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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220122-EI

Petition for limited proceeding rate
increase to implement return on equity
provisions in 2021 agreement, by
Tampa Electric Company.

_____ /

PROCEEDINGS: HEARING

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

DATE: Tuesday, August 16, 2022

TIME: Commenced: 9:30 a.m.
Concluded: 9:47 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

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

1 APPEARANCES:

2 J. JEFFREY WAHLEN, VIRGINIA PONDER and MALCOLM
3 N. MEANS, ESQUIRES, Ausley Law Firm, Post Office Box
4 391, Tallahassee, Florida 32302; appearing on behalf of
5 Tampa Electric Company (TECO).

6 RICHARD GENTRY, PUBLIC COUNSEL; CHARLES J.
7 REHWINKEL, and MARY WESSLING, ESQUIRES, OFFICE OF PUBLIC
8 COUNSEL, c/o The Florida Legislature, 111 West Madison
9 Street, Room 812, Tallahassee, Florida 32399-1400;
10 appearing on behalf of the Citizens of the State of
11 Florida (OPC).

12 ROBERT SHEFFEL WRIGHT and JOHN T. LAVIA, III,
13 ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive,
14 Tallahassee, Florida 32308; appearing on behalf of
15 Florida Retail Federation (FRF).

16 JENNIFER CRAWFORD and RYAN SANDY, ESQUIRES,
17 FPSC General Counsel's Office, 2540 Shumard Oak
18 Boulevard, Tallahassee, Florida 32399-0850, appearing on
19 behalf of the Florida Public Service Commission (Staff).

20 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE
21 HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service
22 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
23 Florida 32399-0850, Advisor to the Florida Public
24 Service Commission.

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EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	10	11
1-7	As identified in the CEL	10	11

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P R O C E E D I N G S

CHAIRMAN FAY: All right. Good morning.
Everyone is ready to go this morning. It is 9:30,
August 16th. We will call this administrative
hearing to order.

Staff, if you could, please read the notice.

MS. CRAWFORD: By notice, this time and place
is scheduled for conducting a hearing in Docket
20220122-EI, to consider Tampa Electric Company's
petition for a limited proceeding rate increase to
implement the return on equity provisions in its
2021 rate settlement agreement. The purpose of the
hearing is set out more fully in the notice.

We note that the petition under consideration
today arises from revisions of TECO's 2021
settlement. The signatories to that agreement have
been made parties to the proceeding. And the
purpose of today's hearing is to address whether
TECO's authorized ROE and range of return on equity
should be revised due to the trigger provisions of
the 2021 settlement, and if so, what the
appropriate annual base revenue increase should be.

And finally, staff notes that the Federal
Executive Agencies, Florida Industrial Power Users
Group, Walmart, Inc., and West Central Florida

1 Hospital Utility Alliance, who were signatories to
2 the '21 settlement agreement, have been excused
3 from today's hearing. The excused parties have
4 represented to staff counsel they do not oppose the
5 approval of TECO's petition, and that the petition
6 conforms with the terms of the 2021 settlement
7 agreement.

8 CHAIRMAN FAY: Okay. Great. Thank you, Ms.
9 Crawford.

10 We will move into appearances. TECO first.

11 MR. WAHLEN: Good morning, Commissioners.
12 Jeff Wahlen, Virginia Ponder and Malcolm Means with
13 the Ausley McMullen Law Firm on behalf of Tampa
14 Electric Company.

15 CHAIRMAN FAY: Okay. Great. Thank you.
16 Office of Public Counsel.

17 MS. WESSLING: Good morning. This is Mary
18 Wessling on behalf of the Office of Public Counsel,
19 along with Charles Rehwinkel and Richard Gentry.

20 CHAIRMAN FAY: Great. Thank you.

21 Florida Retail Federation, Mr. Wright.

22 MR. WRIGHT: Thank you, Mr. Chairman. Schef
23 Wright on behalf of the Florida Retail Federation.

24 CHAIRMAN FAY: Great. Thank you.

25 Staff.

1 MS. CRAWFORD: Jennifer Crawford and Ryan
2 Sandy for staff.

3 MS. HELTON: And Mary Anne Helton is here as
4 your Advisor. I would also like to enter an
5 appearance for your General Counsel, Keith Hetrick.

