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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230023-GU

Petition for rate increase by Peoples
Gas Systems, Inc.

_____/_____
DOCKET NO. 20220219-GU

Petition for approval of 2022 depreciation
study by Peoples Gas Systems, Inc.

_____/_____
DOCKET NO. 20220212-GU

Petition for approval of depreciation rate
and subaccount for renewable natural gas
facilities leased to others by Peoples
Gas Systems, Inc.

VOLUME 2 - PAGES 152 - 284

PROCEEDINGS: HEARING

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

DATE: Wednesday, September 13, 2023

TIME: Commenced: 9:00 a.m.
Concluded: 6:35 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.)

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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,
5 everyone. Welcome back. I am hopeful today IT and
6 not related will go a little bit smoother.

7 I was thinking about last night the comments
8 from Mr. Moyle about the football schedule, and the
9 football teams thriving. And then I thought, well,
10 you know, if you are a fan of Florida, or LSU, or
11 Alabama, or, you know, there is still opportunity,
12 right, for things to go right. It's not over just
13 because the first part didn't go exactly how we
14 wanted to go. So I think the next few days will
15 prove that. I have confidence in legal counsel
16 that are here for the parties, and our staff, to
17 get things right.

18 So with that said, I want to do a few
19 housekeeping items to make sure we are in the right
20 posture with the parties, and then move forward
21 into our continued witness testimony and cross.

22 The first is Commissioner Graham has some
23 personal family issues that he is dealing with and
24 so will not be with us, but he will be reviewing
25 the record on this docket.

1 The next is to ensure that we have the proper
2 time on the Commission side, and for the parties,
3 to go through what we need to for cross. We will
4 likely run later tonight and tomorrow to make sure
5 that what we are able to get through all of that.
6 I think those of you who know me know how important
7 I feel due process is, and I want to make sure that
8 everybody feels they have the time to ask what they
9 would like to ask of the witnesses. So I, as much
10 as many, don't love doing that, in particularly
11 because my one-year-old started semi walking, stood
12 up yesterday when I got home, and so I, you know,
13 hate to miss those type of things, but we are going
14 to make sure we do this right, and we are going to
15 be here to do it right through the night. So I am
16 thinking around dinnertime that we will finish both
17 doesn't and tomorrow, to make sure we have time to
18 do so, and then at a reasonable hour on Friday. I
19 don't anticipate we will necessarily need all of
20 that, but if we do, I want to make sure that the
21 parties have that available.

22 With that, let me make sure that we don't have
23 any additional questions or comments for legal --
24 from our legal staff moving forward.

25 MR. THOMPSON: Nothing from legal.

1 CHAIRMAN FAY: Okay. Great.

2 And then anything from the parties before we
3 move to Ms. Wesley's?

4 MR. WAHLEN: I just am curious, are we going
5 to be on Case Center or on paper this morning?

6 CHAIRMAN FAY: We are going to be on paper for
7 all cross exhibits.

8 MR. WAHLEN: Okay. Very well.

9 CHAIRMAN FAY: Yeah, and if -- thank you. And
10 if we need any time to pass them out, we will pause
11 to do so, to make sure everybody has copies of what
12 they need. Is that the correct understanding that
13 we have with OPC and -- correct?

14 MR. REHWINKEL: Yes. And thank you, Mr.
15 Chairman, for your accommodations. We took the
16 time to make paper copies of all that we will need,
17 and we are ready to go in that regard --

18 CHAIRMAN FAY: Great.

19 MR. REHWINKEL: -- we will make it work.

20 CHAIRMAN FAY: Okay. Thank you.

21 Mr. Moyle.

22 MR. MOYLE: Just a follow-up on that. Is that
23 the situation for the remainder of the hearing
24 or --

25 CHAIRMAN FAY: Yes.

1 MR. MOYLE: -- for today?

2 CHAIRMAN FAY: Yes, that's the situation for
3 the remainder of the hearing. I think the
4 discussions that we've had is that we know that
5 system will, at some point, work the way that we
6 need it to work. We just can't rely on going back
7 and forth, and so to give some certainty to the
8 parties, we felt that going back to the way we
9 would do it normally.

10 The only real sort of positive in this whole
11 thing is a lot of OPC's exhibits are confidential,
12 and so we actually have a lot of the material that
13 maybe wouldn't have otherwise, and so they were
14 accommodating enough to make sure that we would
15 have hard copies for cross for what they wanted.

16 MR. MOYLE: Okay. Thank you.

17 CHAIRMAN FAY: Yeah. Sure.

18 All right. Commissioners anything to add? If
19 nothing -- yeah, Ms. Wessling.

20 MS. WESSLING: I am sorry, just two quick
21 things.

22 CHAIRMAN FAY: Yep.

23 MS. WESSLING: On the Case Center aspect, we
24 will still be able to pull up citations to
25 testimony with rebuttal and whatnot through Case

1 Center, right? Is that still -- because those are
2 already loaded and everything?

3 MS. HELTON: Yes, that's already there, and
4 there does not appear to be a problem with that.

5 MS. WESSLING: So if we need to reference
6 that, we can still pull that up?

7 CHAIRMAN FAY: Yes. It's our understanding
8 it's only the cross release that was having the
9 issue, and so, yes --

10 MS. WESSLING: Okay.

11 CHAIRMAN FAY: -- to your point, we should
12 have that. And if for whatever reason we don't
13 have it, or an IT issue, we can pause with it, or
14 find an alternative. But I think the big priority
15 is making sure that people have the material in
16 front of them, whichever way they can access it.

17 MS. WESSLING: Okay. Great.

18 And then we just wanted to make sure, we
19 passed out the confidential files, but I think we
20 have a few more than we had yesterday, so we just
21 want to make sure, is there anyone who had a
22 confidential packet yesterday who does not yet have
23 one this morning?

