
10 transmission and distribution ranging from Engineer to Director focusing on
11 Distribution Asset Management, Distribution Design, Distribution Power Quality,
12 and Transmission Asset Management. My current position as Director of
13 Transmission Asset Management began in August 2021.

14

15 **II. PURPOSE AND SUMMARY OF TESTIMONY.**

16 **Q. What is the purpose of your direct testimony?**

17 A. The purpose of my direct testimony is to support the Company's filing of its Storm
18 Protection Plan 2023-2032 ("SPP 2023") and will provide details of the
19 Transmission investments in Transmission lines and substations.

20

21 **Q. Do you have any exhibits to your testimony?**

22 A. No, but I am co-sponsoring the Transmission Programs portions of Exhibit No. __
23 (BML-1) and Exhibit No. __ (BML-2).

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Q. Please summarize your testimony.

A. My testimony presents the Transmission portion of the Company’s SPP for the planning period 2023 through 2032. The Transmission Programs included in DEF’s SPP 2023 build upon the foundation established in DEF’s Storm Hardening Plans (“SHP”) instituted under the since repealed Storm Hardening Rule and DEF’s SPP 2020. The Programs present a holistic approach to further strengthening the Company’s infrastructure with the goal of reducing outage frequency and duration during extreme weather events and enhancing overall reliability.

III. OVERVIEW OF TRANSMISSION SPP

Q. Please provide an overview of Duke Energy Florida’s Transmission System.

A. DEF’s Transmission system is part of a nationwide and Florida interconnected power network that enables utilities to exchange power. As a result, the Company’s Transmission system is subject to both state and federal regulation. The Company’s Transmission system includes approximately 5,200 circuit miles of Transmission lines, including 500 kV, 230 kV, 115 kV and 69 kV lines, and more than 500 substations. These assets cover approximately 13,000 square miles in north Florida, west central Florida, and the densely populated areas around Orlando, St. Petersburg, and Clearwater. Within Florida, the Company’s system is interconnected with other investor-owned utilities, municipal electric utilities, and rural electric cooperatives. By maintaining and improving its Transmission system,

1 the Company reliably delivers power from generation resources for distribution to
2 customers' homes and businesses.

3
4 **Q. Please provide an overview of the Transmission SPP 2023 plan.**

5 A. Duke Energy Florida's Transmission plan addresses defined grid investment
6 through hardening programs to withstand the impacts of extreme weather events to
7 reduce restoration costs and customer minutes interrupted.

8 The Transmission Programs referenced in Mr. Brian Lloyd's testimony and Exhibit
9 No. __ (BML-1) are categorized into 5 main programs (with associated sub-
10 programs): Transmission Structure Hardening, Substation Hardening, Substation
11 Flood Mitigation, Loop Radially Fed Substations, and Transmission Vegetation
12 Management.

13
14 **IV. OVERVIEW OF PROGRAMS EVALUATED IN THE SPP**

15 **Q. How did DEF develop the list of Programs for the SPP?**

16 A. DEF first started with the existing SPP 2020 Programs and sub-programs as
17 previously approved in Docket No. 20200069-EI. DEF consulted subject matter
18 experts ("SMEs") with knowledge of the Transmission system and asset
19 performance to evaluate whether any new system performance trends were
20 observed that would meet the intent and requirements of Section 366.096, Florida
21 Statutes and Rule 25-6.030, F.A.C. DEF also benchmarked with other utilities to
22 identify and validate potential programs. A complete list of the Program names and

1 descriptions selected for inclusion in SPP 2023 can be found in Exhibit No. __
2 (BML-1).

3
4 **Q. Are there any new transmission Programs included in DEF's SPP 2023 when**
5 **compared to DEF's SPP 2020?**

6 A. No.

7
8 **Q. Are there other potential programs that DEF may consider in the future for**
9 **inclusion in the SPP?**

10 A. Yes, DEF will continue to monitor emergent technologies and system performance
11 that may warrant further review and consideration.

12
13 **V. PROGRAM EVALUATION, PRIORITIZATION, AND SELECTION**

14 **Q. How were the Transmission projects selected to provide the greatest value to**
15 **Duke Energy Florida customers?**

16 A. Utilizing the Guidehouse benefits to cost prioritized list of projects to select the
17 highest ranked project, DEF's Transmission SMEs then evaluated Programs for
18 targeted opportunities for optimization. The optimization process involves
19 evaluating Programs for remaining projects either on the same line segment or at
20 the same substation to determine if there are any other projects with scheduled
21 deployment within the next two years that would require the same outage. If a
22 project or projects on the line segment or at the substation met this criterion, DEF
23 selected this work to be completed alongside the initiating project. This targeted
24 optimization provides synergies to minimize disruptions to our communities and

1 customers, improve resource utilization and efficiency, and reduce the cost of
2 execution. DEF continuously works to identify efficiencies and other available
3 means to lower costs related to all Programs. If efficiencies can be identified and
4 costs lowered, those lower costs may allow for DEF to identify and complete
5 additional Program scope within the Planning horizon.

6
7 **Q. Are there any modifications to the transmission Programs included in**
8 **DEF's SPP 2023 when compared to DEF's SPP 2020?**

9 A. Structurally, no, the SPP 2023 Transmission Programs are the same as those
10 approved in DEF's SPP 2020. However, DEF now has the benefit of additional
11 project execution experience, and that experience has been translated into updates
12 and modifications to the modelling used to identify and prioritize projects within
13 Programs. Some of these cost updates have resulted in reduced costs, while other
14 updates have recognized that original cost estimates did not include the full cost
15 of a given activity. For example, DEF has been able to identify efficiencies that
16 have reduced the per-unit cost of wood to non-wood pole replacement activity
17 within the Structure Hardening Program, while within the Substation Hardening
18 Program, DEF has updated the unit cost associated with replacing
19 electromechanical relay groups with electronic relays in the present filing versus
20 the estimate included in SPP 2020. DEF has determined that the unit costs used
21 to identify relay projects in SPP 2020 incorporated primarily the relay material
22 costs only, i.e., it was a unit cost that was not indicative of the work required
23 (which can vary greatly from substation to substation due to the location of the

1 relay within the substation as well as the complexity and function of the relay) and
2 therefore SPP 2023 shows a reduction in the number of proposed projects versus
3 the previous filing. This update does not indicate an increase in actual costs to
4 perform this work, but rather shows a more complete average unit cost and
5 therefore an updated projection of the number of projects that can be performed
6 within the planning horizon utilizing the same budget as included in SPP 2020.
7 DEF has determined it is appropriate and cost-effective to target an approach of
8 moving forward with relay replacements that can be completed as part of a
9 breaker/relay replacement (rather than relays in isolation); this is a consistent
10 replacement approach that Transmission applies where applicable for other
11 Transmission work and aligns with industry practice to increase efficiencies and
12 cost effectiveness.

14 VI. BENEFITS THAT DEF'S SPP WILL BRING TO DEF'S CUSTOMERS

15 **Q. What benefits does DEF intend its SPP 2023 to deliver to its customers?**

16 A. DEF proposes to implement activities included in Exhibit No. __ (BML-1) and
17 anticipates the Programs will deliver the benefits discussed in that exhibit. DEF is
18 confident that the activities included in this 10-Year plan will strengthen its
19 infrastructure, reduce outage times associated with extreme weather events, reduce
20 restoration costs, and improve overall service reliability.

22 **Q. Does this conclude your testimony?**

23 A. Yes, it does.

1 for the first three years of the SPP, is that right?

2 A Yes. They were developed under my direction.

3 Q And among other things, as a part of that
4 process, you have to calculate the property tax expense
5 to include in the annual revenue requirements and the
6 estimated customer rate impacts, is that correct?

7 A We did include that property tax expense.
8 Yes.

9 Q You said you did?

10 A We did include it, yes.

11 Q Okay. And you also relied on the valuation
12 date of January 1 of each year to calculate the property
13 tax expense, is that right?

14 A We provided estimates of the calculation of
15 the DEF property tax expense for the SPP. The SPP does
16 it on an annualized basis, so we calculated an annual
17 estimate for each year.

18 Q Is -- for each year, you start with the
19 balance from January 1 forward, is that right?

20 A It starts from the beginning balance and
21 moving forward.

22 Q Okay. And that beginning balance date is
23 January 1?

24 A Yeah, the beginning balance of the SPP each
25 year would be January 1.

1 Q Okay. And if you had used December 31 for the
2 prior year to start for -- to calculate the estimated
3 property tax expense for the next year, would that be
4 correct?

5 A The December 31st to January first balances
6 should be consistent.

7 Q But you don't use December 31, is that right?

8 A Again, Mr. Rehwinkel, it was an annual
9 calculation of the property tax in the SPP in estimating
10 the property tax expense. The estimates that we have in
11 our SPP are not being used for rate recovery. That
12 would be something in the CRC docket. In which case, we
13 are dealing with monthly activity.

14 Q Please turn to page 56 of BML-1.

15 A I am there.

16 Q And I think in your direct testimony, at page
17 two, you state that you are co-sponsoring this page of
18 BML-1, is that right?

19 A That's correct.

20 Q So on the residential impacts in the second
21 table, 4.21 -- \$4.21 for '23, \$6.52 for '24, and \$8.75
22 for 2025, those are monthly estimated rate impacts, is
23 that right?

24 A Those are the estimated rate impacts for a
25 residential customer using a thousand kilowatt hours per

1 month.

2 Q Okay. And so just so I understand, for 2024,
3 the \$6.52 is not on top of the increase of \$4 --
4 estimated increase of \$4.21, is it?

5 A No, sir. They are not additive.

6 Q Okay. There is a cumulative aspect for the
7 years -- well, '23 has a cumulative aspect from '22, and
8 '24 has a cumulative impact of the revenue requirement
9 embedded in it for '25, is what right?

10 A We have calculated these impacts consistent
11 with how we calculate the impacts for all of our
12 clauses, and that's developing the annual revenue
13 requirement in calculating the rate for that year.

14 Q Okay. On -- in that same table, on page 56,
15 you have, on line two, a calculated typical commercial
16 percentage increase from prior year bill; do you see
17 that?

18 A I do.

19 Q So these percentages would be year-over-year
20 impacts to the overall bill based on the estimated SPP
21 revenue requirement impact in the rates, is that
22 correct?

23 A Mr. Rehwinkel, these are estimates of a
24 typical commercial customer, the percentage that they
25 would see each year. Again, this is -- this is aligned

1 with the specific annual revenue requirements for that
2 particular year.

3 Q Okay. But if I -- let's just take, for
4 consistency purposes, the high-end of the range in each
5 of these years for purposes of my questions, okay?

6 A Okay.

7 Q So the 11.2 percent in 2023, that's what a
8 typical commercial customer would experience on a total
9 bill basis compared to the same usage from the prior
10 year, is that right?

11 A The estimate is that using the range is a 1 to
12 1.2 percent, as you said, would be the impact on a
13 typical commercial bill in 2023 for the estimated SPP
14 investment.

15 Q Okay. And for -- likewise, for 2024, the 1.6
16 percent is the overall -- is the total monthly bill
17 impact attributable to the SPP revenue requirement
18 compared to the prior year, is that right?

19 A Again, based on these estimates, as set forth
20 in the SPP. I will note that the actual rate impacts
21 themselves that will be derived will be done in the CRC
22 docket through a different -- through a different
23 proceeding.

24 Q Okay. But my question is, was the answer yes,
25 that the 1.6 is the percentage increase to the total

1 **bill attributable to the SPP revenue requirement as**
2 **compared to the 2023 bills?**

3 A The 1.4 to 1.6 percent range is the percentage
4 impact for a typical commercial customer as a result of
5 the 2024 SPP revenue requirement.

6 Q **And just so I understand, 1.6 is an increase**
7 **compared to the prior year's typical monthly bill for a**
8 **commercial customer?**

9 A Yeah. It's -- it is showing the percentage
10 impact. It's a range, because as with all customers,
11 usage varies, but commercial and industrial customers,
12 you are dealing with different rate schedules, different
13 rate codes, usage profiles. So we calculate a
14 percentage range of the estimated impact for the SPP
15 revenue requirements for each of those respective
16 customer classes.

17 Q **And the same answers would apply to 2025 --**
18 **and again, I am just using the 1.5, the top end of the**
19 **range. That 1.5 percent would be the increase in the**
20 **overall bill attributable to the revenue requirement**
21 **impact on the SPP plan, estimated?**

22 A Again, the numbers as they are shown are
23 consistent as you move through each respective year. So
24 it's -- the percentages represent the same thing, just
25 for that particular year, '23, 4 or 5, depending on what

1 you are looking at.

2 Q Okay. And for industrial customers, with the
3 same caveats that you have given, is that they vary,
4 it's the same mechanics --

5 A It's the same -- it's the same process, just
6 for -- done for that typical class of customer.

7 Q When calculating these numbers in lines two
8 and three, the percentage numbers for customer -- for
9 commercial and industrial customers to meet the statute
10 and rule requirements, you use the estimate or projected
11 typical customer SPP revenue requirements derived from
12 an assumed full approval of the SPP as the numerator,
13 and the total, the estimated total bill as the
14 denominator?

15 A Can you ask me that one more time, Mr.
16 Rehwinkel?

17 Q Yeah. Okay.

18 So if I -- if I thought of the percentages as
19 an output of a denominator and -- a numerator and a
20 denominator, the numerator would be the estimated --
21 let's just pick 2024, and let's pick the high-end of the
22 range. The 1.6 percent would be the result of a
23 numerator, which is the estimated SPP revenue
24 requirement impact, and the denominator would be the
25 entire bill?

1 A So the calculation of the percentage increases
2 is taking the SPP -- the estimated SPP impact for those
3 respective years across a -- types of typical commercial
4 or industrial, depending on which one you are looking
5 at, typical customer profiles and calculating the impact
6 on the bill resulting from the estimated SPP rates for
7 those respective years.

8 Q Okay. But the percentages of the entire bill,
9 base rates, fuel, capacity, ECRC, ECCR, taxes,
10 surcharges, everything?

11 A Yes, I believe it's the total bill.

12 Q Okay. And at the time you filed your
13 testimony, which I think was April 11th of 2022, the
14 total bill estimate for 20 -- 1/1/2023, that would be in
15 the first column here, under 2023, that included the --
16 the revenue -- the base rate revenue increase that's
17 called for under the '21 settlement agreement that goes
18 into effect, is at that right?

19 A To my knowledge, we haven't filed 2023 rates
20 yet, Mr. Rehwinkel. We filed SPP/CRC, but you seem to
21 be asking -- maybe you are not asking me on that. Maybe
22 I misunderstood.

23 Q All right. I apo-- let me -- let me ask you
24 the question again. I want to talk about the
25 denominator, how you get this percentage here.

1 So the denominator, if I look at footnote two,
2 under that second column on page 56, it says, commercial
3 and industrial percentage increase incorporates base
4 rate increases set forth in DEF's 2021 settlement
5 approved in Order No. PSC-2021-22 -- 0202A-AS-DI, do you
6 see that?

7 A I do.

8 Q So that means that when you calculated this
9 percentage in 2023, in the denominator is this
10 additional base rate increase?

11 A It was incorporated into the calculation of
12 these ranges. However, again, I will note these are not
13 the calculations being used for ratemaking. That will
14 be done in the CRC.

15 Q All right. These are the calculations for
16 showing the Commission the rate impacts, right?

17 A In compliance with the statute, these are the
18 estimated rate impacts for the first three years.

19 Q Okay. So it would be fair to say that any
20 impact in that same denominator for 1/1/2023 would not
21 have any of the impact of the base rate increase of
22 24,428,000 called for under the 2021 settlement
23 agreement related to the ROE trigger, is that right?

24 A I do not believe that was known at the time.

25 Q So subject to check, you would agree that \$24

1 million increase is not included in the denominator
2 portion of this calculation, rate?

3 A Subject to check.

4 Q And isn't it true that Duke -- that DEF can
5 and will increase base rates for all customers by that
6 \$20.4 million number?

7 A I can't address that, Mr. Rehwinkel. I am not
8 included in that filing.

9 Q Okay. Would it also be fair to say that the
10 ROE trigger impact of the -- would impact the WACC, or
11 weighted average cost of capital applicable to the
12 clauses?

13 A Again, Mr. Rehwinkel, I have not been
14 incorporated into those calculations. My understanding
15 is the trigger does affect the way return on equity,
16 which is included in the calculation in the weighted
17 arrange cost of capital.

18 Q Okay. And so like the base rate increases,
19 the WACC impact from the ROE trigger would not be
20 included in this -- the denominator that you used to
21 compare 2023 SPP revenue requirement impacts?

22 A Again, that information was not known at the
23 time these were developed.

24 Q Okay. Would it also be fair to say that the
25 bill impact that will occur on or about January 1, 2023,

1 related to a \$1.3 billion under-recovery of fuel costs
2 reflected in the July 27 estimated actual filing is not
3 included in that denominator?