6 CHAIRMAN FAY: Oh, great. Great. That takes
7 care of appearances.

8 We will move on to any preliminary matters.
9 Staff, do we have anything we need to take up
10 before we get into opening statements?

11 MS. CRAWFORD: The staff is not aware of
12 anything.

13 CHAIRMAN FAY: Okay. Anything from the
14 parties?

15 Okay. With that, we will move into opening
16 statements.

17 We will limit opening statements to five
18 minutes. We will have TECO speak first, then the
19 Office of Public Counsel. Then, Mr. Wright, you
20 can go after them.

21 So with that, Mr. Wahlen, you are recognized
22 for your opening statement.

23 MR. WAHLEN: Thank you.

24 Good morning again, Commissioners. Today,
25 Tampa Electric asks that the Commission grant its

1 petition filed July 1st, which implements the ROE
2 trigger provisions of the 2021 agreement approved
3 by the Commission last October.

4 The company's petition and exhibits, and the
5 exhibits to be entered into the record, show that
6 the six-month average 30-year United States
7 Treasury Bond yield rate has increased by more than
8 50 basis points, which under the 2021 agreement
9 triggers a \$10 million base rate increase, and an
10 increase in the company's authorized midpoint in
11 range of returns.

12 Tampa Electric believes that the relief we
13 seek today was decided in last October, so we view
14 today's proceeding as an implementation of a
15 decision made last October, rather than a new
16 decision.

17 I am accompanied today by three witnesses who
18 I will introduce later, and Penelope Rusk, Senior
19 Director of Regulatory Affairs at Tampa Electric.
20 Between the five of us, we should be able to answer
21 any questions you may have.

22 I would like to thank your staff for the
23 professional and diligent way they set this matter
24 for hearing. We would also like to thank the
25 consumer parties to the 2021 agreement, each of

1 whom promptly reviewed our petition, and have
2 continued to cooperate with the company as we
3 implement the 2021 agreement.

4 With that, I will conclude by thanking each of
5 you for your attention this morning, and by asking
6 that the Commission grant our petition and the
7 relief requested in it.

8 Thank you very much.

9 CHAIRMAN FAY: Great. Thank you, Mr. Wahlen.
10 Next, Office of Public Counsel.

11 MR. REHWINKEL: Thank you, Mr. Chairman and
12 Commissioners.

13 We are here to support the settlement
14 agreement that we agreed to almost exactly a year
15 ago today, and that you approved in October of last
16 year. We support the fact that the settlement
17 agreement is fair to all, and it has operated
18 fairly to all for its inception.

19 I want to take a special point to note that
20 the trigger mechanism that is at issue here has
21 been in effect for, in some form, since 2014. It
22 is performing the way it was intended. It was a
23 negotiated provision that I believe, without giving
24 away anything in the negotiations, was a deal
25 closer, and that it has generated enormous benefits

1 to customers in the form of ROEs that might not be
2 as low as they were absent the safety net that the
3 trigger provides to the company.

4 So having said that, we support the agreement.
5 We agreed to this mechanism in August of last year,
6 and we think it's important for parties to live up
7 to their obligations under the agreement, and
8 that's what we are doing here today.

9 Thank you.

10 CHAIRMAN FAY: Great. Thank you, Mr.
11 Rehwinkel.

12 Mr. Wright, you are recognized.

13 MR. WRIGHT: Thank you, Mr. Chairman. Again,
14 Schef Wright, representing the Florida Retail
15 Federation.

16 Thank you, Commissioners. Thank your staff
17 for getting this done so expeditiously. Thanks to
18 Tampa Electric for the good negotiations a year
19 ago, and for the expeditious processing of this
20 petition, and thanks to the other parties.

21 The Retail Federation supports the settlement
22 that we agreed to, Tampa Electric's petition to
23 increase its rate -- rates consistent with that
24 according to the trigger provision in the
25 settlement is fully consistent with the settlement,

1 and accordingly, the Retail Federation asks that
2 the Commission grant Tampa Electric's petition.