24 MR. MOYLE: I don't think I do.

25 MS. WESSLING: You have that right there, in

1 the accordion files, it looks like, I guess. It
2 looks like everyone has it.

3 CHAIRMAN FAY: Yeah. And I have tabbed to
4 71C, I believe, on mine. Does that sounds right?

5 MS. WESSLING: Yes.

6 CHAIRMAN FAY: Okay. Great.

7 Commissioners, everybody have the right
8 number? So all the way down in your confidential
9 packet 71C. So that one is mine. Good? Yes?
10 Okay.

11 MS. WESSLING: Yeah, just for clarity, we
12 didn't add anymore documents to those folders. We
13 just added the tabs.

14 CHAIRMAN FAY: Oh, gotcha. Okay, great.

15 MS. WESSLING: There is nothing new in there.

16 CHAIRMAN FAY: Okay. Great. And that should
17 be easier for us to locate them in the pile, we
18 really appreciate that. And I know you
19 communicated with our folks to make sure that was
20 done, but we appreciate that. I think it will be
21 easier from the efficiency standpoint.

22 MS. WESSLING: And we appreciate the
23 Commission's help with that.

24 CHAIRMAN FAY: Sure. All right. Anything
25 else, Ms. Wessling?

1 MS. WESSLING: No.

2 CHAIRMAN FAY: Okay. With that, Ms. Wessling,
3 you are welcome to continue your cross with Ms.
4 Wesley.

5 EXAMINATION continued

6 BY MS. WESSLING:

7 Q Good morning, Ms. Wesley.

8 A Good morning.

9 MS. WESSLING: I believe I know where we left
10 off, but would it be possible to read back the last
11 question and answer that we had with Ms. Wesley?

12 (Whereupon, the court reporter read back the
13 requested portion of the record.)

14 MS. WESSLING: Thank you.

15 BY MS. WESSLING:

16 Q All right. And, Ms. Wesley, do you remember
17 that question and answer?

18 A I do. Yes.

19 Q We were talking about the 2023 Transaction,
20 and I was asking you, once the decision had been made to
21 go forward with the transaction, would you agree that
22 the primary consideration for the structuring and timing
23 of the 2023 Transaction was PGS's desire to avoid
24 incurring a capital gains tax of approximately \$150
25 million; would you agree that that's the case?

1 A That that's what you asked me? I am sorry.

2 Q Well, I guess both, both, that that's what I
3 asked you, and also that that was the primary
4 consideration?

5 A So with respect to a primary consideration,
6 yes, the primary consideration, I think in that whole
7 discussion there were several things we were
8 considering, including the impacts of the timing of the
9 transaction, and it -- I am trying to find out if I can
10 refer back to the exhibit that you are going to go to or
11 not.

12 Q Well, let me ask this a different way.

13 Once the decision was made to go forward with
14 the transaction, the company had to decide how to do
15 that, and the timing of how to do that, correct?

16 A Yes. That's right.

17 Q And the primary consideration for the
18 structure and timing of the 2023 Transaction was the
19 company's desire to avoid incurring that \$150 million in
20 taxes, correct?

21 A It was a significant consideration. Yes.

22 Q All right. Would you agree that it was the
23 primary consideration?

24 A I think it is not quite as simple as you are
25 asking the question, because a consideration was to

1 ensure it that it was tax free, yes, but bundled up in
2 that was how we would ensure it was tax free, and part
3 of that was how we would under take the financing that
4 came about as a result of the transaction. So there
5 were multiple considerations, including ensuring that it
6 was tax free.

7 Q All right. So let's look at that exhibit.
8 This was, I believe, admitted as -- or at least
9 identified as Exhibit 161. This is, it was OPC's
10 Exhibit 62, but it's 161 in the record, I believe. Have
11 we --

12 CHAIRMAN FAY: And, Ms. Wessling, I have 161,
13 too.

14 MS. WESSLING: Okay.

15 CHAIRMAN FAY: So we will identify it as 161.

16 MS. WESSLING: Thank you.

17 (Whereupon, Exhibit No. 161 was marked for
18 identification.)

19 CHAIRMAN FAY: And if we -- Ms. Wessling, we
20 do have a cross exhibit that we number, and then if
21 you decide that it doesn't need to go into the
22 record, or it's not something you referenced, we
23 will just cross out that number and move on to the
24 next one.

25 MS. WESSLING: All right. Great. It looks

1 like copies have been passed out of that one.

2 BY MS. WESSLING:

3 **Q If you could go to Bates page 371 of that**
4 **exhibit. Do you have that?**

5 A I do. Yes.

6 **Q All right. On the second paragraph on that**
7 **page, would you read the first sentence that starts with**
8 **"the"?**

9 A Yes.

10 We say: The primary consideration when
11 planning the structure and timing of the 2023
12 Transaction was the company's desire to avoid incurring
13 a capital gains tax.

14 **Q And then comma, there is a little bit more.**

15 A Comma, which was informally conservatively
16 estimated to be a one-time tax expense in the year -- I
17 don't know how far you want me to go.

18 **Q Just that sentence.**

19 A In the year of the transaction of
20 approximately 150 million.

21 **Q Thank you.**

22 **PGS sought out a private letter ruling from**
23 **the Internal Revenue Service in order to identify a way**
24 **to execute the 2023 Transaction in a tax-free manner,**
25 **correct?**

1 A Yes.

2 MS. WESSLING: And this will be in the
3 confidential packet that everyone has, this will be
4 OPC's Exhibit 51C. You want to -- in your binder.

5 CHAIRMAN FAY: And, Ms. Wessling, do you want
6 us to keep 161 around, or are you --

7 MS. WESSLING: Yes, we -- yes.

8 CHAIRMAN FAY: Okay.

9 MS. WESSLING: And we are going to admit them
10 all at the end, right? We are just identifying
11 them?

12 CHAIRMAN FAY: Yes. Correct.

13 MS. WESSLING: Okay. Great. So this will be
14 51C, so that would be Exhibit 162, I believe.

15 CHAIRMAN FAY: Yes.

16 (Whereupon, Exhibit No. 162 was marked for
17 identification.)