4 A I would have to go back and double check the
5 calculation, Mr. Rehwinkel, to understand exactly the
6 specific components that were included in the
7 calculation for those percentages.

8 Q Is there any reason to believe that that
9 number is included in the, for testimony that was filed
10 on April 11th, is included in the denominator?

11 A Again, Mr. Rehwinkel, I would have to go back
12 and see exactly what assumptions were made relative to
13 fuel in the calculation of these percentages.

14 Q So if -- are you saying there is a chance that
15 you included that \$1.3 billion in the estimate, that
16 it's baked into the estimates that are shown in your
17 testimony?

18 A What I am saying, Mr. Rehwinkel, is I would
19 have to go back and refresh myself as to what the
20 specific fuel assumptions were when we developed these
21 particular rate impacts. I am not saying one way or the
22 other. Simply saying I would need to refresh myself on
23 that.

24 Q Okay. If you recalculated this percentage in
25 lines two and three of the second table on page 56,

1 based on the impact of the ROE trigger and any impact of
2 the estimated actual under-recovery that was filed last
3 week, would these percentages go down?

4 A Again, I can't do the exact math as we sit
5 here, but if those items were not included and were
6 subsequently included, the percentage -- the
7 percentages, directionally, I would expect would
8 decline.

9 CHAIRMAN FAY: Mr. Rehwinkel, I think he
10 addressed it the best he can at this point.

11 MR. REHWINKEL: That was the last question I
12 had on that particular -- that was -- that was
13 the --

14 CHAIRMAN FAY: We are good to go. You can
15 move on.

16 MR. REHWINKEL: Okay.

17 CHAIRMAN FAY: Thanks.

18 BY MR. REHWINKEL:

19 Q So if, directionally, those percentages went
20 down, would that be a good thing or a bad thing from a
21 customer standpoint.

22 A From the customer standpoint, the customers
23 are receiving the benefits from the SPP program and
24 investments regardless. So I would think that's a good
25 thing for the customers to receive those benefits.

1 **Q** **Okay. What about on -- from -- just from the**
2 **bill standpoint, the rates they are paying every month?**

3 **A** **Again, Mr. Rehwinkel, I won't speculate as to**
4 **an individual customer. But again, from an SPP**
5 **perspective, the customers are receiving those benefits**
6 **from the investments, so I believe that that is a**
7 **positive.**

8 **Q** **Okay. So wouldn't it be true that from a**
9 **rate, purely from a rate impact on what the customer**
10 **pays in their bill, that under -- if this -- these**
11 **percentages go down based on the factors that we talked**
12 **about, that would mean customers are paying not only a**
13 **bigger bill, but they are paying an increase in the SPP**
14 **component; is that right?**

15 **A** **Mr. Rehwinkel, you are making a number of**
16 **assumptions there.**

17 **Again, these are not being used for**
18 **ratemaking. These will not be used for billing the**
19 **customers. That will be done in the CRC.**

20 **And additionally, when we are looking at '24**
21 **and '25, those are still a couple of years out from the**
22 **CRC. So those have not been developed from a ratemaking**
23 **standpoint. So I don't believe it's appropriate to make**
24 **guesses as to what that will be in '24 and '25.**

25 **Q** **Yeah. And I was only asking about one in '23.**

1 So I appreciate your clarification there.

2 Would you agree with me, subject to check,
3 that, in your 2021 rate settlement, that DEF race rates
4 increased by \$67.246 million just seven month ago?

5 A Can you repeat the number, sir?

6 Q 67,246,000?

7 A Subject to check. I know the number is
8 included in the settlement. I can look it up if needed.

9 If you are pulling that from the settlement,
10 Mr. Rehwinkel, I will take it subject to check.

11 Q Okay. I am looking in paragraph three of page
12 six of the settlement. Can you read tiny print? I will
13 let you look at mine?

14 A It's somewhere. I just don't recall which
15 number it's under. Again, if you are taking it from
16 there, I had take it subject to check, sir.

17 Q Okay. Thank you.

18 And on January 1, 2023, apart from the ROE
19 trigger, base rates will increase 48.933 million, would
20 you agree with that subject to check?

21 A Subject to check. The amounts are set forth
22 in the settlement.

23 Q And then on January 1, 2024, rates -- base
24 rates will increase 79.199 million, would you agree with
25 that subject to check?

1 A Again, all subject to check, those numbers are
2 set forth in our settlement. I would agree with what's
3 in our settlement.

4 Q Okay. So looking on page 56 of BML-1, go to
5 the top line there, or the top segment of that, under
6 the revenue requirements, which you -- that's your
7 responsibility?

8 A Yes, sir.

9 Q So if I look in the difference between from
10 '23 to '24, revenue requirement-wise, is about \$72
11 million just eyeballing it there, right?

12 A Ballpark math, sir, directionally it seems
13 right.

14 Q Okay. And then in 2025, again eyeballing it,
15 75 million?

16 A Again, directionally that's correct.

17 Q Okay. And if we go '25 to '26, it shows, it
18 looks like about 85 million?

19 A Directionally whatever the difference is on
20 the numbers --

21 Q Okay.

22 A -- yeah, those are the estimated requirements.

23 Q Would you agree that this type of revenue
24 requirement increase occurs year-over-year for the 10
25 years of the proposed SPP?

1 A These are the -- consistent with the statute
2 and the rule, these are the estimated revenue
3 requirements for the first 10 years. I will note that
4 these are estimates based on when we developed the plan,
5 and the plans will be and updated at least every three
6 years, as set forth in the statute.

7 Q Okay. Do you have a copy of BML-2 with you?

8 A I do.

9 Q Would you turn to page six?

10 A I am there.

11 Q Are you familiar with this bar graph here?

12 A Yes, sir.

13 Q Okay. So this bar graph here shows the
14 breakdown of the \$8.1 billion in capital and associated
15 O&M by year over the 10-year SPP, is that right?

16 A It does.

17 Q So we just talked about '23, '24 and '25, and
18 you -- it shows the revenue requirements increasing up
19 to '25, and then leveling off for the years '26 through
20 20 -- through '31; do you see that?

21 A The investment, yes, sir.

22 Q Yes. So would it be fair to say that by
23 portraying these numbers in this, there is no guarantee
24 that these levels will stay this way over the course of
25 the next several SPP filings, they could go up or down,

1 **is that right?**

2 A We -- these are our best estimates as we
3 developed the 10-year plan for our 2023 SPP. I -- when
4 we refile the next SPP, whenever that is, and the one
5 after that, each one will be up updated and reflect the
6 new 10-year plan and incorporates all of the additional
7 information that we have learned.

8 **Q This isn't a guarantee that they will stay**
9 **this way?**

10 A This is an estimate in compliance with the
11 statute of our 10 -- our projected 10-year SPP plan for
12 our 2023 plan.

13 **Q Okay. Would you agree with me that the ROE**
14 **trigger impact that we talked about earlier is related**
15 **to increasing inflation and the cost of money set by**
16 **monetary regulators?**

17 A The ROE trigger was a specific provision in
18 our settlement that had specific provisions to it. And
19 I would agree that, as set forth in our settlement,
20 those were the provisions and situation for our ROE
21 trigger.

22 **Q Okay. But the conditions that gave rise to**
23 **the ROE trigger were not within the control of the**
24 **Public Service Commission. They were set by monetary**
25 **regulators in Washington and elsewhere, right?**

1 A I am not an economist or a treasury official,
2 Mr. Rehwinkel. I know they were set based on interest
3 rates; and as it's set forth and described in our
4 settlement, that's how the ROE trigger works.

5 **Q Okay. And the price of natural gas that**
6 **influence the under-recovery that was filed last week,**
7 **that's caused by and influenced by market conditions**
8 **nationally and globally, would you agree with that?**

9 A National gas is impacted by many different
10 situations, many different issues.

11 **Q But the Public Service Commission has no**
12 **control over that, you would agree with that?**

13 A No, and neither does Duke Energy Florida.

14 **Q Yes.**

15 **Would you agree with me that the Public**
16 **Service Commission does have authority to control the**
17 **price element on the bill related to the SPP?**

18 A Yes. The Commission has the authority to
19 review and approve the petitions in the rate information
20 that we put for the record.

21 **Q As a part of your work on the team developing**
22 **the SPP, I think you were referred to as a working**
23 **sponsor, is that correct?**

24 A I will accept that terminology. I don't
25 recall exactly, but I was on the team that developed the

1 SPP.

2 Q Okay. Isn't it true that one of the things
3 you considered were where expectations about capital
4 expenditures?

5 A Our SPP was developed in accordance with the
6 statute and the rule, and that was to develop a plan to
7 harden our system and improve reliability, and to
8 develop transmission and distribution programs to
9 accomplish that over a 10-year period, and to provide
10 the benefits to our customers from the SPP. That's how
11 we developed our SPP, sir.

12 Q Okay.

13 MR. REHWINKEL: Mr. Chairman, at this point, I
14 want to pass out a confidential exhibit.

15 CHAIRMAN FAY: Okay.

16 MR. REHWINKEL: And I haven't distributed it
17 yet, so if I could take a minute to do that.

18 CHAIRMAN FAY: We might be able to get someone
19 from staff to help you. So you have copies for all
20 the parties and for us?

21 MR. REHWINKEL: Yes. I have copies for the
22 staff -- they are numbered. I have copies foot
23 staff, the Commissioners, the court reporter. The
24 witness already has one. Duke's witnesses have
25 one.

1 And as we discussed yesterday, Duke has
2 authorized PCS, Nucor, Walmart and FIPUG to receive
3 the agreements, I mean, the documents, but I would
4 like to confirm that with Mr. Brew -- Mr. -- Mr.
5 Brew might agree, Mr. --

6 MR. BERNIER: I will be Mr. Brew today --

7 MR. REHWINKEL: -- Mr. Bernier.

8 MR. BERNIER: -- and cross Mr. Menendez.

9 I think everybody has actually returned the
10 NDA so I think we are good to go.

11 CHAIRMAN FAY: Well, just -- let's get them
12 distributed to everyone, Mr. Rehwinkel.

13 MR. REHWINKEL: Mr. Chairman, I would ask that
14 a number be given to this document.

15 CHAIRMAN FAY: I believe we are on 103. Let
16 me make sure.

17 MR. TRIERWEILER: It should be 104.

18 MR. REHWINKEL: What is it, 104?

19 CHAIRMAN FAY: No, we retracted the 103 just
20 because you were going to wait to put it in the
21 record so --

22 MR. REHWINKEL: Well, I think what we will do
23 is leave that number there, and then it will stay
24 with -- travel with the document, and I will --

25 CHAIRMAN FAY: I am fine with that if that's

1 what we did. Okay. Great. So we will label this
2 as 104.

3 MR. REHWINKEL: And let's just, for a short
4 title call, it OPC 3rd set responses.

5 CHAIRMAN FAY: Okay.

6 (Whereupon, Exhibit No. 104 was marked for
7 identification.)

8 MR. BERNIER: Mr. Chairman, just to be safe.
9 Mr. Menendez, as Mr. Rehwinkel indicated, this is a
10 confidential document, so please, you know, act
11 accordingly. Thank you.

12 MR. REHWINKEL: Thank you.

13 BY MR. REHWINKEL:

14 **Q And my intention is to elicit answers from the**
15 **witness that do not require you to vocalize a number.**
16 **If I ask you if you can say a -- if I want you to say a**
17 **number, I will ask you if you can, and then we may need**
18 **some help from your counsel.**

19 A Understood.

20 **Q Thank you.**

21 MR. MOYLE: May I ask a point of
22 clarification?

23 MS. HELTON: I am sorry, if I can just
24 confirm. Flipping through this really quickly, it
25 looks like all of the exhibits are highlighted in

1 yellow, so does that mean that all of the exhibits
2 are confidential?

3 MR. REHWINKEL: Yes.

4 MS. HELTON: Okay.

5 MR. REHWINKEL: I have given -- in fact, for
6 the record, I Bates numbered this exhibit and Bates
7 -- well, and so it says OPC exhibit up in the upper
8 right, pages 14 through 48 are all confidential.

9 CHAIRMAN FAY: Based on those pages in the top
10 right?

11 MR. REHWINKEL: Yes, sir.

12 CHAIRMAN FAY: Okay.

13 MR. REHWINKEL: Where it says OPC exhibit, and
14 then it has a Bates. There is in the lower right
15 of that exhibit, there are Duke's discovery Bates
16 numbers too. We may refer to those.

17 CHAIRMAN FAY: Okay. Mr. Menendez, are you
18 comfortable with that?

19 THE WITNESS: Yes, Mr. Chairman.

20 CHAIRMAN FAY: Okay.

21 MR. REHWINKEL: Mr. Bernier, are we good to
22 go?

23 Mr. Moyle, did you have a question?

24 MR. MOYLE: I just was -- same question
25 that --

1 MR. REHWINKEL: Okay.

2 MR. MOYLE: -- staff had, what was
3 confidential and what was not.

4 MR. REHWINKEL: Okay. All right.

5 BY MR. REHWINKEL:

6 Q Mr. Menendez, are you familiar generally with
7 the discovery responses that are on Bates in the upper
8 OPC numbering 1 through 13?

9 A I am generally familiar with them. Yes, sir.

10 Q Okay. I wanted to ask you about, if you could
11 turn to interrogatory responses 75 and 76, please. And
12 this is on OPC numbering of page five?

13 A I am there.

14 Q Okay. Are these two answers ones that, as the
15 rate impact witness, you are familiar with?

16 A May have I just a moment to review?

17 Q Yes.

18 A Thank you.

19 75 and 76, yes, sir.

20 Q I should have asked you 77 also. Could you
21 look at that one?

22 A Yes, sir.

23 Q Okay. Thank you.

24 Turning to 77, this is a kind of a lengthy
25 question, but let me just read it into the record. I

1 want to ask you a question about it.

2 In determining how to deploy capital
3 investment in your pending SPP, please describe the
4 steps that were taken to consider customer rate impacts.
5 As part of any description you undertook, please
6 describe the role that customer rate impacts play
7 compared to your investor-driven financial goals such as
8 the increasing adjusted earnings per share expectations
9 at your publicly traded corporate entity level and
10 yearly expected growth and dividend per share.

11 Did I read that accurately?

12 A The question, yes, sir.

13 Q Okay. So in the response that's on page six,
14 I would ask, there is a part of that answer in the
15 middle of the answer, there is a sentence that starts,
16 as a part of, do you see that?

17 A As a part of the SPP process?

18 Q Yes, sir.

19 A Yes, sir.

20 Q Could you just read that one sentence?

21 A As a part of the SPP process, DEF evaluated
22 different program spend levels that were both higher and
23 lower than the levels ultimately included in DEF's SPP
24 2023.

25 Q Okay. And are you familiar with what was just

1 described in that sentence answer?

2 A Yes, sir.

3 Q Okay. Could you please turn to -- and now we
4 are going to go into the confidential document. And I
5 would ask you to turn to Bates OPC Bates 16, which is
6 also Duke's Bates 5287.

7 A I am there.

8 Q Okay. And what I would like to ask you -- and
9 I may need Mr. Bernier's help on this -- can you
10 vocalize the middle of these three lines? And I -- if
11 you can't, that's fine. I just want to understand if
12 you can tell me what that is out loud.

13 CHAIRMAN FAY: Mr. Rehwinkel, let me give Mr.
14 Bernier just a second to validate where we are on
15 Bates 16.

16 MR. BERNIER: I got you. Thank you, Mr.
17 Chairman.

18 The middle row of the three?

19 MR. REHWINKEL: Yes.

20 MR. BERNIER: Yes, sir, he can answer that.

21 BY MR. REHWINKEL:

22 Q So can you just read me the four items in
23 there?

24 A The numbers in the description?

25 Q Yes. Yes, please.

1 MR. BERNIER: That one, you can.

2 THE WITNESS: Thank you.

3 The description is SPP Base Case. The numbers
4 are O&M 0.8 billion, capital 7.3 billion, total 8.2
5 billion.

6 BY MR. REHWINKEL:

7 Q And do those generally correspond to the
8 filing you made in the current SPP?

9 A They generally align with our filed 2023 SPP.

10 Q Okay. Just going back to your answer, if you
11 can hold your finger on page 16 and go back to page six.

12 A I am back on page six.

13 Q Would it be fair to say that the description
14 -- the information that's contained on page 16 is
15 consistent with what you describe in your answer to
16 interrogatory 77?

17 A Just one moment, sir. Yes, sir.

18 Q Okay. Let's just -- if you can go back to the
19 page 46.

20 A Of the exhibit, sir?

21 Q Yes. Near the -- near the very end.

22 A I am there.

23 Q And is this information confidential?

24 MR. BERNIER: The document is confidential.

25 MR. REHWINKEL: Okay. I was just -- but in

1 the middle in the top part of this, there are some
2 names, can we read those names and say what those
3 are?

4 MR. BERNIER: I mean, the document is
5 confidential. If you can just point to it, that
6 would be better. I don't want to chip away.