3 Thank you very much.

4 CHAIRMAN FAY: Great. Thank you.

5 With that, that concludes opening statements.
6 We will move on to exhibits. Ms. Crawford.

7 MS. CRAWFORD: Staff has prepared a
8 Comprehensive Exhibit List which consists of TECO's
9 petition and TECO's responses to staff data
10 requests. The list has been provided to the
11 parties, Commissioners and the court reporter.
12 Staff requests that the list itself be marked as
13 Exhibit No. 1, with the other items marked as
14 identified on the list.

15 CHAIRMAN FAY: Great. The exhibits are marked
16 as indicated.

17 (Whereupon, Exhibit Nos. 1-7 were marked for
18 identification.)

19 MS. CRAWFORD: And the parties have indicated
20 that they do not oppose the entry of the exhibits
21 listed on the CEL. So at this time, I would
22 request that Exhibits 1 through 7 be entered into
23 the record.

24 CHAIRMAN FAY: Okay.

25 MR. WAHLEN: No objection.

1 CHAIRMAN FAY: Without objection, show those
2 entered into the record.

3 (Whereupon, Exhibit Nos. 1-7 were received
4 into evidence.)

5 CHAIRMAN FAY: With that, we will move on to
6 witness testimony.

7 I understand, Mr. Wahlen, that we have a
8 panel. What I would like to do is just have all
9 three available, and then we can give them the
10 proper oath, and then -- they are already there.
11 Fantastic. Good morning.

12 If you could, we are just going to have you
13 confirm the oath.

14 Whereupon,

15 LORRAINE L. CIFUENTES
16 RICHARD J. LATTA
 JORDAN WILLIAMS

17 WERE called as a witness, having been first duly sworn
18 to speak the truth, the whole truth, and nothing but the
19 truth, was examined and testified as follows:

20 (Chorus of ayes.)

21 CHAIRMAN FAY: Let the record reflect all
22 three witnesses confirmed.

23 With that, we will allow parties to ask any
24 questions. Commissioners, of course, we will allow
25 staff and the body if there is anything specific

1 that they want to ask from the panel of witnesses.

2 And with that, parties, do you have any
3 questions that you would like to -- no questions at
4 this time.

5 Mr. Wright.

6 MR. WRIGHT: No questions.

7 CHAIRMAN FAY: Okay.

8 MR. WRIGHT: Thank you.

9 CHAIRMAN FAY: No problem.

10 With that, staff, any questions?

11 MS. CRAWFORD: No questions from staff.

12 CHAIRMAN FAY: Okay. Any of questions from
13 Commissioners? This is fairly straightforward. We
14 will make sure everybody has an opportunity.

15 Okay. With that -- let's see, Mr. Wahlen, you
16 do not have any redirect, I would imagine, on that.

17 MR. WAHLEN: No. I do think it's important for
18 the record to note that none of these witnesses are
19 lawyers.

20 CHAIRMAN FAY: With that, I think we can
21 excuse your witnesses. Thank you for being here.
22 We appreciate it.

23 (Witnesses excused.)

24 CHAIRMAN FAY: Okay. With that, do the
25 parties have any other matters on this docket?

1 Seeing none.

2 Staff.

3 MS. CRAWFORD: Staff is aware of no other
4 matters.

5 CHAIRMAN FAY: Okay. With that,
6 Commissioners, I -- based on the posture of this, I
7 believe we are probably comfortable for a bench
8 vote, but I want to make sure the parties don't
9 have any interest in filing briefs in this docket.
10 With that, no -- no interest in filing briefs.

11 Commissioners, what I would like to do is -- I
12 know there is three issues in this docket
13 specifically laid out. If we could have staff
14 provide a oral recommendation and then we will take
15 any questions or comments from the body if that's
16 appropriate with everyone.

17 Okay. With that, then, Ms. Crawford, I would
18 like to go ahead and ask staff if they could
19 provide sort of a summarized recommendation on the
20 issues presented.