18 BY MS. WESSLING:

19 **Q Do you have that, Ms. Wesley?**

20 A I do.

21 **Q All right. And this packet of information,**
22 **would you agree that this was provided in discovery?**

23 A Yes, it was.

24 **Q All right. And this packet of information**
25 **contains both the application for the private letter**

1 A It does.

2 Q All right. And we did our best to excerpt
3 what we hoped to be the most relevant, so it's -- just
4 so everyone knows, it's not the complete packet, but we
5 just tried to excerpt what we could.

6 And would you agree that the private letter
7 ruling that's contained in this packet essentially
8 states that as long as PGS pays off the intercompany
9 debt by the end of 2023, then the shareholders of Emera
10 will be able to avoid the \$150 million of tax liability?

11 A In the private letter ruling, it states a
12 number of criteria for achieving a tax-free
13 restructuring, but one of those is repayment of the debt
14 by the end of the year, yes.

15 Q All right. Thank you.

16 In your direct testimony, you describe what
17 PGS asserts are the benefits of the 2023 Transaction,
18 correct?

19 A Yes.

20 Q And on page five of your rebuttal testimony --
21 maybe I can send this out to everyone. I am going to
22 try to direct everyone to this page.

23 All right. Do you have that page, Ms. Wesley?

24 A I do.

25 Q All right. On line seven -- or excuse me,

1 line five of that page, you reference the benefits of
2 the transaction, and you described them as intangible,
3 would you agree?

4 A Yes.

5 Q One of the things that PGS considers to be a
6 benefit of the 2023 Transaction is the ability for both
7 Tampa Electric and PGS to have separate, or somewhat
8 separate Board of Directors?

9 A Yes, that's correct.

10 Q And the 2023 Transaction took effect on
11 January 1st of 2023, correct?

12 A Yes.

13 Q And PGS has added board members since January
14 1st, 2023, correct?

15 A It has added one board member, yes.

16 Q All right. And that board member who was
17 added was also added to the Tampa Electric Board of
18 Directors, correct?

19 A That's correct.

20 Q So that tangible benefit of not having --
21 necessarily having the same boards has not yet come to
22 fruition, correct?

23 A That's correct. It was deemed sensible to
24 allow the boards to settle, to go through the
25 restructuring, and then to contemplate how we might move

1 forward in looking at the skills matrix and determining
2 what kind of directors would be most appropriate going
3 forward.

4 **Q It's possible that that intangible benefit may**
5 **never materialize, though, correct?**

6 A It's possible, but unlikely.

7 **Q All right. If we could turn to page 10 of**
8 **your rebuttal testimony, which is I believe E1-12, and I**
9 **will try to direct that as well.**

10 **All right. Looking at lines 10 through 14,**
11 **could you please read lines 10 through 14?**

12 A Mr. Kollen correctly notes that we have not
13 identified any quantifiable short-term financial
14 benefits from the 2023 Transaction for customers but
15 ignores the many intangible benefits of the transaction
16 outlined in my prepared direct testimony.

17 **Q All right. And Mr. Kollen is an OPC witness,**
18 **correct?**

19 A Yes.

20 **Q And PGS does concede that nowhere in the**
21 **record of this case are the benefits to the customers of**
22 **PGS of the 2023 Transaction quantified, correct?**

23 A I think that is correct. We have noted at
24 numerous times that the benefits are long-term, and
25 there is no short-term quantifiable benefit, but it's

1 not different from many long-term decisions that we make
2 on behalf of our customers.

3 **Q Those benefits are both long-term and**
4 **intangible, correct?**

5 A The benefits of the 2023 Transaction could be
6 quite tangible. All you have to do is look at Hawaii
7 Electric currently to see tangible benefits to customers
8 as a result of legal entity separation.

9 **Q But you described the benefits of the 2023**
10 **Transaction as intangible, correct?**

11 A The short-term benefits that we've spoken
12 about, yes, that has been asked about.

13 **Q All right. When it comes to the costs of the**
14 **2023 Transaction, some costs of executing it were**
15 **covered, or paid by Emera, correct?**

16 A Yes. That's right.

17 **Q All right. And those costs that were covered**
18 **by Emera were associated with the legal separation of**
19 **the companies, correct?**

20 A That's right.

21 **Q And looking back at the June 19 memo, which**
22 **was in the record as Exhibit 160. It's one of the**
23 **confidential exhibits. I want to go to that.**

24 **CHAIRMAN FAY: What was it numbered as the**
25 **confidential?**

1 MS. WESSLING: It's OPC-50C, but it's also
2 already been discussed and given the number of
3 Exhibit 160.

4 CHAIRMAN FAY: Okay. Thank you.

5 BY MS. WESSLING:

6 Q Do you have that, Ms. Wesley?

7 A I do.

8 Q All right. If you could go to Appendix I,
9 which is the last page of this exhibit for me.

10 A I have it.

11 Q All right. And again, I am going to try to be
12 careful about the way I word this information in this
13 question, and I just ask you do the same with your
14 response.

15 Would you agree that this document estimated
16 the costs that Emera would have to bear to carry out the
17 2023 Transaction?

18 A It did.

19 Q And without stating any of the numbers, would
20 you agree that the numbers reflected here ended up being
21 an accurate range for carrying out the 2023 Transaction?

22 A Yes, they did.

23 Q All right. So the number Emera had to pay was
24 somewhere between those two -- the low and the high
25 estimate?

1 A Yes.

2 Q All right. And all of those costs were
3 one-time costs that Emera had to pay, correct?

4 A Yes.

5 Q In the requested revenue requirement from PGS
6 in this case, there are costs associated with the 2023
7 Transaction that PGS is seeking to have customers pay
8 for, correct?