7 MR. REHWINKEL: Yeah, I am not. This is -- I
8 have asked this question of three witnesses. I
9 just want to -- I am not going to go any further
10 than ask about these three people on here.

11 MR. BERNIER: Oh.

12 MR. REHWINKEL: If you don't want to, it's
13 fine. I am not trying to chip away.

14 MR. BERNIER: I would prefer not to.

15 MR. REHWINKEL: Okay. Can I ask him if he --

16 MR. BERNIER: You can point to it.

17 MR. REHWINKEL: -- if he is -- his name is on
18 this page?

19 MR. BERNIER: I have no problem with that.

20 BY MR. REHWINKEL:

21 Q Okay. Is your name on this page?

22 A It is.

23 Q Okay. All right. Would it be fair to say
24 that Duke did not choose the lower rate impact option as
25 described on -- in your response to page 77 -- your

1 **answer on interrogatory 77?**

2 A DEF selected the option which we felt was the
3 best balance between the investments necessary to
4 achieve the SPP benefits for our customers. That is the
5 plan that we ultimately determined was the appropriate
6 case and the SPP that we filed is our 2023 plan.

7 Q Thank you.

8 Please turn to interrogatory 84, which is on
9 OPC Bates 9?

10 A I am there.

11 Q Are familiar with this answer?

12 A May I review it, please?

13 Q Yes, please.

14 A I am there.

15 Q And are you familiar with this question and
16 answer?

17 A Yes, sir.

18 Q All right. So the question that's in 84 says:
19 What role, if any, does the customer rate impact have on
20 your determination of the total level of, A, capital,
21 and B, O&M expense contained in each of the first three
22 years of your pending SPP; do you see that?

23 A I do.

24 Q And then after that, it says: Please identify
25 each document discussing, analyzing and describing such

1 determination until each year; do you see that?

2 A I do.

3 Q Could you turn over to OPC Bates 13? You
4 might want to keep your finger on that 84 page. And
5 this is a response to OPC production of documents third
6 set. And if I could get you to look at POD 41. Do you
7 see that?

8 A Yeah, I see 41.

9 Q Okay. And it says: Please provide all
10 documents identified in your response to interrogatory
11 84. And the response says: There are no documents
12 responsive to this request. Do you see that?

13 A I see that.

14 Q Do you know why that is?

15 A I am sorry?

16 Q Do you know why there were no documents?

17 A I would have to review, Mr. Rehwinkel. It's
18 possible documents were previously provided. I would
19 have to check.

20 Q Okay. Do you have -- let's set this aside.
21 We may come back to it.

22 Can I get you to turn over in your stack --

23 A Mr. Rehwinkel, if I may. Your question back
24 on 41484, as I'm -- I am sorry, I am reading through it
25 again.

1 Again, the answer is: Because in relation to
2 our response 84, there were no documents responsive to
3 the request in our response in 84.

4 **Q Okay. Okay. I think No. 8 in your pile**
5 **there, if you could pull that out and turn it over.**
6 **This would, I think, be the last or next to the last**
7 **document in the Commission's. And the title on there**
8 **should say: Duke Energy Investor Presentations. Is**
9 **that what you have?**

10 A Yes, sir.

11 MR. REHWINKEL: I would ask that there be a
12 number given to this.

13 CHAIRMAN FAY: 105.

14 MR. REHWINKEL: Okay.

15 (Whereupon, Exhibit No. 105 was marked for
16 identification.)

17 BY MR. REHWINKEL:

18 **Q As Director of Rates and Regulatory Affairs,**
19 **you were involved in the process of verifying the**
20 **amounts that are given to corporate, Duke Energy**
21 **Corporation in Charlotte, for accurate presentation to**
22 **investors and others consistent with securities laws and**
23 **Securities and Exchange Commission requirements, is that**
24 **right?**

25 A I am responsible for providing Duke Energy

1 Florida rate information as it pertains to the rate
2 areas in my responsibility.

3 Q That would include revenue requirements,
4 right?

5 A Revenue requirements as appropriate.

6 Q Okay. Can I ask you to turn to this document,
7 the first page after the cover page. It says: Edited
8 Transcript, Q1 2022 Duke Energy corporate earnings call.
9 Do you see that?

10 A I see that.

11 Q And the date is May 9, 2022?

12 A Yes.

13 Q Would you accept my representation that I got
14 this off of the Duke corporate investor relations
15 website?

16 A I am not familiar with the document, but if
17 that's where you say you got it, then I will take your
18 word, sir.

19 Q Thank you.

20 MR. REHWINKEL: Mr. Bernier, are you okay with
21 that?

22 MR. BERNIER: Yes, sir.

23 MR. REHWINKEL: Thank you.

24 BY MR. REHWINKEL:

25 Q Turn to page three. And if I can get you to

1 go to four paragraphs up from the bottom, where it says,
2 moving to Florida, do you see that?

3 A I do.

4 Q Would you read that sentence -- or two
5 sentences?

6 A Moving to Florida, we are making investments
7 to harden the grid under our storm protection plan. We
8 vent recently filed our updated plans which include
9 seven billion of capital investments over the next 10
10 years.

11 Q Would you agree with that statement -- well,
12 that statement was made by Lynn Good, is that correct,
13 if the transcript is accurate and you turn to page two?

14 A It's under that heading, sir. It's under the
15 egged had of Lynn Good. I am -- I haven't seen this
16 document before, and I am not familiar with it.

17 Q Okay. Lynn Good is the CEO, Chairman and CEO
18 of the overall parent?

19 A She is.

20 Q And would you agree that the \$7 billion number
21 that she announced in that earnings call is consistent
22 with the SPP filing you made here in Florida?

23 A It reflects the investment in our SPP.

24 Q You would agree that Lynn Good speaks publicly
25 for Duke Energy and, by extension, for Duke Energy

1 **Florida, when making representations to investors?**

2 A She speaks on behalf of the company. Yes,
3 sir.

4 Q Now, if -- well, in this call transcript, you
5 would agree that your company's CEO told investors that
6 Duke Energy Florida had filed the updated SPP with the
7 Florida PSC, right?

8 A Again, I am not familiar with this document
9 and I haven't seen it before. It appears a simple
10 explanation of the SPP plan that was filed for Florida.

11 Q Okay. In that statement, she didn't tell
12 investors that the Commission would approve the plan,
13 did she?

14 A I can't speculate on what the -- of what Ms.
15 Lynn Good was saying or thinking at the time the
16 specific words on the page that you had me read are the
17 words as I read them, and they specifically address the
18 filing of DEF's investment in our 10-year SPP.

19 Q Okay. And those words don't reflect that she
20 told investors that the Commission had to approve the
21 plan as filed, does it?

22 A Again, Mr. Rehwinkel, the words on the page
23 are the words on the page. I can't speculate on what
24 else -- what you are -- what you are -- what you are
25 trying to imply, I am not sure.

1 **Q** **Okay. As Director of Rates and Regulatory**
2 **Planning, would you agree that the Commission is not**
3 **bound in its decision-making by what the company told**
4 **investors as to your proposed SPP spending plan,**
5 **correct?**

6 **A** **Can you repeat your question, sir?**

7 **Q** **Yeah. Simply, the Commission isn't bound to**
8 **grant or approve your SPP just because your CEO told**
9 **investors that you had filed for a \$7 billion capex?**

10 **A** **It's -- the Commission has the authority to**
11 **approve of the plan as filed or make modifications as**
12 **they deem appropriate.**

13 **Q** **All right. Mr. Menendez, thank you for your**
14 **patience. That's all I have on direct.**

15 **MR. REHWINKEL:** Thank you, Mr. Chairman.

16 **CHAIRMAN FAY:** Thank you.

17 **Mr. Brew.**

18 **MR. BREW:** It's to me?

19 **CHAIRMAN FAY:** Yes.

20 **EXAMINATION**

21 **BY MR. BREW:**

22 **Q** **Very quickly. Mr. Menendez, you are**
23 **responsible for the revenue requirements on page 56, on**
24 **page 56 of the plan?**

25 **A** **Yes, sir. I am just getting back there.**

1 Q Okay.

2 A But, yes, I am responsible for the revenue
3 requirement.

4 Q Okay. And that's the only part of the SPP
5 that you are responsible for?

6 A Yes, sir, that -- I cosponsored page 56 of
7 BML-2.

8 Q But you are not responsible for any of the
9 other calculations of cost or benefits, just the revenue
10 requirements?

11 A The revenue requirements, that page 56, yes,
12 sir. And I misspoke, it's BML-1, I believe, not 2.

13 Q BML-1, page 56?

14 A Yes, sir.

15 Q Thank you.

16 And the revenue requirements shown for each of
17 the 10 years is based on your current best estimate of
18 the revenue requirements required to implement the plan?

19 A Yes, sir. These reflect the revenue -- our
20 estimates of the revenue requirements for the 10-year
21 SPP plan as filed.

22 Q Okay. And would you agree that the average
23 revenue requirement increase from 2023 through each of
24 the years 2032 averages almost 74 million per year?

25 A Well, Mr. Brew, I haven't done the exact

1 calculation that you are looking for. The numbers are
2 -- our estimates are on the page.

3 I will note that these are reflective of the
4 SPP investments that we put forward in the plan, and
5 that this is an estimate for over a 10-year period of
6 time.

7 Q I was looking at the wrong plan.

8 So -- okay, so from 2023 to 2024, the revenue
9 requirement goes from 149 million to 221 million?

10 A That is the estimate. Yes, sir.

11 Q Okay. And that's a increase of roughly \$72
12 million in revenue requirement?

13 A I believe Mr. Rehwinkel and I previously
14 agreed to a directional impact.

15 Q Okay. And so if I did the math year-over-year
16 for each one, would you accept, subject to check, that
17 the average increase for each year is just under \$74
18 million?

19 A Again, Mr. Brew, I haven't done the exact
20 calculation. We -- the numbers are there. We can run
21 the differences.

22 I will note the revenue requirements are a --
23 simply a calculation, a reflection of the investments
24 that are being made as a result of the SPP plan. I
25 believe it's important, as you are looking at not only

1 the investment in the revenue requirements, but you are
2 also considering the benefits that come along with this.
3 The result of the revenue requirements are a result of
4 the investment. And that is, in order to generate the
5 benefits that our customers are going to see from a
6 harder grid and an improved reliability.

7 **Q Okay. But you -- you are not testifying as to**
8 **those levels of benefits, right?**

9 A I am specifically co-sponsoring this plan, but
10 I was involved in the development of our SPP plan, sir.

11 **Q Okay. But you are specifically responsible**
12 **for the revenue requirements shown on page 56, right?**

13 A Yes, I specifically cosponsor those amounts.

14 **Q Okay. So what I am simply asking is whether**
15 **or not the increase in revenue requirements shown on**
16 **this page averages 75 -- around 75 million a year?**

17 A Again, Mr. Brew, as I said, we can see the
18 numbers on the page, we can run the calculations. I
19 will agree to the difference of the year-over-year is
20 based on what we have on the page.

21 But I will note, Mr. Brew, that these are
22 estimates over a 10-year period of time, and that we
23 will re -- over this 10-year period, I believe we will
24 refile the SPPs at least three times following the
25 estimated three-year cadence as set forth in the

1 statute. And I think that shows the way in which the
2 statute was developed, the intention of the Legislature
3 to continue to review these plans and update these plans
4 as we move forward.

5 **Q You don't want to de-- you don't want to**
6 **debate the statutory interpretation of the plan, do you?**

7 A I was simply answering that our plan was
8 consistent with the -- with the statute and the way that
9 the statute will have the plans filed at least every
10 three years.

11 **Q Okay. So you are not a lawyer and you are not**
12 **interpreting the statute or the rule right now, are you?**

13 A I am not a lawyer. I am simply giving you my
14 understanding.

15 **Q Okay. Well, I am not asking about your**
16 **understanding. I am asking you about the numbers. You**
17 **are responsible for the numbers that appear on page 56,**
18 **right?**

19 A I am.

20 **Q You calculated that revenue requirement based**
21 **on the plan that was developed, and the spending capital**
22 **and O&M required for all of the proposed plans, right?**

23 A We did. And my explanation is that this is a
24 10-year estimate, Mr. Brew, and that it's based -- it's
25 based on our best estimate that we have now, but these

1 will continue to be updated and refiled.

2 Q Okay. But I just want you to answer my
3 question, and the question is: These numbers reflect
4 the proposed plan that appears on BML-1, right?

5 A Yes.

6 Q And the spending that you estimate is required
7 to implement BML-1 as of today, right?

8 A These represent the revenue requirements, not
9 the level of investment, Mr. Brew.

10 Q Okay. So we are talking about -- this is the
11 estimated revenue requirement, the cost to consumers, to
12 implement the plan as you know them now, right?

13 A These are the revenue requirements, yes, that
14 result from the investments we project as part of our
15 10-year SPP plan to drive the benefits that our
16 customers will see as a result of those investments.

17 Q Okay. So -- but what your testimony is
18 telling the Commission is that if they approve the plan
19 as filed, your best guess is this is the cost to
20 consumers that we are going to see?

21 A This is our estimate as we see right now for
22 the 10-year period. But as I said, Mr. Brew, the plan
23 will be updated and refiled. It will come before this
24 commission at least every three years. That's -- you
25 know, I am not a lawyer, and I am not trying to provide

1 a legal interpretation of the statute, but it is there.
2 We will update these plans as we go along.

3 **Q Well, then stick to answering my question,**
4 **please.**

5 **Your best -- the numbers you show here is your**
6 **current estimate today based on the current plan that's**
7 **proposed for the Commission to approve, and these are**
8 **the proposed revenue requirement increases to be passed**
9 **on to customers, right? Yes or no?**

10 **A** These -- these are the 10-year estimates, Mr.
11 Brew. The actual revenue requirements that will be
12 developed for ratemaking purposes will be done, again,
13 in the CRC. These are our estimated revenue
14 requirements per the 10-year period for our 2023 SPP.

15 **Q As a basis for the Commission's review and**
16 **approval of the plan, this is your best guess of what**
17 **it's going to cost customers right now?**

18 **A** These are the estimates of our plan as we have
19 filed, yes. But as I said, Mr. Brew, it's -- this is a
20 10-year estimate. We are going to learn and know more
21 as we move through this process.

22 I think you have to look at this process from
23 a holistic view and understanding that as the plans
24 develop, and as we move through this, we are going to
25 learn and adapt, and that will be incorporated into each

1 successive plan.

2 Q All right. But let's -- let's -- what you are
3 telling the Commission right now is if you implement the
4 plan on BML-1, based on the information you have now,
5 these are the estimated revenue requirements if nothing
6 else changes, right?

7 A I don't -- I can't say that nothing else
8 changes, Mr. Brew. I fully expect that over the course
9 of 10 years things are going to change. We are going to
10 learn. We are going to adapt. The things will be
11 updated. Based on our 10-year plan right now, as filed,
12 these are the revenue requirements for that period of
13 time.

14 Q Thank you.

15 MR. BREW: That's all I have.

16 CHAIRMAN FAY: Great. Thank you.

17 Next, Nucor.

18 MR. BRISCAR: No cross, Mr. Chairman.

19 CHAIRMAN FAY: Mr. Moyle.

20 MR. MOYLE: Thank you. I have a few
21 questions.

22 EXAMINATION

23 BY MR. MOYLE:

24 Q Good morning.

25 A Good morning, sir.

1 Q In response to some questions, I think by OPC,
2 counsel for OPC, you talked about a typical commercial
3 customer, and he was asking you about the bill impacts,
4 and you described the percentage increase. What is a
5 typical commercial customer?

6 A It's a calculation that is performed using a
7 series of estimated commercial usage across several
8 different rate classes, or rate codes, and then that is
9 used to develop the range.

10 Q Okay. So would it be fair to say that there
11 are various versions of a typical commercial customer
12 that Duke uses based on the various rate
13 classifications?

14 A There are different profiles that go into the
15 calculations.

16 Q And then when you got your percentage, did you
17 run a calculation for each rate class and then -- and
18 then average that?

19 A It's the -- different profiles are
20 incorporated together to develop the range. So we look
21 at -- the range represents the results of the different
22 profiles.

23 Q All right. And when you do residential, the
24 typical residential, don't you assume an average number
25 of kilowatt hours used per month?

1 A It's 1,000 kWh for residential.

2 Q And with respect to commercial, is there a
3 similar number? If I said, well, what's the average
4 commercial usage per month that is baked in, or factored
5 in to your analytics, could you answer that?

6 A And that's where it comes to the different
7 profiles of the customers for both the commercial and
8 the industrial. I don't have the specific assumptions
9 behind those, but there are assumptions for the
10 different profiles based on the different rate codes.

11 Q Right. But from a commercial standpoint,
12 obviously a Wawa store is different than a Walmart store
13 in terms of usage, right?

14 A Yes, sir. And that's why we have different
15 profiles.

16 Q Right. Right. And then maybe I missed it,
17 but the percentages that you did, you basically told me,
18 I thought, that you aggregated everything and looked at
19 it and then put together a range?