21 MS. CRAWFORD: Yes. I am going to defer to
22 staff for the staff recommendation on Issues 1 and
23 2, and then I will wrap it up with Issue 3.

24 CHAIRMAN FAY: Okay. Perfect. Great. Thank
25 you.

1 Ms. Norris, you are recognized.

2 MS. NORRIS: Yes. In addressing Issue 1, yes,
3 based on the calculation methodology in TECO's 2021
4 settlement, the average 30-year United States
5 Treasury Bond yield rate for the six-month period
6 from December 30th, 2021, to June 29th, 2022, was
7 2.636 percent, which is at least 50 basis points
8 greater than the yield rate of 2.13 percent on
9 October 21st, 2021, when the Commission voted to
10 approve the 2021 settlement agreement.

11 Therefore, the company's revised authorized
12 ROE should be increased by 25 basis points, to a
13 midpoint of 10.20 percent, and the authorized range
14 adjusted to 9.25 percent to 11.25 percent effective
15 as of July 1st, 2022.

16 Further, the revised authorized ROE midpoint
17 and range should be used for all regulatory
18 purposes until changed by the Commission in a
19 future proceeding.

20 CHAIRMAN FAY: Okay. Thank you, Ms. Norris.

21 Go ahead, Mr. Kunkler, you are recognized.

22 MR. KUNKLER: Commissioners, staff recommends
23 the appropriate base revenue increase is \$10
24 million. Staff has reviewed the proforma weather
25 adjustment to Tampa Electric's April 2022 earnings

1 surveillance report which includes a \$37.6 million
2 reduction of revenue due to warmer than average
3 whether, as well as a \$10 million requested
4 increase.

5 Staff evaluated both TECO's weather
6 normalization methodology and the inputs it used to
7 arrive at the stated \$37 million revenue
8 adjustment. The inputs are correct, and the
9 methodology is consistent with the methodology used
10 by the company in previous filings before the
11 Commission. The \$37.6 million revenue adjustment
12 due to weather and the \$10 million annual base rate
13 increase amount allowed by the settlement will not
14 cause the company's proforma weather adjusted
15 earnings in its April 2022 earnings surveillance
16 report to exceed 10.2 percent.

17 In addition, staff recommends TECO's proposed
18 base rates and tariffs as filed with the petition
19 be approved. If approved, consistent with the 2021
20 settlement, staff recommends the effective date of
21 the revised tariffs should be September 1, 2022,
22 which is the first billing cycle after your vote
23 today.

24 Thank you.

25 CHAIRMAN FAY: Okay. Great.

1 And then, Ms. Crawford.

2 MS. CRAWFORD: And Issue 3 is should the
3 docket be closed? If the Commission votes to
4 approve staff's recommendations in Issues 1 and 2,
5 nothing further will remain to be done in the
6 docket, and the docket should be closed.

7 CHAIRMAN FAY: Okay. Great. Thank you.

8 Thank you to staff for working on this and
9 presenting the issues in a simplified way to take
10 them up based on the settlement.

11 With that, Commissioners, I would be happy to
12 take any questions that we have at this time.

13 Commissioner Clark, you are recognized.

14 COMMISSIONER CLARK: Thank you, Mr. Chairman.
15 I don't have any questions. I just want to make a
16 couple of comments before we proceed to vote.

17 I want to thank the parties that were involved
18 in the initial settlement. This is one of those
19 that the list of parties was longer, I think, than
20 in most. And what that shows to me is that there
21 was cooperation among all of the classes of
22 customers that were involved. We had FEA. We had
23 Hospitals. We had FIPUG. We had Retail. We had
24 residential consumers, and I think that, on behalf
25 of the consumers, all of these parties were

1 representing those particular parties in great
2 detail. And I think there were some huge benefits
3 that occurred.

4 And the settlement that was reached
5 contemplated scenarios that would happen in the
6 future, and this was one of those scenarios that it
7 considered. The cost of capital being an increase
8 -- potentially increasing, which we have seen the
9 cost of capital increasing pretty significantly.
10 The result of the increase in the Treasury Bond
11 rates are what has forced this trigger mechanism
12 into place.