9 A PGS is seeking to have the interest expense
10 and associated costs of entering into independent
11 financing recovered, yes.

12 Q And that's on an annual basis, correct?

13 A Yes.

14 Q And subject to check, but the revenue
15 requirement portion associated with the 2023 Transaction
16 is approximately \$9.7 million, correct?

17 A Yes.

18 Q And that \$9.7 million is not a one-time cost,
19 correct?

20 A It is not a one-time cost.

21 Q And that is something that PGS is seeking to
22 recover from customers every year for the foreseeable
23 future, correct?

24 A PGS is seeking to have the interest expense
25 associated with the debt that it incurs as part of

1 running its business recovered as part of the ratemaking
2 process, yes.

3 Q And had it not been for the 2023 Transaction,
4 PGS would not be seeking to recover those \$9.7 million
5 annually from customers for the foreseeable future,
6 correct?

7 A That is true. The 2023 Transaction occurred
8 at a time when interest rates had risen from extreme
9 lows, and that's what's -- that's what's resulted in
10 higher interest expenses in this instance, associated
11 with many of the benefits that we've spoken about.

12 Q And I believe we covered this yesterday as
13 well, but the decision to carry out the 2023 Transaction
14 was a discretionary decision?

15 A Yes, it was.

16 Q All right. If we could go to page six of your
17 rebuttal testimony, which I believe is E1-8. I'll see
18 if I can direct everyone there as well.

19 MS. WESSLING: Is that working, by the way,
20 directing?

21 CHAIRMAN FAY: It is -- it is working. As of
22 right now it is working.

23 MS. WESSLING: All right.

24 BY MS. WESSLING:

25 Q And I would like to look at lines 15 through

1 18 and 21 through 23, but we will go through them
2 separately. Let me direct this.

3 All right. Could you read the sentence that
4 begins on line 15 of your rebuttal testimony that starts
5 with "the creation"?

6 A The creation of an independent supply chain
7 team for Peoples would have occurred whether the 2023
8 Transaction was executed or not for all the beneficial
9 reasons explained by Mr. Richard.

10 Q All right. And then starting on line 21,
11 there is a sentence that begins with "OPC", could you
12 please read that?

13 A OPC has assumed a causal link between creation
14 of the supply chain team and the 2023 Transaction but
15 has not pointed to any evidence proving a link, because
16 none exists.

17 Q All right. You would agree that throughout
18 the witness testimony in this case, and the discovery in
19 this case, that there has been various testimony and
20 exhibits that state that the main reasons cited for PGS
21 for the supply chain team are the growth rate of the
22 company and the geographic differences in service areas
23 and utility function between Tampa Electric and PGS,
24 correct?

25 A I think we've talked about a number of reasons

1 for the creation of a supply chain team, largely the
2 different needs of PGS versus Tampa Electric,
3 particularly as we've grown, yes.

4 Q All right. And those two main reasons,
5 though, are the growth rate and the geographic and
6 function differences between the companies, would you
7 agree with that?

8 A I don't disagree with it.

9 Q Okay. And if we could go back to OP -- or the
10 exhibit that we most -- the most recent confidential
11 exhibit, which is OPC 51C but also 162 of the record.
12 All right. And we are going to go to Bates page 13400.

13 Are you there, Ms. Wesley?

14 A I am.

15 Q All right. And again, this set of documents
16 contains both the request for the private letter ruling
17 that we discussed earlier and the private letter ruling
18 itself, correct?

19 A Yes.

20 Q And this page, if you need a second to
21 confirm, but this page is part of PGS's request for the
22 private letter ruling, would you agree with that?

23 A Yes.

24 Q And would you agree that in the paragraph
25 number -- numbered Roman numeral III, this paragraph is

1 where PGS was explaining the primary reasons for why PGS
2 wanted to go forward, or carry out the 2023 Transaction
3 to the IRS, correct?

4 A Yes.

5 Q All right. And of the reasons listed in this
6 paragraph, you would agree that there is overlap between
7 the reasons for the 2023 Transaction and reasons for the
8 creation of the supply team, correct?

9 A I would agree. Yep. They are consistent with
10 a growing, changing company.

11 Q So those two reasons that we discussed as
12 being the main reasons for supply chain team creation
13 are also included in this list of reasons in Exhibit
14 162, correct?

15 A Yes.

16 Q All right. And we've gone over this, it might
17 be the most asked question, but the transaction took
18 place January 1st of 2023, correct?

19 A Yes.

20 Q And the supply chain team went into effect on
21 the very same day, correct?

22 A No, it did not.

23 Q So it's your testimony that the supply chain
24 team did not go into effect on January 1st of 2023?

25 A It's my testimony that in late 2021, we began

1 evaluating the need for a supply chain team. In 2022,
2 we undertook some external evaluation to look at the
3 merits of creating a supply chain team, and we began
4 towards hiring members of that supply chain team in late
5 19 -- in late 2022. I don't honestly recall when the
6 leader of the supply chain team was hired, but we began
7 work on building a supply chain team in late 2021.

8 **Q Just one moment.**

9 **All right. So I understand that you said that**
10 **the concept and the work towards creating the supply**
11 **chain team began in 2021, but the effective date of the**
12 **supply chain team, would you agree, was January 1st of**
13 **2023?**

14 **A** I honestly -- to be completely honest with you
15 with respect to what I recall and what I don't recall
16 about whether we would have said a supply chain team was
17 launched January 2023, the facts are that we began
18 reviewing the process to build our own supply chain team
19 in 2021, and we began evaluating it further in 2022. We
20 went to market at some point in 2022. We had temporary
21 resources supporting us in 2022 doing supply chain
22 function on behalf of Peoples Gas directly, and I don't
23 recall exactly when we hired the director of supply
24 chain, Chris Cooper, but all I can tell you is all of
25 this work began in 2021 completely separate from the

1 legal entity restructuring. That's -- that is the
2 barebones of it.