20 A The range that you see, Mr. Moyle, represents
21 the result of the different profiles for -- in the
22 calculation of a typical commercial customer.

23 Q Okay. And if I asked you the same question
24 with respect to industrial, would your response be the
25 same?

1 A It's a similar process. The profiles are, of
2 course, different, but the process is similar.

3 Q Okay. I have a couple of questions about the
4 nonconfidential portion of the document that's labeled
5 confidential, but we made clear the answers to the
6 interrogatories are not, Exhibit 104.

7 A I have the documents, sir.

8 Q Okay. And the sentence, I believe -- I will
9 just read it. It will make it easier.

10 A I am sorry, Mr. Moyle, can you point me to the
11 page you are on?

12 Q Sure. Number nine.

13 A Nine.

14 CHAIRMAN FAY: Is that the top or the bottom,
15 Mr. Moyle?

16 MR. MOYLE: This is No. 9, interrogatory 84.

17 CHAIRMAN FAY: Okay. There is a Bates at the
18 top and the bottom.

19 MR. MOYLE: Oh, I am sorry. It's the same.

20 BY MR. MOYLE:

21 Q So the last sentence: As a result, DEF
22 believes its SPP 2023 plan represents the proper balance
23 between the SPP program work necessary to achieve the
24 improved storm restoration and enhanced reliably called
25 for in the legislation and the impact to customers.

1 You were part of the group that made that
2 determination, correct?

3 A Yes.

4 Q And there were no documents, Mr. Rehwinkel
5 said you didn't have any documents necessarily that
6 referenced how that decision was made?

7 A That is consistent with our POD response I had
8 with Mr. Rehwinkel.

9 Q So can you tell me how that decision was made?

10 A Can you specifically ask me your question,
11 sir?

12 Q Sure. I understand that you were part of the
13 group that made this decision. You said it represents a
14 proper balance. You know, I assume -- I assume you
15 discussed a whole bunch of factors, including
16 environmental conditions, and a number of issues with
17 respect to coming to a balance, is that right?

18 A That's helpful. Thank you, sir. I
19 understand.

20 We developed our SPP. We evaluated different
21 levels of work, different levels of investment. We
22 evaluated the level of investment, the impact, as well
23 as the benefits that go along with that. What you see
24 is, as you either increase or adjust the level of
25 investment, you see a similar impact to the level of

1 benefits.

2 So as we went through our process and we
3 evaluated the different options before us, ultimately
4 the plan that we selected, we believe, as it states
5 here, was the proper balance, and in taking a holistic
6 view, looking not just at the investment, but the
7 benefits that the customers receive from those
8 investments, we believe our plan is the best balance of
9 those two things.

10 **Q Okay. Would it be fair to say that that**
11 **analysis was akin to a cost benefit analysis?**

12 A The cost benefit analysis was utilized in the
13 development of the SPP plan. I believe that's explained
14 and set forth in the plan itself.

15 **Q Did -- as part of the host of factors that you**
16 **considered and weighed in achieving this balance, did**
17 **you consider the economic conditions that exist -- exist**
18 **or are projected to exist?**

19 A The plan was developed in accordance to meet
20 the requirements of the statute. We considered numerous
21 different things. Ultimately, the focus of the plan was
22 looking at all the benefits that will be achieved as a
23 result of the investment, and seeking to meet the
24 requirements of the statute and improving the
25 reliability and hardening our grid.

1 **Q All right. And you are aware that part of**
2 **what you are asking for is this commission to grant rate**
3 **relief to you, correct?**

4 A My understanding is that the rates will be
5 approved as part of the CRC docket, Mr. Moyle.

6 **Q Right. And that this is an essential step in**
7 **the CRC, correct? You have to have the plans approved**
8 **first before you go and ask for the money?**

9 A Yeah, this is -- this is a -- yes, developing
10 our plan, setting forth our plan for the SPP period.

11 **Q And based on what this commission approves, it**
12 **will drive the rates, will it not?**

13 A Ultimately the rates are going to be
14 developed, Mr. Moyle, in the CRC, and it will be
15 dependent on the investments and the expenses incurred
16 as we move through those respective dockets in those
17 respective years.

18 So these are estimates for what we believe the
19 plan will be. We will move through our plan in a
20 thoughtful manner and we will address the recovery as
21 part of our CRC filings.

22 **Q I want to go to the exhibit that is**
23 **confidential that had the three levels of potential**
24 **investment.**

25 A Can you point me to a page, Mr. Moyle?

1 **Q** **I am trying to find it. I think it's 31. No,**
2 **I am sorry.**

3 **A** **I am there.**

4 MR. MOYLE: Can I have just a second to confer
5 with counsel?

6 CHAIRMAN FAY: Sure.

7 MR. MOYLE: Okay. Thank you. That was
8 helpful.

9 BY MR. MOYLE:

10 **Q** **On this confidential exhibit, if this**
11 **commission, for a variety of facts and circumstances,**
12 **including rate increases that have already been in place**
13 **this year and that are projected, and economic**
14 **conditions, if they wanted to go with the scenario**
15 **description that is in this document that is the low**
16 **description, could they do that?**

17 **A** The Commission has the authority to approve
18 our plan as filed, or modify it as they see appropriate.

19 I would note, Mr. Moyle, that when you
20 decrease the investment, you are also decreasing the
21 benefits. And while you can delay or defer investment
22 and benefits, you cannot delay or defer the extreme
23 weather. That extreme weather is going to come
24 regardless.

25 **Q** **And with respect to the amount of reduction of**

1 benefits under that third scenario in there, can that be
2 quantified?

3 A I don't have that information in front of me,
4 Mr. Moyle.

5 Q But you have that information, do you not?

6 A I would have to check with our modeling folks
7 to understand.

8 Q Yeah. I mean, if I understand, I thought that
9 was kind of part of what y'all did, is quantification
10 approach, where you would look at different things and
11 say, okay, if we spend this, then we get this, if we
12 spend this, we get, you know --

13 A Again, I believe that information does exist,
14 Mr. Moyle, but I don't specifically have it in front of
15 me, so I would just want to -- want to double check.

16 Q Okay. Well, I would like to know that. And
17 this is the hearing, we are supposed to be able to get
18 that information. So I would -- you are going to come
19 back for rebuttal, are you not?

20 A I would assume so, Mr. Moyle.

21 MR. BERNIER: With all due respect, Mr.
22 Chairman, the time for finding that information was
23 in the discovery period. That could have been
24 asked for, but we do not have it with us here
25 today, and I do not intend -- I do not believe we

1 could get it and have it brought here in time for
2 whenever Mr. Menendez takes the stand again.

3 CHAIRMAN FAY: Mr. Moyle, you are recognized
4 to respond if you would like to.

5 MR. MOYLE: Okay. I will respond by saying,
6 you know, my understanding is, is that this is the
7 hearing where all of the granularity and everything
8 needs to be in there. If they have said, here are
9 a couple of scenarios and the Commission can
10 choose, having that information would be useful to
11 understand, in my mind, the cost and benefit
12 analysis, but I will move forward from here.

13 CHAIRMAN FAY: Okay.

14 BY MR. MOYLE:

15 **Q Mr. Brew asked you some questions about the**
16 **proposed capital spend. The representation was made by**
17 **the CEO of the company to Wall Street that it was**
18 **expected that there would be a \$7 billion capital spend**
19 **that Duke would be seeking in the next 10 years,**
20 **correct?**

21 A Can you point me to the specific passage you
22 are referring to, Mr. Moyle?

23 **Q Well, you already pointed to it.**

24 A It was the two sentences that Mr. Rehwinkel
25 had me -- I believe it was simply a recitation of the

1 fact we had filed our plan and the amount of investment
2 that was in that plan.

3 Q And do you have an understanding as to
4 statements that are made to investors by CEOs? I mean,
5 don't they provide information that they believe is
6 material and relevant that an investor would like to
7 know with respect to anticipated capital investment
8 because they get a return on capital investment that is
9 approved?

10 A I am not a party to those discussions, Mr.
11 Moyle.

12 Q But do you know that?

13 A I am not included in those discussions, Mr.
14 Moyle.

15 Q So you are the director of rates, I mean, how
16 are -- do you know how rates are derived?

17 A I do.

18 Q And aren't they derived by a return on capital
19 investment?

20 A Rates are derived through the calculation of
21 the revenue requirement and determining the need to
22 recover that revenue requirement over a particular
23 period of time, and a method over which to recover that
24 rate, be it demand or energy.

25 Q So capital investment has nothing to do with

1 **rates?**

2 A Capital investment would be a component that's
3 used in the calculation of the revenue requirement.

4 Q **In the filing that you made today, as part of**
5 **your job, have you gone back and researched the history**
6 **of Duke's filings for rate increases?**

7 A Do you have anything in mind, Mr. Moyle? It's
8 a long history.

9 Q **I am just asking you if you went back and**
10 **reviewed them, the history, at any point in time?**

11 A When we developed our SPP plan, Mr. Moyle,
12 with the goal of complying with the statute, which is to
13 develop a plan to harden and improve the reliability of
14 our transmission and distribution system. We have put
15 forward a plan that we believe represents the best
16 balance of that with the benefits to our customers in
17 compliance with the statute and the rule.

18 Q **Isn't it -- isn't the capital spend proposal**
19 **that you have put before this commission for**
20 **consideration in this case north of \$7 billion of**
21 **capital spend? Isn't that the largest capital spend and**
22 **consequently rates that would need to be approved that**
23 **Duke has ever filed?**

24 A I am not familiar with the full history of
25 Duke. What I will say is this plan, it represents -- it

1 represents our investment over 10 years, Mr. Moyle. We
2 are not asking for the approval of any rates here. That
3 will be done in the CRC docket.

4 Q So would that have been a yes or no to the
5 answer to the question?

6 A If you can reask the question, I would
7 appreciate it.

8 Q Has Duke ever filed for more capital
9 investments at any point in its history, if you know?

10 A I can't answer that, Mr. Moyle. Again, I have
11 -- it's a very long history, and what I can say is that
12 this is a 10-year plan. These represent investments
13 over the 10-year horizon.

14 Q It seems to me there are three options to that
15 question. You can say yes, you can say no, or you can
16 say I don't know?

17 A I think I answered your question, Mr. Moyle.

18 Q So to rephrase the question again -- it's in
19 the order say please say yes, no and then explain. You
20 have already explained, but you haven't said yes, no, or
21 if you don't know yes or no, then think I the fair
22 answer is I don't know.

23 Isn't this the largest filing that Duke has
24 ever made with respect to a capital expenditure?

25 MR. BERNIER: Mr. Chairman, I believe he did

1 answer that.

2 CHAIRMAN FAY: Yeah, Mr. Menendez, I believe
3 you said you don't know, is that accurate?

4 THE WITNESS: Yeah. I have not done an
5 exhaustive look over everything, Mr. Chairman.

6 CHAIRMAN FAY: Thank you.

7 MR. MOYLE: Thank you.

8 CHAIRMAN FAY: Walmart, Ms. Eaton. Turn your
9 mic on, Ms. Eaton.

10 MS. EATON: One question -- I need to ask Mr.
11 Bernier one question.

12 CHAIRMAN FAY: Go ahead.

13 EXAMINATION

14 BY MS. EATON:

15 Q Okay. I just have a couple of clarifying
16 questions, and this also refers to confidential Exhibit
17 104. Do you still have that in front of you?

18 A I am sorry, which page, ma'am?

19 Q The confidential, you still have that in front
20 of you?

21 A Yes, ma'am.

22 Q And if you could look at page OPC Exhibit 17.

23 A I am sorry, can you repeat the page number?

24 Q It says OPC exhibit page 17. You were just
25 looking at page 16, I think, so -- it's the number in

1 the very top right of the page.

2 A Yes, ma'am, OPC Exhibit 17.

3 Q Okay. On the page there is, like, a graph, a
4 line graph. Do you see that?

5 A I do.

6 Q Okay. Do you know whether the light blue line
7 on this line graph corresponds with the high scenario
8 that was described on OPC exhibit page 16?

9 MR. BERNIER: It's okay, Mr. Menendez. You
10 can answer it.

11 THE WITNESS: Thank you. Yes.

12 BY MS. EATON:

13 Q Okay. And then the green line, does that
14 correspond with the SPP base case that is on exhibit
15 page 16?

16 A Yes, it aligns with the base.

17 Q Okay. And then the orange line, does that
18 line up with the low scenario that was described on page
19 16?

20 A It would.

21 Q And then there is also a darker blue line, SPP
22 1.0, would that be the storm protection plan that's
23 already in place?

24 A Yeah, it would represent the 2020, our initial
25 storm protection plan.

1 Q Okay. And then if you can turn over to page
2 OPC Exhibit 18, and there is another graph there as
3 well. Do you see that?

4 A I do.

5 Q Okay. On this graph, would that light blue
6 line also correspond with the high scenario from page
7 16?

8 A It would.

9 Q And then the green line, would that also
10 correspond with the base scenario from page 16?

11 A Yes.

12 Q And then the orange line, would that
13 correspond with the low scenario from page 16?

14 A Yes.

15 Q Okay. Thank you. That's all I wanted to
16 clarify.

17 CHAIRMAN FAY: Great. Thank you.

18 Staff.

19 MR. IMIG: Staff has no questions.

20 CHAIRMAN FAY: Okay. Commissioners?

21 Commissioner Clark, you are recognized.

22 COMMISSIONER CLARK: Thank you, Mr. Chairman.

23 I would like to ask Mr. Rehwinkel a bunch of
24 questions about those numerators and denominators
25 and get him a whiteboard to do me some drawings,

1 but I guess I will have to forego that.

2 Mr. Menendez, just a couple of real quick
3 questions. In looking at the rate impacts to
4 consumers, and specifically referring to, I believe
5 it's page 56 of the plan. If I do the calculations
6 correct, and look at the impact to residential
7 consumers versus the commercial consumers, and even
8 the industrial class, I see a significant
9 difference of impact to the customers. If my math
10 is correct, you are looking at over a three-year
11 period of about a 20-percent increase in
12 residential rates as opposed to just simply add the
13 numbers up, about five percent increase to the
14 industrial and commercial classes. Is that a fair
15 characterization?

16 THE WITNESS: Commissioner, I would state that
17 the -- what we see for the residential are the rate
18 impacts on the 1,000 kWh. If expressed in
19 percentage terms of the total residential bill, you
20 would be in a range that I think is more similar to
21 what we are showing with the C&I. It's a little
22 bit of a -- a little bit of a difference in the
23 presentation there between the residential and the
24 commercial/industrial.

25 So if you are -- if you are extrapolating the

1 estimated SPP rate impact for the residential
2 customers as a percentage of the total bill, it
3 would be, I think, in a range probably more in
4 line.

5 COMMISSIONER CLARK: You are saying that the
6 three-year total impact on residential customers
7 would not exceed five percent?

8 THE WITNESS: I would have to calculate, I
9 apologize, Commissioner, do the quick math on that.
10 But the \$4.21 I do believe aligns with our '23
11 projection filing in the CRC.

12 I would also note that in the \$4.21, roughly
13 \$2 of that represents costs that were, as part of
14 our 2021 settlement, that were moved from base
15 rates into the CRC. So the 4.21 is not a true net
16 increase. It's really closer to about half of
17 that, because the customers would have seen a
18 decrease in the base rate to compensate for the
19 incorporation of those costs into the CRC.

20 COMMISSIONER CLARK: And my last question
21 is -- goes to the confidential document. I am
22 going to try to be careful here, Mr. Bernier, as
23 well. You use a term in here of base, and I guess
24 I get a little confused when I see a base scenario.
25 You are not talking about a scenario where that

1 investment would have been included in base rates
2 originally, is that correct?

3 THE WITNESS: That's correct. That's not the
4 intention of the use of base.

5 COMMISSIONER CLARK: This is your definition
6 of base. Explain your definition of base in terms
7 of the SPP.

8 THE WITNESS: The way in which base was used
9 in this context, sir, was intended to represent
10 this is our kind of mainline scenario, if you will,
11 and then we looked at adjusting the investment up
12 or down from that, kind of initial base case. Not
13 intending to represent base rates, but kind of this
14 is -- this is our mainline scenario, and it was --
15 it was consistent with the 2020 SPP that was
16 previously filed and approved.

17 So we -- we made -- we created that mainline
18 scenario and then looked at investment levels or
19 spending levels either up or down from that.

20 COMMISSIONER CLARK: Okay. I want to go back
21 to my original question regarding the rate
22 disparity, the impact disparity between the classes
23 of customers.

24 Assuming that -- and I don't -- I don't see
25 how you get back to that small of a number. I am

1 still looking at if you add \$4, \$6 and \$8 together,
2 you are really close to 20 bucks. If you have got
3 an average bill now of \$150 a month, if that's a
4 thousand kilowatt hours, and you are close to 150,
5 that's about -- that's a pretty good percentage.
6 That's about a 15-percent increase.