13 I think it's just important to note -- and Mr.
14 Rehwinkel I believe kind of alluded to this, but I
15 just want to expound on it for a second. I think
16 that this is one of those mechanisms that you used
17 in negotiations on behalf of the consumers that
18 resulted in rate savings. And it resulted in rate
19 savings over a pretty significant amount of time,
20 up until the trigger event occurs.

21 And so that's a very positive thing for
22 consumers. We are looking at the downside effects
23 of it today, that there is a catch-up period that
24 occurs, and that's when the capital costs start
25 increasing, and that's what we are seeing today.

1 But I think overall, and in the long-term, we saw
2 some very significant rate savings on behalf of
3 customers as a result of this trigger mechanism
4 being in that settlement agreement. And I just
5 want to thank all of the parties that were involved
6 in the process for the job you did.

7 Mr. Wahlen, your point as well. I think this
8 issue was kind of decided a year-and-a-half ago.
9 When you go into a settlement agreement that has
10 these things in it, you have to be 100 percent sure
11 that they could happen, and they are going to cause
12 future events to occur as well.

13 So with that said, Mr. Chairman, I support the
14 staff's recommendation, and I put it in the form of
15 a motion at that we approve staff recommendation on
16 all items.

17 CHAIRMAN FAY: Okay. With that, Commissioner
18 Clark, Commissioner La Rosa has a few comments, and
19 then we will take up a motion.

20 Commissioner La Rosa, you are recognized.

21 COMMISSIONER LA ROSA: Thank you, Chairman.
22 And I think Commissioner Clark said it very
23 elegantly, and was a good, you know, rehash and
24 recap of, you know, what the history has been since
25 the settlement was presented us to.

1 You know, I think it's easy to go back and
2 Monday-morning-quarterback this, and I am not going
3 to do that because I don't think of these fair,
4 right? I think it's -- you know, we are in
5 unprecedented times, and to see how aggressively
6 rates have changed and see that this trigger has
7 ultimately, you know, happened and has now -- is
8 meeting the threshold, I think if we had that
9 debate back in October it may have been a fair
10 debate, it could go one way or another.

11 But at the end of the day, I do believe that
12 everyone has participated professionally. And like
13 was said by Commissioner Clark, I do believe all
14 consumers of all walks of life, from industry, from
15 everyday residential consumers have been
16 represented in this. And what we don't know is
17 maybe bigger things that were taken off the table
18 to ultimately start, I don't know what ROE points.

19 You know, I do also anticipate to support
20 this, and again, thank staff, and thank everyone
21 that was involved in this. But I did want to be
22 able to just kind of comment a little bit about it.

23 You know, just because we see something one
24 time doesn't mean that we necessarily have to see
25 it again, or don't necessarily believe that we have

1 to agree to it again, but I think under these
2 conditions, under this environment, under this
3 unprecedented time, it made sense for us to approve
4 it back in October, and it obviously also makes
5 sense for us to approve it today because it's
6 pretty black and white and straightforward.

7 So with that, Chairman, thank you.

8 CHAIRMAN FAY: Okay. Great.

9 Without any other comments from Commissioners,
10 with that, I think Commissioner Clark and La Rosa
11 made my life easy. That's basically a motion and a
12 second right there.

13 Just to make sure we are clear for the record,
14 that would be on all -- on staff's recommendation
15 for all three issues. Staff, is that sufficient to
16 move forward with?

17 MS. CRAWFORD: That's sufficient, sir.

18 CHAIRMAN FAY: Okay. With that -- so we have
19 a motion and a second.

20 All that approve say aye.

21 (Chorus of ayes.)

22 CHAIRMAN FAY: None opposed?

23 (No response.)

24 CHAIRMAN FAY: With that, the issue passes.

25 And with that, we will conclude this meeting.

1 We will probably -- let's see, let's set a
2 time. We will be back here at 9:55 to start
3 Internal Affairs. Thank you so much.

4 MR. WAHLEN: Thank you very much.

5 (Proceedings concluded.)

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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 29th day of August, 2022.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024