3 Q If you could look at lines 20 through 22.
4 There is one sentence there that begins with the word
5 "effective". Do you have this page pulled up?

6 A No, you didn't tell me where to go.

7 Q All right. It's page D5-273. On lines 20
8 through 22, could you please read the sentence that
9 begins with the word "effective"?

10 A Effective January 21 -- January 1st, 2023,
11 Peoples established a supply chain management group
12 within the ECT area with three team members.

13 Q So you would agree that there is overlap
14 between the reasons for the creation of the supply chain
15 team and the 2023 Transaction, correct?

16 A I would agree that both our -- both stem from
17 the growth in Peoples Gas and the desire to enable
18 Peoples Gas to function more specifically with resources
19 aimed at serving the needs of Peoples Gas.

20 Q And with reading that sentence, would you
21 agree that they both became effective on the same day?

22 A Yes.

23 Q But it's still PGS's position that despite the
24 overlapping reasons and the identical effective dates,
25 that those decisions were unrelated to each other?

1 A I believe you have asked me if they are
2 related, and I have said they are related. They
3 actually both stem from similar causal reasons. The
4 2023 Transaction did not trigger the creation of a
5 supply chain team, and we've been consistent with that
6 position throughout all depositions and throughout all
7 testimony.

8 **Q Would you agree that if the creation of the**
9 **supply chain team were -- had been done as part of the**
10 **2023 Transaction, that the cost of the supply chain team**
11 **would also be costs of the 2023 Transaction?**

12 A No, I would not. You have asked me that
13 question in prior testimony, and I have said no to that
14 as well.

15 And I think I have also said that the 2023
16 Transaction did not, in any way, shape or form, require
17 the company to perform shared services differently than
18 it had before. We continue to have access to Tampa
19 Electric shared services. There was nothing in the
20 private letter ruling that cited a need for us to change
21 how we carry out shared services. They are unrelated.

22 MS. WESSLING: All right. If we could look at
23 exhibit -- OPC Exhibit 54C, and it's a confidential
24 one.

25 CHAIRMAN FAY: That would be 163.

1 (Whereupon, Exhibit No. 163 was marked for
2 identification.)

3 BY MS. WESSLING:

4 Q All right. Do you have that page, Ms. Wesley,
5 that exhibit?

6 A I do.

7 Q All right. And are you familiar with the
8 contents of this exhibit?

9 A Broadly.

10 Q In your executive experience, you have come
11 across documents like this before?

12 A Yes.

13 Q All right. Again, these were provided as part
14 of discovery, correct?

15 A Yes.

16 Q But I -- you would agree that this is not the
17 complete set of discovery that was provided of the same
18 material. These are just excerpts of everything that
19 was provided?

20 A Yes.

21 Q All right. And if we could look at Bates page
22 9558. On the left-hand side of the page, do you see
23 where it says the word "outlook"?

24 A Yes.

25 Q All right. And again, we are trying to be

1 careful here, but without reading the word to the right
2 of the word "outlook", you would agree with me that the
3 word to the right of the word "outlook" represents a
4 change from the prior edition of this document, correct?

5 A Yes.

6 Q And that change is more fully described on the
7 right-hand side of this page in the second paragraph,
8 last sentence? And if you want to read that and
9 respond.

10 A Yes.

11 Q All right. Turning to the second page, which
12 is Bates 9559. If you could look at the last -- excuse
13 me, second to last blue header, it starts with a word
14 that begins with these letter F.

15 A Yes.

16 Q All right. And if you could read to yourself
17 the first sentence in that section.

18 A Yes.

19 Q You would agree that the statements that we've
20 just -- I have just identified on these two pages could
21 result in higher borrowing costs for PGS, correct?

22 A And I am sorry, I am not sure I understand the
23 question in the timeframe.

24 Q So one of the things that PGS is seeking is an
25 independent rating, correct --

1 A Yes.

2 Q -- as a new company, correct?

3 A Yep.

4 Q And the rating will have an affect on the
5 costs of borrowing, correct?

6 A Yes.

7 Q And the sentences that I have pointed out in
8 Exhibit 163, you would agree could result in higher
9 borrowing costs for PGS when they are -- once they get
10 their rating?

11 A What's talked about specifically here is the
12 credit rating of Tampa Electric, not Peoples Gas.

13 Q But the credit rating of Tampa Electric would
14 have an affect on how the credit rating of PGS is
15 determined, would you agree?

16 A Mr. McOnie will be very pleased to have
17 conversation on the details of credit ratings and how
18 they are formulated, but a big part of the rationale for
19 the benefit of Peoples Gas independently seeking
20 financing is that Peoples Gas will be seeking a credit
21 rating on the merit of its company, and no longer be
22 connected to the credit rating of Tampa Electric in the
23 same way.

24 Q Although they will be different -- well, they
25 already are different companies, they are still

1 subsidiaries of the same company, Emera, correct?

2 A Yes.

3 Q Just one moment.

4 All right. We can set that exhibit aside for
5 now. And I would like to discuss the subject of
6 staffing with you a little bit. We will be going
7 through this with some other witnesses as well, but
8 there are some aspects that I would like to ask you
9 about if that's all right.

10 A Sure.

11 Q A portion of PGS's requested rate increase is
12 due to PGS's goal of hiring approximately 150 new
13 employees in 2023 and 2024, correct?

14 A Yes.

15 MS. WESSLING: And I would like to pass out
16 exhibit -- this is a nonconfidential exhibit, OPC
17 55.

18 CHAIRMAN FAY: And that will be 164, Ms.
19 Wessling.

20 MS. WESSLING: Thank you.

21 (Whereupon, Exhibit No. 164 was marked for
22 identification.)