7 With that aside, how would you classify the
8 value to each of the classes of customers of the
9 storm hardening? Is this going to have a more
10 positive impact on a particular class of customers,
11 the hardening work and the storm protection plan?

12 THE WITNESS: Commissioner, I believe the
13 benefits of the storm protection plan are going to
14 benefit all of our customers regardless of what
15 class they happen to be in. The benefits of a
16 harder grid and the increased reliability are a
17 benefit to everyone. The reduced restoration costs
18 will benefit everyone, because restoration costs
19 are recovered from all of our customers. And then,
20 of course, the reduced outages, or reduced outage
21 times are a benefit of everyone as everyone is
22 connected to the system.

23 COMMISSIONER CLARK: Would you agree there are
24 potential economic impacts that the different
25 classes of customers might receive as a result of

1 storm hardening? For example, businesses being
2 able to be open at an earlier period of time, or
3 for a longer period of time, or would that have a
4 different impact than, say, residential customers?

5 THE WITNESS: I believe all customers will see
6 direct impacts from the benefits of the storm
7 protection plan. The nature of those benefits may
8 differ.

9 In your example, sir, the business being able
10 to remain open. That, obviously, has a benefit to
11 that business, but it also has a benefit to the
12 employees that are -- that are able to go and work
13 and don't have to stay home and not earn a paycheck
14 because the store was out of power.

15 If it's a, for example, a grocery store, then
16 the residents in that area benefit because now they
17 can go to some place and get food that isn't, you
18 know, isn't spoiled because the power is still on
19 in the grocery store.

20 So the direct benefits -- the nature of the
21 benefits may differ between the different classes
22 of customers, but that's, I believe, kind of the
23 beauty of the SPP plan is by hardening the entire
24 grid, all customers are going to receive benefits,
25 both direct and indirect, as well as, you know, the

1 outage times and the outage costs. The nature of
2 those benefits will be different, but it's going to
3 kind of expand throughout the community.

4 COMMISSIONER CLARK: So you don't think that
5 one class of customers, for example, customers who
6 received transmission level voltage and based on
7 the amount of Investments that you are doing in
8 transmission would receive more benefits than
9 distribution customers?

10 THE WITNESS: The customers that are on the
11 transmission service, in the CRC we have a method
12 of allocating the costs between the transmission
13 and the distribution, so the transmission customers
14 would receive benefits commensurate with the
15 investments for which they are paying in the
16 transmission system.

17 Similarly, the distribution customers will
18 receive benefits commensurate with the investments
19 that we are making in both the distribution and
20 transmission systems, as they are served by both.

21 COMMISSIONER CLARK: Thank you, Mr. Menendez.

22 THE WITNESS: Thank you, sir.

23 CHAIRMAN FAY: Thanks.

24 Any other questions?

25 All right. With that, redirect?

1 CHAIRMAN FAY: Okay. And others? Mr. Brew,
2 Mr. Moyle?

3 MR. MOYLE: I think we will largely be
4 consistent with the time we have been using on the
5 others, but we have no questions for Florida Public
6 Utilities.

7 CHAIRMAN FAY: Okay. Great.

8 MR. MOYLE: We are not in that docket.

9 CHAIRMAN FAY: Mr. Wahlen, I would like you to
10 go ahead and call your first witness.

11 MR. REHWINKEL: Commissioner, we need to do
12 exhibits.

13 CHAIRMAN FAY: Oh, I apologize. I am moving
14 too quickly here. Yeah.

15 So we have 8 and then --

16 MR. REHWINKEL: The Public Counsel would move
17 104 and 105 at this time.

18 CHAIRMAN FAY: Okay.

19 (Whereupon, Exhibit Nos. 104-105 were received
20 into evidence.)

21 MR. REHWINKEL: And, Commissioner, on the
22 confidential exhibit, I am going to return to this
23 on Mr. Menendez's rebuttal, but we need to
24 safeguard these. People can return them to me or
25 they can just make sure -- staff can marshal yours.

1 MS. HELTON: I honestly don't know if the room
2 is going to be locked during lunchtime. I think
3 it's our policy not to do that. So the better
4 course of action might be for us to ask --

5 CHAIRMAN FAY: Have a member of our staff.

6 MS. HELTON: -- staff to collect them up and
7 then we -- then that would way we know everything
8 is safeguarded.

9 CHAIRMAN FAY: Perfect. And then maybe just
10 if you can just a little bit preemptively, Mr.
11 Rehwinkel, when we get to that point, make sure
12 they are handed out for us at that time.

13 MR. REHWINKEL: Will do. Thank you for that.

14 CHAIRMAN FAY: Thank you.

15 And then Exhibit 8, I believe we need to move
16 into the record too, Mr. Trierweiler, is that
17 correct?

18 MR. TRIERWEILER: That's correct.

19 CHAIRMAN FAY: Without objection, show that
20 entered in the record.

21 (Whereupon, Exhibit No. 8 was received into
22 evidence.)

23 CHAIRMAN FAY: And with that, if there isn't
24 anything else we will move on to TECO's first
25 witness.

1 Mr. Wahlen, you are recognized.

2 MR. WAHLEN: Thank you, Mr. Chairman.

3 Whereupon,

4 DAVID ARTHUR PICKLES

5 was called as a witness, having been first duly sworn to
6 speak the truth, the whole truth, and nothing but the
7 truth, was examined and testified as follows:

8 EXAMINATION

9 BY MR. WAHLEN:

10 Q Good morning, sir. Would you please state
11 your full name for the record?

12 A Yeah. Good morning, everyone. David Arthur
13 Pickles.

14 Q And were you previously sworn yesterday by the
15 Chairman?

16 A Yes, I was.

17 Q Who is your current employer and what is your
18 business address?

19 A I am with Tampa Electric. I am the VP of
20 Electric Delivery.

21 Q And did you prepare and cause to be filed in
22 this docket on April 12th, 2022, prepared direct
23 testimony consisting of 31 pages?

24 A Yes, I did.

25 Q And are you aware that Tampa Electric

1 substituted Mr. Richard Latta for Sloan Lewis, and he
2 has adopted her testimony in this case?

3 A Yes, I am aware.

4 Q And you are aware that your testimony makes
5 some references to Ms. Sloan Lewis?

6 A Yes, it does.

7 Q Okay. So would you agree that the references
8 to Sloan Lewis in your testimony on pages 5, 29 and 30
9 should be changed to Richard Latta?

10 A That is correct.

11 Q Okay. Do you have any other corrections to
12 make to your testimony?

13 A I do not.

14 Q Okay. With the -- with the update that I just
15 described, if I were to ask you the questions contained
16 in your prepared direct testimony today, would your
17 answers be the same as those contained in that document?

18 A Yes, they would.

19 MR. WAHLEN: Mr. Chairman, Tampa Electric
20 requests that the prepared direct testimony of
21 Mr. Dave Pickles as updated be inserted into the
22 record as though read.

23 CHAIRMAN FAY: So that entered.

24 (Whereupon, prefiled direct testimony of David
25 A. Pickles was inserted.)



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20220048-EI

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

TESTIMONY AND EXHIBIT

OF

DAVID A. PICKLES

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

DAVID A. PICKLES

TABLE OF CONTENTS

INTRODUCTION..... 2

TAMPA ELECTRIC'S SERVICE AREA..... 5

PROCESS TO DEVELOP THE 2022 STORM PROTECTION PLAN..... 7

ADHERENCE TO F.A.C. RULES AND STATUTORY REQUIREMENTS..... 22

ESTIMATED COSTS OF STORM PROTECTION PLAN..... 28

ESTIMATED RATE IMPACTS OF STORM PROTECTION PLAN..... 29

CONCLUSIONS..... 30

EXHIBIT..... 32

1 **INTRODUCTION**

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

3

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

9

10 **Q.** Please describe your duties and responsibilities in that
11 position?

12

13 **A.** My duties and responsibilities include the oversight of
14 all functions within Tampa Electric's Electric Delivery
15 Department including the planning, engineering,
16 operation, maintenance and restoration of the
17 transmission, distribution and substation systems;
18 operation of the distribution and energy control centers;
19 administration of tariffs and compliance; execution of
20 the Company's Transmission and Distribution ("T&D")
21 strategic solutions including advanced metering
22 infrastructure, outdoor and streetlight LED conversion
23 project, and advanced distribution management system;
24 line clearance activities; and fleet equipment. As it
25 relates to this filing, I have executive oversight over

1 development of Tampa Electric's 2022-2031 Storm
2 Protection Plan ("2022 SPP") and the safe, timely, and
3 efficient implementation of that plan.

4
5 **Q.** Please describe your educational background and
6 professional experience?

7
8 **A.** I am a Chemical Engineer and a graduate of Dalhousie
9 University based in Halifax, Nova Scotia, Canada. I am a
10 registered Professional Engineer in the Province of Nova
11 Scotia.

12
13 I joined Nova Scotia Power in 2001 as a Plant Engineer
14 and held many roles over the next 15 years including
15 Maintenance Manager, Plant Manager, Senior Plant Manager,
16 Director, and Senior Director of Operations. In 2016, I
17 became the Vice President of Operations for Emera Energy
18 and was responsible for 1,100 MW of generating capacity
19 in three American states and two Canadian provinces.

20
21 I joined Tampa Electric in 2018 and assumed responsibility
22 over Big Bend Generating Station and Energy Supply's
23 Engineering and Project Management group. Most recently,
24 I have served as Vice President of Energy Supply and
25 Electric Delivery/Energy Supply Asset Management.

1 **Q.** Have you previously testified before the Florida Public
2 Service ("Commission") or other regulatory authority?

3

4 **A.** Yes. I filed direct testimony in Tampa Electric's most
5 recent rate case, and I have also testified and filed
6 testimony before the Nova Scotia Utility and Review Board
7 in 2014 and 2015 in support of the Annual Capital
8 Expenditure Plan; Application by Nova Scotia Power Inc.
9 ("NSPI") for Approval of its Annual Capital Expenditure
10 Plan for 2014 (M05998) and Application by NSPI for Approval
11 of its Annual Capital Expenditure Plan for 2015 (M06514).

12

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

14

15 **A.** The purpose of my direct testimony is to present, for
16 Commission review and approval, Tampa Electric's 2022-2031
17 Storm Protection Plan. I will describe the company's
18 service area and its transmission and distribution system.
19 I will also describe the process the company followed to
20 develop the 2022-2031 Storm Protection Plan and explain how
21 it will accomplish the goals of the statute to reduce
22 restoration costs and outage times associated with extreme
23 weather and enhance reliability.

24

25 **Q.** Are you sponsoring any exhibits in this proceeding?

1 **A.** Yes, I am. Exhibit No. DAP-1, entitled, "Tampa Electric's
2 2022-2031 Storm Protection Plan", was prepared under my
3 direction and supervision. This Exhibit details the
4 company's plans to implement the Storm Protection Plan
5 Rule.

6
7 **Q.** Will any other witnesses testify in support of Tampa
8 Electric's Proposed Storm Protection Plan?

9
10 **A.** Yes. David L. Plusquellic will testify about the programs
11 contained within the Storm Protection Plan. Jason D. De
12 Stigter will testify regarding the methodology to select
13 and prioritize Storm Protection Programs and Projects.
14 Finally, **Richard Latta**
15 ~~A.---Sloan---Lewis~~ will testify regarding the
16 estimated annual jurisdictional revenue requirements for
17 the Plan and the estimated rate impacts for each of the
18 first three years of the Plan.

19 **TAMPA ELECTRIC'S SERVICE AREA**

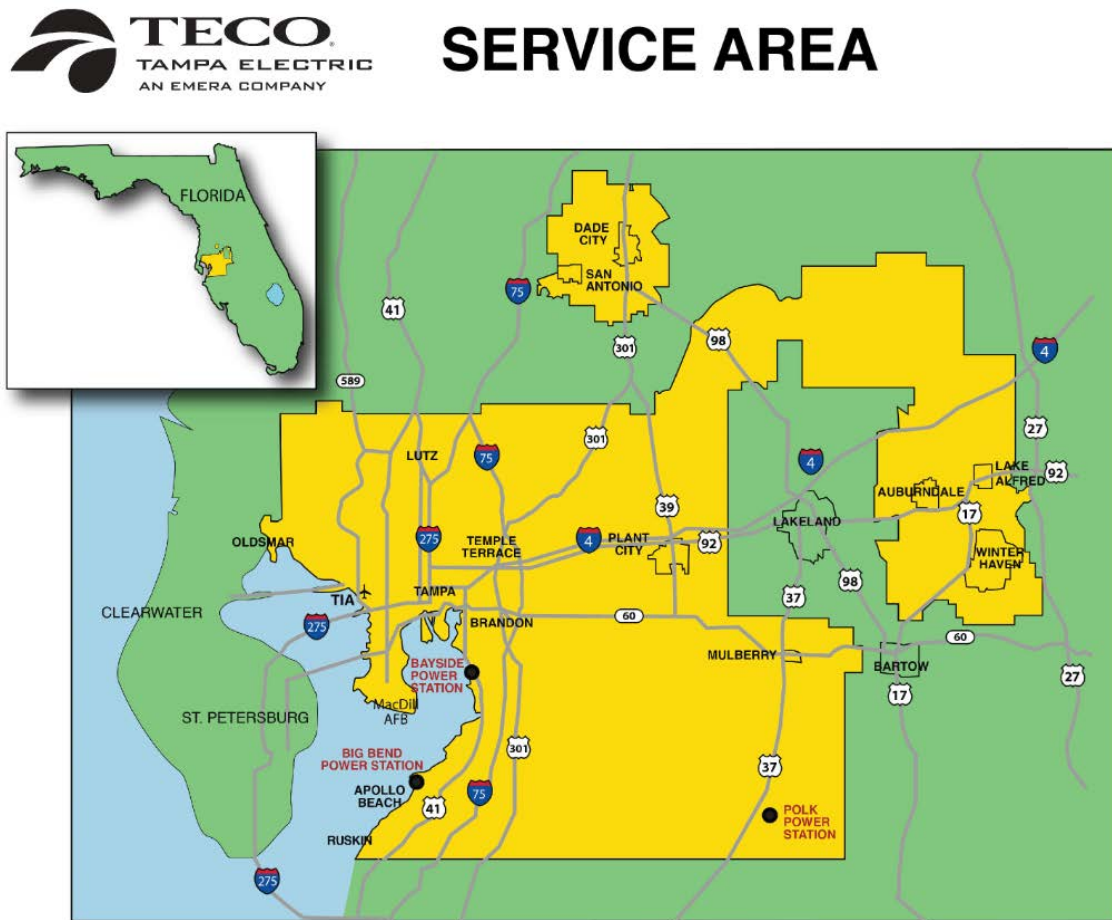
20 **Q.** Please describe Tampa Electric's service area and how many
21 customers does the company serve?

22
23 **A.** Tampa Electric's Service Area covers approximately 2,000
24 square miles in West Central Florida, including all of
25 Hillsborough County and parts of Polk, Pasco and Pinellas

1 Counties. Tampa Electric provides service to 824,322
2 retail electric customers as of January 1, 2022.

3
4 Q. Do you have a map of Tampa Electric's service area?

5
6 A. Yes, a map of Tampa Electric's service area is included
7 below.



24 Q. How many structures does the company's transmission and
25 distribution electrical system have?

1 **A.** The company transmission system has 1,334 miles of overhead
2 facilities, including approximately 26,000 transmission
3 poles. The company's transmission system also includes
4 approximately nine miles of underground facilities. The
5 company's distribution system has 6,235 miles of overhead
6 facilities, including approximately 422,500 poles. The
7 company currently has approximately 5,903 circuit miles of
8 underground facilities. The company currently has 216
9 substations.

10

11 **Q.** How does extreme weather affect Tampa Electric's system?
12

13

14 **A.** During extreme weather conditions, the components of Tampa
15 Electric's system are subject to impacts from flooding,
16 storm surge, high winds, wind-blown debris and vegetation,
17 tree fall-ins, and other similar hazards. These impacts can
18 result in interruption of service and costly restoration
19 work such as reactive vegetation management and equipment
20 replacement.

21

PROCESS TO DEVELOP TAMPA ELECTRIC'S 2022-2031 SPP

22 **Q.** How did Tampa Electric begin development of the company's
23 2022 SPP?
24

25

25 **A.** The process of developing the company's 2022 SPP began in

1 2019, when the Florida Legislature enacted the bill that
2 became Section 366.96 of the Florida Statutes. This statute
3 requires utilities to develop a comprehensive ten-year plan
4 for storm hardening and resiliency. The company evaluated
5 its existing storm hardening activities and considered
6 several potential new or incremental programs. This process
7 also involved determining the appropriate level of
8 investment in each new program and for the overall plan.