23 THE WITNESS: I need one. Would you mind
24 catching me at the beginning when you are walking
25 around? Thank you.

1 MS. WESSLING: All right. It looks like
2 everyone has a copy now, and I -- this is going to
3 be 164?

4 CHAIRMAN FAY: Yes.

5 MS. WESSLING: Okay. Great.

6 BY MS. WESSLING:

7 Q And I think the easiest place to look is on
8 the second page. There is a total payroll not trended
9 replacement and new positions line. Do you see that?

10 A Yes.

11 Q All right. So this indicates that the
12 proximate split of those 150 employees is, at the time
13 this was filed, intended for 90 employees to be -- or
14 positions, rather, to be added in 2023 and 64 in 2024?

15 A That's correct.

16 Q And we can go to it if we need to, but let me
17 see if you have an issue with it first. But in your
18 direct testimony, you stated that the hires for 2023 --
19 for those hires in 2023, PGS planned to hire those 90
20 employees in the fourth quarter of 2023, correct?

21 A Yeah. I think we say the majority of them.
22 Yes.

23 Q You said that you believe you said that PGS
24 was intending to hire a majority of the 90 in the fourth
25 quarter, or all of them in the fourth quarter?

1 A I honestly don't recall. Circumstance has
2 changed since then, and we've actually hired 60 of those
3 90 to date.

4 Q All right. I just want to stick with what's
5 in your testimony for just a moment. I will direct the
6 page -- this is page D1-37, lines -- did it show you
7 there, or if you want to look in your notebook?

8 A In my direct testimony?

9 Q Yes. It's page 34 of your printed copy there
10 of your direct testimony.

11 All right. So it's lines 11 through 14.
12 Would you read the word that says -- or excuse me, the
13 sentence that begins with the word "consequently"?

14 A Consequently, we are planning to pursue our
15 incremental team member hiring only in the fourth
16 quarter of 2023 to ensure we continue to have the
17 resources required to support current customer growth.

18 Q Thank you.

19 And then we are going to pass out another
20 nonconfidential exhibit. This is OPC 56. So I guess
21 that would be 165.

22 A Thank you.

23 CHAIRMAN FAY: Thank you. All right. Ms.
24 Wessling, we will label that 165.

25 (Whereupon, Exhibit No. 165 was marked for

1 identification.)

2 BY MS. WESSLING:

3 Q All right. So if we look at the first page
4 after the cover page here, this exhibit lists the actual
5 and projected labor of PGS in various years, correct?

6 A Yes.

7 Q All right. And if we look in the -- excuse
8 me, it's actually the second page, so the last page of
9 the exhibit. If we look at the actual and projected
10 rows for 2022, so the third and fourth rows, really, on
11 this document, you would agree that at the end of 2022,
12 the actual headcount of PGS was 708 employees?

13 A That's correct.

14 Q And so the end of 2022, that would be December
15 31st of 2022. Then per your initial direct testimony,
16 you stated that the company was going to be adding 90
17 employees in the third -- excuse me the fourth quarter
18 of 2023, correct?

19 A Yes.

20 Q And that would, subject to check, be an
21 approximate increase of employees by 13 percent?

22 A Yes.

23 MS. WESSLING: And now passing out OPC 40. I
24 believe, Mr. Chair, it would be 166?

25 CHAIRMAN FAY: Yes.

1 (Whereupon, Exhibit No. 166 was marked for
2 identification.)

3 BY MS. WESSLING:

4 Q All right. If you could just read this one to
5 yourself, unless you are already very familiar with it.

6 A I am good.

7 Q Okay. This interrogatory states that -- you
8 would agree with me that this interrogatory states that
9 due to financial challenges experienced by the company
10 in 2023, Peoples is managing costs, including the timing
11 of hiring new team members and planning to pursue our
12 incremental team member hiring only in the fourth
13 quarter of 2023, correct?

14 A Yes.

15 Q And the next sentence in that interrogatory
16 states that, as further discussed by witness Wesley,
17 these actions are not sustainable long-term, correct?

18 A Yes.

19 Q Okay. If we could turn to confidential
20 Exhibit 3.

21 MR. WAHLEN: Has that already been identified
22 or is that a new --

23 MS. WESSLING: It's -- this is a new one.

24 MR. WAHLEN: Okay.

25 MS. WESSLING: So this will be 167.

1 (Whereupon, Exhibit No. 167 was marked for
2 identification.)

3 BY MS. WESSLING:

4 Q Again, it bears repeating, but since this is
5 confidential, I am going to try to be careful with the
6 way I word this.

7 Are you there, Ms. Wesley?

8 A Yes.

9 Q Great. And you would agree with me that this
10 exhibit is, again, one that was provided in discovery
11 but in a much larger document, correct?

12 A Yes.

13 Q Right. And this is just an excerpt of that,
14 but the excerpts contained in this document are excerpts
15 from PGS presentation at a September 26th, 2022, Emera
16 Board meeting, would you agree?

17 A Yes.

18 Q And you would have been at that meeting,
19 correct?

20 A Yes.

21 Q And you would have been involved in making
22 this presentation?

23 A Yes.

24 Q All right. If we could look at OPC Bates 3,
25 which is the page that has the large number eight on the

1 bottom.

2 All right. There is a section on this page
3 that begins with the word "assumptions", would you
4 agree?

5 A Yes.

6 Q All right. And looking at specifically the
7 fourth bullet point under the word "assumptions", could
8 you please read that to yourself? Are you done?

9 A Yes.

10 Q All right. And looking specifically at the
11 last sentence of that bullet point, you would agree that
12 there is no reference to the practice described there as
13 being unsustainable, correct?

14 A There isn't, but I would argue that that
15 really wasn't the purpose of this document, and nor
16 would we expand on those kinds of comments in this form.

17 Q But just as far as my question goes, there is
18 no reference to that practice being unsustainable?

19 A Nope.

20 Q All right. You would agree that if the
21 Commission were to approve PGS's requested rate increase
22 specifically about all of the revenue requirement for
23 the increased staffing, that customers would be paying
24 rates based off of that level of staffing whether PGS
25 hired that many people or not, correct?

1 A I think we have testified throughout that we
2 are managing our team member and our contractor services
3 in order to sustain the work activity happening. And
4 there is a tremendous focus on headcount here, which is
5 team members, but we have proven in 2023 that we have
6 actually hired ahead of what we planned for 2023 because
7 we've needed those team members to perform the work.

8 Q And we'll go through potentially you, and
9 maybe other witnesses, talk about that some more, but
10 just specifically with regard to this question -- and
11 again, if you can just try to answer a yes or no, and
12 then if you feel the need to explain, explain.

13 But you would agree that if the Commission
14 were to approve PGS's rate request with regard to
15 staffing as requested, that customers will be paying for
16 all 150 employees whether those employees were hired or
17 not, and that would be for the foreseeable future,
18 correct?

19 A Yes. That's true.

20 Q And if the company, PGS, were not to hire all
21 150 of those new employees, customers would be paying
22 for something that they were not receiving a benefit
23 for, correct?

24 A No, I would disagree, because in that case, we
25 would hire contractors to do the work instead of team

1 members.

2 Q Well, if you were able to hire contractors,
3 correct?

4 A We are able to hire contractors.

5 Q And the staffing levels that you have
6 referenced in exhibit -- the large one -- those all
7 refer to -- those don't refer to contractors, correct?

8 A No, those are -- those are team members, but
9 if the team -- if the team members can't be hired,
10 contractors are hired to do the work at a higher cost.
11 And as we've referenced in testimony, what we are trying
12 to do is hire more team members so that we can avoid
13 hiring more expensive outside contractors.

14 Q One moment.

15 Not every team member's job can be done by a
16 contractor, correct?

17 A That is true.

18 Q And looking at that same exhibit we were just
19 looking at, same bullet point, could you read to
20 yourself the second sentence in that bullet point?

21 A Yes.

22 Q That reflects a potential benefit to PGS if
23 they were not able -- if the company were not able to
24 hire the 150 employees, would you agree?

25 A It's really just speaking to the mathematics

1 around what happens if hiring doesn't occur. Yes.

2 Q Okay. So yes. All right.

3 MS. WESSLING: If we could look at -- we will
4 need to pass out Exhibit OPC 100.

5 CHAIRMAN FAY: That will be 168.

6 (Whereupon, Exhibit No. 168 was marked for
7 identification.)

8 MS. WESSLING: All right. So this is, you
9 said, 168?

10 CHAIRMAN FAY: Yes.

11 MS. WESSLING: Thank you.

12 BY MS. WESSLING:

13 Q All right. And are you familiar with the
14 contents of this excerpted document, Ms. Wesley?

15 A Not deeply, no, but I see what it is.

16 Q You see what? I am sorry.

17 A I see what it is.

18 Q All right. This is the annual report of
19 Peoples Gas from both 2022 and 2021, would you agree, or
20 at least portions of them?

21 I am sorry, I didn't hear your answer.

22 A Yes.

23 Q Okay. And you are familiar, generally
24 speaking, with the annual reports of the company,
25 correct?

1 A Yes.

2 Q All right. And looking at this second page,
3 which has -- it's page 38 at the very bottom. This is
4 for the period ending in December 31st, 2022, correct?

5 A Yes.

6 Q All right. And if you want to take the time
7 to count them up, or take my word for it, this document
8 shows that during the calendar year 2022, PGS
9 transferred 15 employees from PGS to Tampa Electric,
10 would you agree, subject to check?

11 A It appears so.

12 Q And during that same timeframe, and on this
13 same document, it reflects that Tampa Electric
14 transferred nine employees from Tampa Electric to PGS?

15 A Sounds right.

16 Q All right. And looking at the 2021 version of
17 this page, which is the last page of this exhibit. This
18 is, again, for the calendar year 2021. Would you agree,
19 subject to check, that PGS transferred 10 employees from
20 PGS to Tampa Electric?

21 A Yes.

22 Q And subject to check, that Tampa Electric
23 transferred eight employees from Tampa Electric to PGS?

24 A Yes.

25 Q And the column to the right on both of those

1 pages indicate that these transfers were permanent,
2 would you agree?

3 A I think what it indicates is that they were
4 either permanent or temporary employees.

5 Q And do you see that every single one is
6 indicated as a permanent?

7 A Yes.

8 Q All right. And this is referring to the
9 transfer, not the status of the employee, would you
10 agree?

11 A No. I believe it's referring to the status of
12 the employee, i.e., these are permanent employees, not
13 temporary employees.

14 Q And the employees listed on these two pages,
15 these are only employees where they are earning -- they
16 earn more than \$50,000 annually, correct?

17 A Yes. That's what it says.

18 Q Based on the data on those two pages that we
19 looked at, in both 2021 and in 2022, PGS transferred
20 more employees to Tampa Electric than Tampa Electric
21 transferred to PGS, would you agree?

22 A That seems to be what the data says, yes.

23 MS. WESSLING: All right. If we could look at
24 OPC, the confidential Exhibit 1. I think that
25 brings us to 169.

1 CHAIRMAN FAY: Yes.

2 (Whereupon, Exhibit No. 169 was marked for
3 identification.)

4 BY MS. WESSLING:

5 Q All right. And, Ms. Wesley, would you agree
6 that this document contains excerpts of a presentation
7 made to the Emera board at a June 2020 board meeting?

8 A Yes, it preceded my time, but yes.

9 Q It preceded your time, but you are familiar
10 with these documents? You have seen them before?

11 A Roughly. I haven't reviewed this one
12 in-depth.

13 Q All right. You have no reason to doubt
14 authenticity of this --

15 A I did not.

16 Q -- even though you weren't there, correct?

17 A Nope.

18 Q All right. And turning to Bates page 157.
19 Again, this is my numbering. I am going with the number
20 in the middle of the page, so this is the last page of
21 the exhibit.