9
10 For the 2020-2029 SPP, the company ultimately settled on
11 eight programs. The company's internal subject-matter
12 experts concluded that these programs would achieve the
13 objectives of the SPP statute to reduce restoration costs,
14 reduce outage times, and enhance reliability. These
15 programs were:

- 16
17 (1) Distribution Lateral Undergrounding;
- 18 (2) Vegetation Management;
- 19 (3) Transmission Asset Upgrades;
- 20 (4) Substation Extreme Weather Hardening;
- 21 (5) Distribution Overhead Feeder Hardening;
- 22 (6) Transmission Access Enhancement;
- 23 (7) Infrastructure Inspections; and
- 24 (8) Legacy Storm Hardening Initiatives.

25 These programs are described in detail in the Direct

1 Testimony of David L. Plusquellic.

2

3 **Q.** What over-arching principles did you consider in
4 development of the first SPP?

5

6 **A.** First, the company concluded all segments of the system
7 should receive some hardening investment each year. One
8 approach would have been to perform only transmission
9 projects in year one, only distribution lateral projects in
10 year two, etc. Tampa Electric recognized, however, that
11 some customers are served directly from a transmission
12 line, while others may be served at the end of a lateral,
13 yet all customers will pay for the cost of storm resiliency
14 investments. As a result, the company decided to allocate
15 some hardening investment to each of the eight programs
16 each year. Furthermore, some of the programs included in
17 the SPP, such as pole inspections, pre-date the requirement
18 to file a storm protection plan. The company proposed to
19 continue funding those programs.

20

21 Second, while the SPP statute does not require the type of
22 net present value savings analysis traditionally used for
23 utility investments, Tampa Electric concluded that some
24 quantitative analysis of costs and benefits should be used
25 to prioritize projects. The company defined these benefits

1 in terms of expected reductions in restoration costs and
2 outage times during extreme weather. This analysis is
3 explained in the Direct Testimony of Jason De Stigter. Tampa
4 Electric's SPP programs will also have "blue sky"
5 reliability benefits, but the company did not attempt to
6 project those benefits as a part of its 2022 SPP. If these
7 "blue sky" benefits were included then the cost-benefit
8 ratios of the proposed projects would be even more
9 favorable.

10
11 Third, the company decided that it should prepare a target
12 annual funding level for each program based on the above
13 principles. These targeted funding levels would then be
14 evaluated for cost-effectiveness.

15
16 **Q.** Can you elaborate on the process for identifying the
17 appropriate funding level for each program?

18
19 **A.** The appropriate funding level of each program is based on
20 several factors. The first factor is the overall benefit
21 expected from hardening the assets included in that
22 program, and the identification of point of diminishing
23 returns where additional investment provides only a minor
24 increase in benefits. The company hired 1898 & Co. to
25 analyze the proposed storm protection programs and to

1 evaluate their potential benefits in terms of avoided
2 restoration costs and reduced outage times. The Direct
3 Testimony of Jason De Stigter shows this analysis. Second,
4 in addition to considering the principles I previously
5 described, Tampa Electric understood there are real-world
6 limitations on how many projects the company could complete
7 as activity levels ramped up. The company also understood
8 there would be market constraints on labor and materials,
9 even without the impacts of the coronavirus pandemic.
10 Third, the company was aware of the potential rate impacts
11 of a rapid ramp of investment levels.

12
13 **Q.** What do you mean by real-world limitations?
14

15 **A.** The company recognized that there are certain real-world
16 constraints on implementation of SPP programs, including
17 everything from designing, permitting, scheduling planned
18 outages, managing the work, and maintaining a properly
19 skilled workforce that can safely complete the projects.
20

21 **Q.** Why did you decide to establish annual funding levels for
22 each program instead of allowing the prioritization model
23 to determine the projects each year?
24

25 **A.** There are significant start-up costs and activities

1 required to execute these programs and projects at scale.
2 Furthermore, each program requires different types of
3 resources with different skills and certifications in order
4 to safely execute the projects. In a constrained labor
5 market, the company believed it was more appropriate to
6 establish an annual funding level that provided consistency
7 and stability to both Tampa Electric and our contracting
8 partners. The company also believed it would be impractical
9 to transition this workforce annually from one program to
10 another. This also supports the principle that all
11 customers should have a program that targets the part of
12 the system that provides their service.

13
14 **Q.** In developing the first SPP and this SPP, how was the
15 benefit analysis used to prioritize projects?

16
17 **A.** The company utilized 1898 & Co.'s sophisticated modeling
18 techniques to perform a quantitative analysis of these
19 expected benefits and to prepare an initial prioritization
20 of potential projects. The analysis produces expected
21 benefits in terms of avoided restoration costs, avoided
22 customer outages, and a monetization of the avoided
23 customer outages. Projects were initially prioritized based
24 on their cost benefit NPV ratios. The prioritization model
25 serves as a tool for Tampa Electric in establishing funding

1 levels. As described above, other factors such as execution
2 constraints, ease of construction, start-up and ramp-up
3 rates, and customer rate constraints were also factors in
4 finalizing the prioritization. This process is further
5 described in the Direct Testimonies of David L. Plusquellic
6 and Jason De Stigter.

7
8 **Q.** Did you follow this same development process and apply the
9 same principles in development of the 2022 SPP?

10
11 **A.** Yes. Tampa Electric's 2022 SPP includes the same eight storm
12 protection programs that were included in the prior SPP.
13 The analysis performed by Tampa Electric and 1898 & Co. to
14 support the 2022 SPP demonstrates that these programs will
15 continue to achieve the objectives of the SPP statute in a
16 cost-effective manner.

17
18 **Q.** Did the company incur any incremental costs in the
19 development of the 2022 SPP?

20
21 **A.** Yes. Tampa Electric re-engaged 1898 & Co. to assist with
22 evaluation and analysis of the 2022 SPP. More specifically,
23 1898 & Co. assisted with: (1) performing project
24 prioritization and benefits calculations for several of the
25 company's proposed SPP programs; and (2) analysis of the

1 proposed changes to these programs. This analysis and the
2 proposed changes are described in the Direct Testimonies of
3 David L. Plusquellic and Jason De Stigter.

4
5 **Q.** Did the company encounter any issues with implementation of
6 the 2020-2029 SPP? If so, how were they factored into
7 development of the 2022 SPP?

8
9 **A.** Yes. The company experienced delays related to several
10 unexpected issues including the COVID-19 pandemic; off-
11 system weather and related mutual assistance obligations;
12 customer preferences on location of undergrounded laterals;
13 permitting delays; supply chain issues; and qualified labor
14 shortages.

15
16 The company took several steps to address these issues in
17 the 2022 SPP.

18
19 First, the company now has a more effective process for
20 developing undergrounding projects. The company initially
21 designed projects to run through new easements across
22 customers' property. As a part of the customer outreach
23 for these projects, Tampa Electric discovered that
24 customers generally prefer for underground laterals to be
25 placed in existing right-of-way. This preference can cause

1 delays as the company works to obtain necessary easements
2 from customers or re-design projects as necessary. As a
3 result, the company is transitioning to designing projects
4 to run through existing right-of-way wherever there is not
5 significant risk of those assets being disturbed, avoiding
6 these delays.

7
8 Second, the company changed its programs to accommodate
9 local government permitting delays. While Tampa Electric
10 has never had a permit denied by a local government, the
11 company discovered that it can take up to 3-4 months to
12 obtain a necessary permit before construction can begin.
13 The company now begins design and permitting work for a
14 project further ahead of the anticipated construction start
15 date. This will allow the company to develop an "inventory"
16 of designed and permitted projects that are ready when
17 construction resources become available.

18
19 Third, the company discovered it was more cost effective
20 and efficient to underground some electrically-connected
21 distribution lateral segments served by the same feeder at
22 the same time. This change is described in greater detail
23 in the direct testimony of Mr. Plusquellic.

24
25 Fourth, the company created new positions for a

1 construction manager and several construction supervisors.
2 These individuals supervise outside contractors performing
3 SPP projects to ensure safety, quality control, and pace of
4 work are consistent with company expectations.

5
6 In 2021, the company established a dedicated warehouse for
7 SPP projects staffed by six dedicated Tampa Electric team
8 members. While the company had projected that materials
9 management and inventory storages would be challenging, it
10 became evident in 2020 that the SPP inventory would need to
11 have a dedicated location and staffing. First, the
12 company's existing locations did not have space to safely
13 accommodate the long-term incremental SPP material
14 inventory. The service areas were also not designed for the
15 incremental traffic flow resulting from a substantially
16 increased workforce picking up and delivering materials. Of
17 equal importance, the dedicated warehouse allows the SPP
18 team to isolate and control the financial impact of the SPP
19 program.

20
21 **Q.** You mentioned earlier that the 2022 SPP contains the same
22 eight programs as the prior SPP. How did you arrive at the
23 recommended funding levels for each of the capital programs
24 in the 2022 SPP?

25

1 **A.** We started the process with ranges for each of the programs
2 and settled on target funding levels that balance the
3 principles of addressing all aspects of our system,
4 projected benefits to customers, and our ability to
5 execute.

6

7 **Q.** How did you arrive at the funding level for the transmission
8 asset upgrade program?

9

10 **A.** Tampa Electric committed to replacing all its wooden
11 transmission poles within 10 years in the prior SPP. The
12 company remains on pace to complete this conversion as per
13 plan.

14

15 **Q.** How did you arrive at the funding levels for substation and
16 transmission access programs?

17

18 **A.** The funding level target for the substation program was
19 determined through a study performed by an outside
20 consultant in 2021. This study is described in greater
21 detail in the direct testimony of Mr. Plusquellic. In
22 general, the substation study examined 24 substations that
23 Tampa Electric identified as having potential extreme
24 weather risk. The substation study identified a subset of
25 nine substations based on an evaluation of each

1 substation's criticality and risk. These nine substations
2 were then evaluated by 1898 & Co. This analysis showed that
3 the potential benefits of hardening warranted the
4 associated costs. The direct testimony of Mr. De Stigter
5 shows the results of this evaluation.

6
7 The transmission access program was funded to achieve a
8 balance between completing all projects where the potential
9 benefits warranted the associated costs and impact to
10 customer rates.

11
12 **Q.** How did you arrive at the funding level for the feeder
13 hardening program?

14
15 **A.** Tampa Electric had an existing feeder reliability program
16 in effect at the time the SPP statute was passed. Prior to
17 the SPP, Tampa Electric had a circuit reliability program
18 that served as the basis for what could be reasonably
19 implemented and managed within a calendar year. This
20 experience also provided insight into the labor, materials,
21 project management and outages required. The company also
22 considered the number of potential projects where the
23 potential benefits of hardening warranted the estimated
24 costs. The final funding level was set using those
25 parameters along with sensitivity to customer rate impacts

1 from the SPP program as a whole.

2
3 **Q.** How did you arrive at the target funding level for the
4 distribution lateral undergrounding program?

5
6 **A.** The target funding level is based on several factors. First,
7 the company recognized the need to set an annual target
8 that we believe is executable. Second, the company
9 recognized the need to grow and sustain a sizeable
10 workforce. Third, Tampa Electric spoke with other utilities
11 with existing undergrounding programs as well as potential
12 contractor partners to gauge the labor market and what was
13 achievable. Fourth, the company identified the number of
14 projects where the estimated benefits warranted the
15 estimated costs. These considerations led to the decision
16 to target 75-100 miles per year once the program ramps up
17 to steady state operations.

18
19 **Q.** You stated that your program funding levels were based in
20 part on what level of activity you thought was achievable.
21 You invested less in both 2020 and 2021 than you projected
22 for both distribution lateral undergrounding and overhead
23 feeder hardening. Can you explain this?

24
25 **A.** Yes. As mentioned above, one of the impediments the company

1 encountered was the loss of overhead line crews to mutual
2 assistance obligations. During the eight months of SPP
3 activity in 2020, approximately one month of time was lost
4 to these obligations. In 2021, the company achieved the
5 projected activity level.

6
7 The distribution lateral undergrounding program experienced
8 delays related to customer preferences, permitting, and
9 labor market constraints as I described previously. The
10 company has taken steps to mitigate these issues in the
11 2022 SPP. The company is now beginning to develop an
12 "inventory" of designed, permitted, and supplied
13 undergrounding projects, removing the current bottlenecks
14 in releasing projects to our construction teams.

15
16 **Q.** How did you set the program funding level for vegetation
17 management?

18
19 **A.** As part of the process to develop the 2020-2029 SPP, Tampa
20 Electric retained Accenture, a consultant with expertise
21 that has worked with Tampa Electric on vegetation
22 management analyses in the past. Accenture analyzed
23 multiple scenarios involving incremental vegetation
24 management activities to evaluate the level of incremental
25 activity that would provide the greatest benefit for the

1 estimated cost. Tampa Electric is proposing to continue
2 these vegetation management activities from the prior SPP.

3

4 **Q.** Does Tampa Electric's 2022 Plan place a higher priority on
5 any areas of the company's service area for hardening or
6 enhancement projects?

7

8 **A.** No. As explained above, the company believes that all
9 customers should benefit from storm protection investments.
10 The modeling that supports the company's Plan does,
11 however, include some consideration of geography. For
12 instance, the model incorporates elements such as wind
13 speed zones, flood zones, localized vegetation cover, and
14 accessibility of assets. These considerations are addressed
15 in the direct testimony of Mr. De Stigter.

16

17 **Q.** Has Tampa Electric determined that it would be impractical,
18 unfeasible, or imprudent to harden or enhance any part of
19 the company's system?

20

21 **A.** No. All components of the transmission and distribution
22 system can be hardened to achieve resiliency benefits.
23 Furthermore, as explained above, Tampa Electric believes
24 that all customers should benefit from storm protection
25 investments. The company has, however, prioritized

1 hardening of those components of the system that offer the
2 greatest projected benefits for the associated cost.

3
4 **ADHERENCE TO COMMISSION RULES AND STATUTORY REQUIREMENTS**

5 **Q.** Will Tampa Electric's Storm Protection Plan further the
6 objectives of Section 366.96 of the Florida Statutes to
7 reduce restoration costs and outage times associated with
8 extreme weather and enhance reliability?

9
10 **A.** Yes. As Tampa Electric's direct testimony in this docket
11 demonstrates, the continued Storm Protection Plan is based
12 on a rigorous analysis of possible methods to achieve the
13 goals of Section 366.96 of the Florida Statutes. The goal
14 of the company's analysis was to identify those activities
15 that deliver the greatest storm resiliency and reliability
16 benefits for the lowest cost.

17
18 **Q.** Does the process utilized by Tampa Electric's 2022 SPP
19 address the requirements of Rule 25-6.030, F.A.C.?

20
21 **A.** Yes. Under Rule 25-6.030(3), F.A.C., a utility's Storm
22 Protection Plan must contain several specific categories of
23 information. The table below shows where each category of
24 information is located within the company's Proposed Storm
25 Protection Plan.

Tampa Electric's 2022-2031 Storm Protection Plan Adherence to Rule 25-6.030 F.A.C.	
Required Contents of Plan	Section of the Storm Protection Plan
25-6.030 (3) (a) - (b)	Section 3 - SPP Overview
25-6.030 (3) (c)	Section 1 - Tampa Electric's Service Area
25-6.030 (3) (d) 1-4	Section 6 - Storm Protection Programs
25-6.030 (3) (d) 5	Section 3 - SPP Overview
25-6.030 (3) (e)	Section 6 - Storm Protection Programs
25-6.030 (3) (f)	Section 6.2 - Vegetation Management
25-6.030 (3) (g)	Section 7 - Projected Costs and Benefits
25-6.030 (3) (h)	Section 8 - Estimated Rate Impacts
25-6.030 (3) (i)	Section 9 - Alternatives and Considerations
25-6.030 (3) (j)	N/A (optional)

Q. Please explain how the implementation of the company's proposed Storm Protection Plan will strengthen the company's infrastructure to withstand extreme weather conditions through overhead hardening of electrical transmission and distribution facilities as required by Rule 25-6.030(3)(a)?

A. Implementation of the company's Vegetation Management, Infrastructure Inspections, Transmission Asset Upgrades and

1 Distribution Overhead Feeder Hardening Programs will
2 accomplish this goal. One of the main causes of failed
3 overhead equipment is wind-blown vegetation. The Vegetation
4 Management Program will trim vegetation across the system
5 to help minimize this risk. Vegetation Management, however,
6 does not completely eliminate this risk since the wind can
7 blow vegetation into conductor from outside the company's
8 trimming area. This risk can be further addressed by
9 upgrading transmission and distribution structures to
10 mitigate failures due to physical loading on the power lines
11 from wind and debris. This includes include transmission
12 pole upgrades from wood to primarily steel or concrete, and
13 the overhead hardening of distribution poles to higher
14 class. Finally, feeder sectionalization and automation will
15 result in fewer customers impacted should the hardened
16 poles fail since all risk cannot be mitigated. These
17 programs are described in greater detail in the direct
18 testimony of Mr. Plusquellic.

19
20 **Q.** Please explain how the implementation of the company's
21 proposed Storm Protection Plan will strengthen the
22 company's infrastructure to withstand extreme weather
23 conditions through undergrounding certain portions of
24 electrical distribution lines as required by Rule 25-
25 6.030(3)(a)?

1 **A.** Implementation of the company's Distribution Lateral
2 Undergrounding Program will accomplish this goal.
3 Underground laterals are shielded from many of the
4 potential harmful effects of extreme weather events such as
5 wind loading and debris resulting in significant benefits
6 to customers. Indeed, metrics from past extreme weather
7 events clearly show that underground systems prove to be
8 much stronger and more resilient. This program is described
9 in greater detail in the direct testimony of Mr.
10 Plusquellic.

11
12 **Q.** Please explain how the implementation of the company's
13 proposed Storm Protection Plan will strengthen the
14 company's infrastructure to withstand extreme weather
15 conditions through vegetation management as required by
16 Rule 25-6.030(3)(a)?

17
18 **A.** A main driver of failed overhead equipment is wind-blown
19 vegetation contacting circuits. The company's proposed
20 Vegetation Management Program will mitigate this risk
21 through strategic, incremental vegetation management
22 activity. The Vegetation Management Program is described in
23 greater detail in the direct testimony of Mr. Plusquellic.

24
25 **Q.** Please explain how the implementation of the company's

1 proposed Storm Protection Plan will reduce restoration
2 costs and outage times associated with extreme weather
3 conditions as required by Rule 25-6.030(3)(b)?
4

5 **A.** Five of the eight SPP programs (Distribution Lateral
6 Undergrounding, Transmission Asset Upgrades, Substation
7 Extreme Weather Hardening, Distribution Overhead Feeder
8 Hardening, and Transmission Access Enhancement) were re-
9 modelled, re-assessed and optimized using a sophisticated
10 storm resilience model employed by the company's
11 consultant, 1899 & Co. This modeling is detailed in the
12 direct testimony of Mr. De Stigter. Tampa Electric also
13 performed a detailed analysis of the Vegetation Management
14 Program, during preparation of the company's initial SPP.
15 In addition, the proposed programs also underwent
16 additional analysis by Tampa Electric. These analyses
17 demonstrate there are significant benefits associated with
18 these programs including reduced restoration costs, reduced
19 outages, and reduced restoration times. Further program
20 benefits will accrue in day-to-day operations. The direct
21 testimony of Mr. Plusquellic includes additional details
22 regarding the estimated improvement in reduced restoration
23 costs and outage times for each program.
24

25 **Q.** Please explain how the implementation of the company's

1 proposed Storm Protection Plan will improve overall service
2 reliability and customer service as required by Rule 25-
3 6.030(3)(b)?

4
5 **A.** Each of the eight Storm Protection Plan programs will not
6 only meet the storm resiliency goals of the Rule and the
7 statute but will also have significant reliability benefits
8 during blue sky operations. The plan will ultimately result
9 in reduced outages, both momentary and sustained, and
10 reduced restoration times resulting in reduced operating
11 and capital costs. The company has not attempted to project
12 "blue sky" cost savings that may result from SPP activities
13 at this time. Tampa Electric expects that SPP activities
14 will ultimately reduce O&M spending, but it is difficult to
15 project those potential savings at this time. Furthermore,
16 these savings may be offset in whole or in part by increases
17 in certain O&M costs such as inspections and maintenance of
18 new system assets.

19
20 **Q.** Did the company consider any implementation alternatives
21 that would mitigate the resulting rate impact for each of
22 the first three years of the proposed Storm Protection Plan
23 as required by Rule 25-6.030(i)?

24
25 **A.** Yes. The company considered an alternative that involved no

1 incremental storm protection activities but quickly
2 rejected it as inconsistent with the objectives of the
3 statute. Tampa Electric also considered and rejected some
4 capital programs and projects including undergrounding
5 distribution feeders, proactively upgrading wood
6 distribution poles, purchasing temporary transmission
7 access solutions such as matting, and installing a private
8 LTE network.

9
10 The company also evaluated alternatives in the form of
11 several increments of SPP activity. Given that the statute
12 directs the company to develop a "systematic approach...to
13 achieve the objectives of reducing restoration costs and
14 outage times," the company worked with 1898 & Co. to confirm
15 that the company's projected funding levels are at the
16 optimal point before additional investment does not result
17 in materially greater restoration costs and outage time
18 benefits.

19
20 **ESTIMATED COSTS OF STORM PROTECTION PLAN**

21 **Q.** Did the company prepare an estimate of the annual
22 jurisdictional revenue requirements for each year of the
23 proposed Plan?

24
25 **A.** Yes. The estimated annual jurisdictional review

1 requirements for each year of the proposed Storm Protection
2 Plan are included in the company's Storm Protection Plan.
3 A full explanation of the detail of these jurisdictional
4 revenue requirements and how they were calculated for each
5 year of the proposed storm protection plan is included as
6 Exhibit No. ASL-1, Document No. 1 within the Direct
7 Testimony of ~~A. Sloan Lewis~~ **Richard Latta** in this proceeding.
8

9 **ESTIMATED RATE IMPACTS OF STORM PROTECTION PLAN**

10 **Q.** Did the company prepare an estimate of rate impacts for
11 each of the first three years of the proposed storm
12 protection plan for a typical residential, commercial, and
13 industrial Tampa Electric customer?
14

15 **A.** Yes. The estimated rate impacts for each of the first three
16 years of the proposed Storm Protection Plan for a typical
17 residential, commercial, and industrial Tampa Electric
18 customer are included in the table below. A full detail
19 explanation of these rate impacts and how they were
20 calculated for each of the first three years of the proposed
21 storm protection plan is included as Exhibit No. ASL-1,
22 Document No. 2 within ~~A. Sloan Lewis's~~ **Richard Latta's** direct testimony in
23 this proceeding.
24
25

Tampa Electric's Storm Protection Plan "Total Cost" Customer Bill Impacts (in percent)				
Customer Class				
	Residential 1000 kWh	Residential 1250 kWh	Commercial 1 MW 60 percent Load Factor	Industrial 10 MW 60 percent Load Factor
2022	2.70%	2.70%	1.17%	1.08%
2023	4.13%	4.13%	1.28%	1.19%
2024	5.31%	5.31%	1.37%	1.29%

CONCLUSIONS

Q. Please summarize your direct testimony.

A. My testimony and the direct testimony of David L. Plusquellic, ~~A. Sloan Lewis~~ **Richard Latta**, and Jason D. De Stigter and the accompanying exhibits present and support Tampa Electric's proposed 2022-2031 Storm Protection Plan. This Plan was developed in a manner consistent with the requirements of Section 366.96, Florida Statutes and the implementing Rule 25-6.030, F.A.C., adopted by the Commission.

Q. Should Tampa Electric's proposed 2022-2031 Storm Protection Plan be approved?

A. Yes. Tampa Electric's proposed 2022-2031 Storm Protection

1 Plan should be approved. The Plan contains all of the
2 required contents set out in Rule 25-6.030, F.A.C. The Plan
3 will also build on the achievements under the company's
4 2020-2029 SPP and from the prior Storm Hardening Plans and
5 initiatives that were established by this Commission in
6 2007. Finally, the Plan will continue to accelerate the
7 company's existing hardening efforts to achieve the
8 objectives of Section 366.96(3) of the Florida Statutes.

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

11
12 **A.** Yes.

13
14
15
16
17
18
19
20
21
22
23
24
25

1 BY MR. WAHLEN:

2 Q Mr. Pickles, did you include with your
3 testimony an exhibit labeled DAP-1?

4 A That is correct.

5 MR. WAHLEN: Mr. Chairman, just for
6 completeness, I believe that's been identified by
7 the staff as Exhibit No. 9.

8 BY MR. WAHLEN:

9 Q And I would also ask, Mr. Pickles, did we file
10 for you some updated corrections to that exhibit, Bates
11 pages 103, 145 and 205?

12 A That is right.

13 Q Okay. Those updates have been reflected in
14 the comprehensive exhibit list.

15 Mr. Pickles, would you please summarize your
16 direct testimony?

17 A Yes, I will.

18 Good morning, everyone. My direct testimony
19 addresses the comprehensive, thorough and rigorous
20 approach taken by Tampa Electric to develop and propose
21 to this commission the company's 2022 to 2031 Storm
22 Protection Plan. Tampa Electric's proposed storm
23 protection plan is, in large part, a continuation of the
24 company's initial storm protection plan that was
25 approved by the Commission in August of 2020.

1 The company made two modifications to the
2 existing storm protection plan to capture valuable
3 lessons learned in the company's lateral undergrounding
4 program, and also to leverage data from the company's
5 advanced metering infrastructure.

6 My testimony describes the eight storm
7 protection programs that comprise the proposed SPP, and
8 how the company's plan fully meets the requirements of
9 the statute to strengthen electric utility
10 infrastructure to withstand extreme weather conditions
11 by promoting the overhead hardening of electrical
12 transmission and distribution facilities, the
13 undergrounding of certain electrical distribution lines
14 and vegetation management.

15 In my testimony, it clearly demonstrates the
16 proposed plan complies with Rule 25-6.030. Tampa
17 Electric believes that all customers should benefit from
18 the company's storm protection plan investments, and to
19 support this believe, the company's plan includes
20 projects that are distributed throughout the company's
21 service area.

22 While the plan does not place a higher
23 priority on one geographic area over another, the
24 rigorous modeling that was performed does consider
25 geographical elements such as wind speed zones, flood

1 zones, localized vegetation cover and accessibility of
2 assets.

3 To support the development of the company's
4 2022 to 2031 storm protection plan, the company utilized
5 the same consulting firm that assisted in the modeling
6 of the company's initial SPP. This third-party
7 reevaluation of the company's methodology is used to
8 develop the estimate of the reduction in outage time and
9 restoration costs, and to prioritize the projects within
10 the company's SPP. I proceed to describe each of the
11 eight storm protection plan programs in detail along
12 with providing on the approach taken for determining the
13 respective funding level and prioritization process
14 used. Tampa Electric's proposed SPP achieves a proper
15 balance of pace of execution while, at the same time,
16 being sensitive to the rate impact to all customers.

17 Based on these facts and the other matters
18 discussed in greater detail in my testimony, Tampa
19 Electric urges the Commission to approve the company's
20 storm protection plan that we have proposed.

21 Thank you.

22 **Q Does that conclude your summary?**

23 **A** Yes, it does.

24 **Q Thank you.**

25 **MR. WAHLEN:** Mr. Pickles is available for

1 cross-examination.

2 CHAIRMAN FAY: Okay. Great. Ms. Wessling.

3 MS. WESSLING: Thank you, Chairman.

4 EXAMINATION

5 BY MS. WESSLING:

6 Q And I think have got a couple of minutes to
7 still be able to say good morning so --

8 A Yes, good morning.

9 Q -- good morning, Mr. Pickles.
10 So just to stay on trend here. You are not an
11 attorney?

12 A I am not.

13 Q Okay. But TECO's SPP, which you sponsored as
14 one of your exhibits, is TECO's interpretation of the
15 statute and rules regarding the storm protection plan,
16 correct?

17 A That is correct.

18 Q Okay. But you would agree that it's up to the
19 Commission to determine how those statutes should
20 actually be interpreted, and whether or not your plan
21 actually complies with the statute and rules, correct?

22 A I would agree with that, yes.

23 Q Okay. A moment ago in your summary, you
24 mentioned that TECO and you, through TECO, feel that
25 your plan represents a reasonable rate of storm

1 hardening?

2 A Yes.

3 Q Okay. But you would also agree that there is
4 no prescribed rate by either the statute or the rule at
5 which TECO or any other utility needs to engage in storm
6 hardening?

7 A That is correct. The statute does not state
8 that. No.

9 Q You would also agree with me that the
10 Commission must consider customer rate impacts in
11 determining whether or not to improve, modify or deny
12 TECO's storm protection plan, correct?

13 A Yes.

14 Q If we could -- do you have a copy of your
15 testimony?

16 A I do.

17 Q All right. FPL we could go to page -- pages
18 29 through 30.

19 A Uh-huh.

20 Q I believe that's the section -- I will wait
21 for you to get there.

22 A Yes. Go ahead.

23 Q On those two pages, you explain the estimated
24 rate impacts of the storm protection plan, and you
25 include a chart for the first three years of the plan,

1 correct?

2 A Yes, I did. Yes.

3 Q Okay. One moment. Did I give you a copy of
4 the exhibits yet?

5 A I don't believe so. No.

6 Q Sorry about that.

7 A Thank you.

8 Q So within the comprehensive exhibit list,
9 Exhibit No. 81 is the TECO's responses to OPC's second
10 set of interrogatories. I provided a copy in that
11 stack, but -- in case you don't already have access to
12 that.

13 A These are not numbered --

14 Q Right.

15 A -- by exhibit number.

16 Q There is a title that says, TECO's responses
17 to OPC's second -- it should be the second --

18 A Second set?

19 Q -- exhibit, I believe, there.

20 A Yes, I have it.

21 Q Okay. So -- and again, I believe for --

22 MS. WESSLING: Commissioners, do you all have
23 copies of the exhibits? It actually looks like
24 they are being passed out now.

25 MR. WAHLEN: Excuse me, is that stack of

1 documents different than the ones that I have got
2 here?

3 MS. WESSLING: They shouldn't be. No.

4 MR. WAHLEN: Okay. Thank you.

5 CHAIRMAN FAY: Everybody got a copy?

6 MR. WAHLEN: Yes, sir. Thank you.

7 CHAIRMAN FAY: Great.

8 MS. WESSLING: I am just going to for
9 everyone's benefit, one of the exhibits in that
10 stack is TECO's second responses to
11 interrogatories. That's also included on staff's
12 exhibit list as No. 81, but just that's a courtesy
13 copy in case anyone needed it.

14 BY MS. WESSLING:

15 **Q Do you see that exhibit?**

16 A Could you repeat the number?

17 **Q Sure. It's the exhibit itself.**

18 A Oh, yes, I have it.

19 **Q Okay.**

20 A Yes.

21 **Q All right. You prepared responses within**
22 **these interrogatories to numbers 34 through 39, as well**
23 **as number 49 and number 50, correct?**

24 A That's correct.

25 **Q All right. And if you could go to number 49.**

1 I am sorry, one moment.

2 CHAIRMAN FAY: Is that on page 65, Ms.

3 Wessling?

4 BY MS. WESSLING:

5 Q Okay. On that page, you state that customer
6 rate impacts are determined as an end result of the
7 entire SPP, correct?

8 A Yes.

9 Q And then on the next page, for number --
10 interrogatory number 50, that states: As stated above,
11 customer rates are examined as an end result and not
12 used to determine the total level, either up or down, of
13 one, capital, or, two, O&M expense contained in the each
14 of the first three years of the company's 2022 through
15 2031 SPP, correct?

16 A Yes.

17 Q And then additionally, if we go back one page
18 to number 49 again, TECO also states that customer rate
19 impacts are not determined for individual SPP projects
20 or programs, correct?

21 A Correct.

22 Q If the Commission wanted to modify TECO's
23 storm protection plan, they do not have any evidence
24 about the customer rate impacts of different storm
25 protection plans or programs and projects, correct?

1 A That is correct.

2 Q And your title at TECO is Vice-President of
3 Electric Delivery and Asset Management for Electric
4 Delivery and Energy Supply, is that accurate?

5 A Yes. That's correct.

6 Q One of your job responsibilities is the safe,
7 timely and efficient implementation of TECO's storm
8 protection plan, correct?

9 A Repeat that again.

10 Q Sure. One of your job responsibilities is the
11 safe, timely and efficient implementation of TECO's
12 storm protection plan, correct?

13 A Yes.

14 Q All right. And you were involved in the
15 development of TECO's storm protection plan?

16 A I was.

17 Q Would you say you were heavily involved?

18 A Yes.

19 Q Okay. And you are very familiar with the
20 programs and projects that TECO has included in this
21 plan, correct?

22 A Yes, I am.

23 Q You are also familiar with the costs of the
24 various programs?

25 A Yes, I am.

1 Q And Emera is TECO's parent company, correct?

2 A That's correct.

3 Q And they are headquartered in Canada?

4 A That's correct.

5 Q They make presentations to their investors
6 regularly, correct?

7 A I believe so.

8 Q All right. And these presentations are open
9 to the public?

10 A Yes.

11 Q But they are targeted towards their investors?

12 A I suspect so.

13 Q Okay. I would like you to take a look at
14 another one of the exhibits that was passed out to you.
15 I believe it's the third in this stack.

16 MS. WESSLING: I would ask that we number it
17 at this point.

18 CHAIRMAN FAY: Yes. We will number it -- is
19 it May and June Investor Presentation?

20 MS. WESSLING: It is.

21 CHAIRMAN FAY: Number that 106.

22 MS. WESSLING: Okay.

23 (Whereupon, Exhibit No. 106 was marked for
24 identification.)

25 THE WITNESS: I have it.

1 BY MS. WESSLING:

2 Q All right. If you could please turn to page
3 12.

4 MR. WAHLEN: I am not sure the copy I have has
5 page numbers on it.

6 MS. WESSLING: They are sort of faint, but if
7 you --

8 CHAIRMAN FAY: The bottom right maybe, Mr.
9 Wahlen.

10 MR. WAHLEN: Oh, I am sorry. There they are.
11 Thank you.

12 THE WITNESS: I have it.

13 BY MS. WESSLING:

14 Q All right. In that chart on page 12, could
15 you tell me how much this chart indicates that TECO will
16 be spending on storm hardening activities between 2022
17 and 2024?

18 A It denotes \$640 million.

19 Q Okay. And there are some footnotes here,
20 that's in Canadian dollars, correct?

21 A It's very hard to read, but I believe so.

22 Q Okay. Would you take my word for it, subject
23 to check, that about 640 million Canadian dollars, at
24 the exchange rate mentioned on that paper, equals about
25 448 million U.S. dollars?

1 A Sounds about right.

2 Q Okay. Are you aware that TECO has already
3 announced to investors that they spend -- intend to
4 spend this money, or this much money on storm hardening
5 activities between 2022 and 2024?

6 A This would be a directional investment.

7 Q But are you aware that they announced that?

8 A I have not seen this document before. No.

9 Q Okay. You would agree, though, that if TECO
10 had made such an announcement, that the Commission is
11 not bound by that number in order to -- they don't have
12 to approve that number?

13 A Of course.

14 Q Okay.

15 A Uh-huh.

16 Q And are you aware of the actual estimated
17 information that was recently filed in the fuel docket?

18 A I was not part of that. No.

19 Q Okay. Are you aware of the estimated
20 under-recovery amount?

21 A Directionally, but I have not seen the final
22 number. No.

23 Q Okay. If you could, look at the fourth
24 exhibit that I provided then.

25 MS. WESSLING: And if we could -- would this

1 be No. 107?

2 CHAIRMAN FAY: Sure.

3 (Whereupon, Exhibit No. 107 was marked for
4 identification.)

5 CHAIRMAN FAY: And the title for that, Ms.
6 Wessling, the last one?

7 MS. WESSLING: It's the July 27th, 2022.

8 THE WITNESS: Yes, I have it.

9 BY MS. WESSLING:

10 **Q Okay. If you look on page one, could you**
11 **review that page and identify what the estimated**
12 **under-recovery will be for 2022?**

13 A Repeat -- what? Sorry.

14 **Q Could you review the paragraph that's labeled**
15 **number one and identify what's listed as the projected**
16 **under-recovery?**

17 A Yes. So Tampa Electric projects an annual --
18 or sorry -- an actual, slash, estimated true-up amount
19 for the January 2022 through December '22 period, which
20 is based on actual data for the period of January 1
21 through June 30th, and revised estimates for the period
22 of July 1, '22, through December 31, '22, and inclusive
23 of the midcourse correction true-up adjustments of the
24 current period to be an under-recovery of \$411,964,625.

25 **Q Are you aware that the Commission is going to**

1 review that number in a separate docket and determine
2 whether or not to approve that?

3 A Yes, I am aware of that.

4 Q Okay. Are you aware that if that is approved,
5 or any number related to that, that those rates will go
6 into effect on January 1st, 2023?

7 A I am not sure of the time period for approval.

8 Q Okay. Well, the costs, if approved in this
9 docket for the SPP charges, those would go into effect
10 January 1st of 2023?

11 A Yes. That is correct.

12 Q Okay.

13 MS. WESSLING: One moment.

14 CHAIRMAN FAY: Okay.

15 MS. WESSLING: Nothing further at this time.

16 CHAIRMAN FAY: Okay. Thank you.

17 Next we have FIPUG.

18 MR. MOYLE: Thank you.

19 EXAMINATION

20 BY MR. MOYLE:

21 Q Good afternoon. I will transition into a good
22 afternoon. How is that?

23 A That's great.

24 Q I don't know that we've had the pleasure of
25 meeting. I am Jon Moyle. I represent the Florida

1 **Industrial Power Users Group.**

2 A Nice to meet you.

3 **Q I have a few questions for you.**

4 You said in your conclusion, or your summary
5 of your testimony that you interpreted the statute when
6 you were working on this project, is that right?

7 A That's correct.

8 **Q And did you all interpret the statute in a way**
9 **that prompted you to perform a quantitative analysis of**
10 **the costs for storm protection measures and then the**
11 **benefits to the customers?**

12 A Yes, we did. We engaged with a third party
13 consultant to give us a work-through a development of a
14 prioritized project list that would benefit both the
15 reduction in costs -- restoration costs and customer
16 minutes of interruption.

17 **Q Would it be fair to characterize this work as**
18 **akin to a cost benefit analysis?**

19 A I would call it more of a business decision
20 analysis, really looking at the various projects and the
21 overall benefit each one would bring.

22 **Q In making those business decisions, did you --**
23 **you did take into account the cost vis-a-vis the**
24 **benefits?**

25 A Yes, we did.

1 **Q** **And with respect to making decisions about**
2 **prioritizing projects, at a high level, could you just**
3 **tell the Commission how you did that?**

4 A Yes, of course.

5 So, you know, the, you know, the savings
6 associated with restoration impacts really looked at
7 each individual asset, and essentially looked at the
8 cost of replacement, associated contract labor, internal
9 labor cost and a buildup of that.

10 And then we -- 1898 and company, the
11 third-party that we used, have an extensive cost, or a
12 time analysis tool that they use to develop the amount
13 of time that would be saved by the individual
14 investments. And then we used the ICE calculator that
15 was mentioned yesterday to monetize the value of that
16 time, and essentially combined the two looking at total
17 cost -- total cost savings of restoration and total
18 savings due to time reduced of outages.

19 **Q** **And then in terms of the ones that provided**
20 **the biggest bang for your buck, were those the ones that**
21 **were prioritized?**

22 A Absolutely. The more assets on a particulate
23 lateral or feeder, more customers would provide more
24 value.

25 **Q** **And then consequently that would be**

1 prioritized at the top of the list?

2 A Exactly.

3 Q In your review of the statute, you saw that
4 the Commission is charged with considering impacts on
5 customer rates, correct?

6 A Yes.

7 Q And the answer to the interrogatory that OPC
8 provided to you, interrogatory number 50, I was unclear
9 as to how customer rate impacts were contemplated or
10 considered in your approach. You know, it's already
11 been read into the record, but the end result, the
12 customer rate impacts are examined as an end result and
13 not used to determine the total level. I am not sure I
14 understood that. Could you explain that, please?

15 A Yeah. So the, you know, the final impact to
16 rate is the total plan investment that we have, and
17 that's where the ultimate calculation is made. You
18 know, certainly, this plan that we are submitting is a
19 continuation of the original filing and is very much in
20 line from an investment level. So we were certainly
21 aware of the rate impact that this plan had potentially,
22 and, you know, it -- we had to look at various
23 components of the plan to land on its final
24 construction, and literally looked at, you know, all
25 programs, and then narrow that in to, you know, the ones

1 that provide the highest level of benefit, and further
2 broke that down.

3 You know, the lateral undergrounding program
4 is it two-thirds of our investment plan. We see that as
5 bringing the most value. 94 percent of our customers
6 are fed off of laterals. We've seen the most
7 significant benefit during storm events to the
8 investment in those areas, so --

9 And then vegetation management being second,
10 you know, the impact, as the statute calls out the --
11 excuse me -- most damage -- excuse me -- most damage is
12 a result of either debris or vegetation making contact
13 with overhead feeders or laterals, so a very, you know,
14 a very practical approach, I guess, to our investment
15 plan.

16 **Q Yeah. Did you all consider variations to your**
17 **plan that may have resulted in, you know, costs, say, at**
18 **a high, medium or low range?**

19 A Excuse me. We did not develop a three-stage,
20 or a low, medium, high approach. We started at the
21 large granular level. We looked at total investment
22 and, you know, tried to seek that area where, you know,
23 the incremental benefit did not -- or incremental
24 investment did not provide any additional benefit, and
25 then really looked to narrow the investment plan, and

1 really get into the weeds on the various components and
2 broke it down from there, really trying to, you know,
3 balance the level of investment that provides, you know,
4 noticeable benefits over a reasonable amount of time
5 over the 10-year period, while having that balanced
6 impact on rates.

7 **Q And could you explain a little more in terms**
8 **of how you made the judgment as to investment versus**
9 **incremental benefit? You used the phrase the juice not**
10 **being worth the squeeze, and I assume there are some**
11 **levels where you just say this doesn't make sense.**
12 **Could you just expand on that a little bit?**

13 A Yeah. So there were programs that we would
14 have excluded from the plan, like the, you know, the
15 undergrounding of overhead feeders, the proactive
16 replacement of poles, transmission access mats, there is
17 various different components that were considered and
18 looked at but really just didn't provide the value. You
19 know, we stuck very strictly to the benefits and the
20 prioritization process. Witness Jason DeStigter is here
21 with us today. He is actually from 1898, and he can
22 certainly nothing a higher degree of detail on the
23 analysis that was done.

24 **Q I will ask him some questions, but was there a**
25 **bright line at some point that anything below the line**

1 **did not get included and anything above the line was**
2 **included?**

3 A So we, you know, we took an unconstrained look
4 at the 13,000 plus projects that existed and, you know,
5 at the billion-and-a-half-dollar level over a 10-year
6 period. Really, that was the breaking point where
7 incremental investment really didn't provide any
8 additional benefit. That was the unconstrained view,
9 and then we looked at the constrained.

10 It was really what can we, you know, manage as
11 a company, both from a safety, quality of work,
12 productivity, what can the market support? You know,
13 there is limited resources in this skilled area. There
14 is a high demand for contractors for undergrounding and
15 feeder work, and, you know, we really sought to provide
16 a levelized program that was -- that allowed contractors
17 to be able to establish their business in the Tampa
18 area.

19 You know, having a program that spent X number
20 of million dollars in this area and then jumped around
21 really didn't provide contractors the ability to set up
22 shop, invest in equipment, so we had to take that into
23 consideration. What is a sustainable program?

24 And then, you know, as I mentioned earlier,
25 this is a really, is a customer centric program. So

1 spreading that work around all service areas to make
2 sure all customers' benefit was taken into
3 consideration.

4 And then ultimately, you know, the pace of
5 execution. You could spend it all in one year, and then
6 rates will be astronomical. It's finding that right
7 level of balance that we deliver measurable benefits in
8 the storm cost restoration savings, minutes reduction
9 over a reasonable amount of time.

10 **Q And you are aware that some of the economic**
11 **conditions in Florida, and in the country, are not in**
12 **the best position as we speak, is that right?**

13 A That's correct.

14 **Q And I made a reference in opening statement to**
15 **two quarters of negative growth in the GDP, you are**
16 **aware of that?**

17 A I am. Yes.

18 **Q And increased interest rates?**

19 A That's right.

20 **Q And inflation is high in the United States**
21 **right now, correct?**

22 A Yes, it is.

23 **Q If this commission said, based on its -- well,**
24 **let me ask you this: The Commission can consider a**
25 **whole host of factors and issues in making its**

1 **determination about these plans, correct?**

2 A That's correct.

3 **Q If this commission said, or decided, or wanted**
4 **to make some modifications to the plan, and thought that**
5 **some level of savings from what's projected was in**
6 **order, how could they do that?**

7 A You know, any irreduction to the plan and, you
8 know, is -- will have a very linear impact on the
9 savings that it's going to produce. You know, I used
10 the lateral undergrounding already as an example, you
11 know, every mile that's not undergrounded is one mile
12 that's at risk of failure.

13 You know, we have ran, you know, some numbers
14 to kind of understand what the impact to the program
15 would be if it was, you know, arbitrarily cut. There
16 was a recommendation, I believe from OPC. You know,
17 that would have a very significant impact on the plan.
18 It would see about a 60-percent reduction in the
19 opportunity for restoration savings almost an 80 percent
20 reduction in the amount of minutes that would be
21 potentially saved by making the investment. So, you
22 know, it's -- it would -- it's very significant.

23 **Q As it relates to the impacts on the storm**
24 **hardening?**

25 A Absolutely.

1 Q But if I understood our conversation, that the
2 ranking has been done in order of priority, so if the
3 Commission said, well, let's go up and take, you know,
4 20 percent of the projects, and just say today is not
5 the right time, it's not the right time, you know, these
6 come in every three years, maybe we will take a look at
7 it again, but given the economic situation, would that
8 be a logical approach, in your mind, since you ranked
9 them in orders of biggest bang for the buck? If you
10 were looking to interim some, would you just go to the
11 bottom of the list and trim up?

12 A I would have to think that question through.
13 But again, the -- given that our program is two-thirds
14 lateral undergrounding, you cannot make a reduction in
15 this plan without having an impact on that. And for
16 every mile that you reduce, it's one more mile that's,
17 you know, that's subject to the failure during a storm
18 events. And vegetation management is another
19 significant portion of this plan, which we know has
20 already had significant improvement on reliability.

21 Q Yeah. Are there some areas in your service
22 area, do you know, that get flooded more frequently than
23 others with sea level rise and things like that?

24 A I am not aware of anything due to sea level
25 impacts, but certainly there are areas that are subject

1 to flood risk and storm surge.

2 **Q And did you make any distinction between those**
3 **with respect to undergrounding?**

4 A I can't speak to that specifically, Jason
5 DeStigter may be able to answer that question more
6 directly.

7 MR. MOYLE: Thank you. That's all I have.

8 CHAIRMAN FAY: Ms. Eaton.

9 MS. KEATING: I don't have any questions.

10 Thank you.

11 CHAIRMAN FAY: Staff.

12 EXAMINATION

13 BY MR. IMIG:

14 **Q Good afternoon, Mr. Pickles.**

15 A Good afternoon.

16 **Q Do you have a copy of the SPP rule, 25-6.030?**

17 A I do.

18 **Q Please refer to subparagraph (3)(d)(1).**

19 A Yes.

20 **Q Does TECO's SPP include an estimate of the**
21 **resulting reduction in outage times and restoration**
22 **costs due to extreme weather conditions?**

23 A Yes. We use that information to evaluate
24 every single program that's in the -- in the submission,
25 and to evaluate its effectiveness, both from a reduction

1 in cost restoration cost savings, or reduction in
2 customer minutes of interruption.

3 **Q All right. Can you point to specifically**
4 **where in your plan that's located?**

5 A I don't believe it's spelled out specifically
6 in the plan. I could be wrong on that, but I know it
7 was used explicitly in the development of the plan. I
8 don't believe it's called out in detail, but I --

9 MR. WAHLEN: That may be a better question for
10 Mr. DeStigter.

11 THE WITNESS: Yes.

12 MR. IMIG: Thank you.

13 No more questions.

14 CHAIRMAN FAY: Great. Thank you.

15 Commissioners?

16 Redirect?

17 MR. WAHLEN: Yes, sir.

18 FURTHER EXAMINATION

19 BY MR. WAHLEN:

20 **Q Mr. Pickles, you have already disclaimed that**
21 **you are not an attorney. I want to ask you, in your**
22 **experience as a utility executive, is it unusual for a**
23 **utility to make a presentation to the investment**
24 **community about its future investment plans?**

25 A No, it's not. It's very common. It's usually

1 an annual occurrence.

2 Q You talked about the levelized approach, or
3 you were asked about the levelized approach --

4 A Uh-huh.

5 Q -- and you mentioned a number of benefits to
6 that. Do you think there is a benefit to customers of a
7 levelized investment approach?

8 A Absolutely. You know, the ability to sustain
9 resources on the contractor basis, the bulk share of
10 this work is done by contractors. Providing them the
11 opportunity to establish business, it's good for the
12 economy, but it's also great for customers, because it
13 allows them to, you know, just a stable approach. And
14 we've, you know, attempted to utilize three or four
15 different contractors to provide an opportunity to do
16 cost comparisons across the three, you know, make sure
17 that they are remaining competitive as well. So it
18 definitely has provided great input and information for
19 us, so we can develop a plan that we have confidence in
20 the cost estimates we are developing.

21 MR. WAHLEN: Thank you. No further questions.

22 CHAIRMAN FAY: Great. We will, without
23 objection, move Exhibit 9.

24 MR. WAHLEN: We move No. 9, please.

25 CHAIRMAN FAY: Okay.

1 (Whereupon, Exhibit No. 9 was received into
2 evidence.)

3 CHAIRMAN FAY: And, OPC, we have 106 and 107.
4 Without objection, show those moved into the
5 record.

6 (Whereupon, Exhibit Nos. 106-107 were received
7 into evidence.)

8 CHAIRMAN FAY: All right. With that, we are a
9 little bit before 12:30. We will start back here
10 at 1:45 exactly. So we will see you then.

11 Thank you.

12 (Lunch recess.)

13 (Transcript continues in sequence in Volume
14 3.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED this 10th day of February, 2022.



DEBRA R. KRICK
NOTARY PUBLIC
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EXPIRES AUGUST 13, 2024