22 All right. You would agree that in the fourth
23 blue row, that these items in that row reflect goals of
24 Peoples Gas at that time, correct?

25 A I believe these were actually Emera goals.

1 **Q** All right. Well, goals of Emera then. You
2 would agree that these were goals of Emera?

3 A As far as I know, yes.

4 MS. WESSLING: All right. And just for
5 purposes of the record, this is OPC Bates No. 7.

6 I would like to now pass out two more
7 nonconfidential exhibits. That would be OPC 53 and
8 OPC 72. So I guess we will go with OPC 53 being
9 No. 170?

10 CHAIRMAN FAY: Yes.

11 (Whereupon, Exhibit No. 170 was marked for
12 identification.)

13 MS. WESSLING: And OPC 72 being number 171.

14 (Whereupon, Exhibit No. 171 was marked for
15 identification.)

16 BY MS. WESSLING:

17 **Q** And while they are passing that out, just one
18 more question on the confidential exhibit we were just
19 looking at in that row.

20 These are goals for Emera, but at this time,
21 in June of 2020, PGS was indirectly a company of Emera
22 as well, correct?

23 A Yes. Absolutely.

24 **Q** Okay. So if it was a goal for Emera, it was a
25 goal for every company within Emera?

1 A In the collective Emera has that goal to
2 achieve. Not every company within Emera's suite of
3 companies is able to achieve that specific metric.

4 Q And perhaps not that metric, but that -- not
5 the number associated with those goals, but all of those
6 words in bold in that row are generic goals of Emera,
7 and every company within Emera, correct?

8 A Yes. And I would argue --

9 Q So most companies on the planet, right?

10 A -- expected normal achievements for a large
11 organization that owns utilities, yes.

12 Q All right. We'll look at 170 first.

13 CHAIRMAN FAY: 170 being OPC 53?

14 MS. WESSLING: Yes.

15 CHAIRMAN FAY: Okay.

16 MS. WESSLING: Thank you.

17 BY MS. WESSLING:

18 Q All right. Looking at Exhibit 170, do you
19 recognize this document?

20 A I do.

21 Q All right. You would agree that this was an
22 investor presentation from -- or dated August 11th of
23 2023, correct?

24 A Yes.

25 Q And the other exhibit, OPC 52, slash, hearing

1 Exhibit 171, this -- that exhibit is from -- was very
2 recently published. I believe it was September 6th,
3 would you agree?

4 A Yeah. It looks like it's just a normal
5 investor dec.

6 Q Okay. And it's -- that exhibit, 171, is
7 entitled Investor Presentation September and October of
8 2023, correct?

9 A Yes.

10 Q And just sort of have both of those handy, if
11 you could. But looking at 170, Slide 4, using the
12 numbers on the slides themselves. Looking at this page,
13 on the far right, there is a bar graph with two bars, a
14 yellow one and a blue one, correct?

15 A Yes.

16 Q And the blue graph represents Florida's -- or
17 excuse me, Emera's Florida companies, which would be
18 both Tampa Electric and PGS, correct?

19 A Yes.

20 Q All right. And this slide indicates -- this
21 is an Emera slide, correct? This is an Emera
22 presentation, and the circle graphic in the middle
23 indicates that between 2023 and 2025, Emera expects to
24 spend approximately eight to \$9 billion worth of capital
25 investment across all of the Emera companies, correct?

1 A That's correct.

2 Q And 75 percent of that eight to \$9 billion
3 worth of capital investment is expected to take place in
4 Florida, correct?

5 A Yes.

6 Q So that means 75 percent of eight to \$9
7 billion of capital will be invested between Tampa
8 Electric and PGS in Florida by Emera between 2023 and
9 2025?

10 A Yes.

11 Q All right. That investment between those two
12 companies is not identical, correct?

13 A No. Peoples Gas is significantly smaller than
14 Tampa Electric.

15 Q Significantly smaller than Tampa Electric, but
16 percentage-wise, Emera intends to grow PGS's rate base
17 much faster than Tampa Electric's, would you agree?

18 A I am not sure of the exact numbers. I think
19 what Emera sees is the customer demand for Peoples Gas
20 is higher than for Tampa Electric.

21 Q If you could look at slide 19 of that same
22 exhibit. There is no 19. Hang on. Slide 15.

23 **CHAIRMAN FAY: Rate base by forecast?**

24 MS. WESSLING: Yes. And so it's Slide 15 of
25 that exhibit, and then Slide 46 -- excuse me, 46 of

1 Exhibit 171.

2 BY MS. WESSLING:

3 Q Do you have both of those pages up?

4 A I do.

5 Q Okay. And again, both of these are very
6 recent rate base forecasts recently put forward by
7 Emera, correct?

8 A Yes.

9 Q And on both of these rate base forecasts, the
10 rate base forecast for Peoples Gas is 13.6 percent,
11 correct?

12 A Yes.

13 Q And for Tampa Electric, it's eight-and-a-half
14 percent?

15 A Yes. I think they are at different stages of
16 maturity.

17 Q All right. And -- but what this specific
18 information reflects is the rate base forecast, correct?

19 A Yes.

20 Q And capital expenditures, like we were just
21 discussing on the earlier page, the eight to \$9 billion
22 of capital investment, there is a direct relation
23 between capital investment and rate base growth,
24 correct?

25 A That's correct.

1 Q And when there is an increase in rate base,
2 that translates to higher returns for the company and
3 shareholders, correct?

4 A Assuming that its rates keep up with the inn
5 crease in rate base.

6 Q And based off of these two rate base
7 forecasts, Emera has plans to grow PGS's rate base
8 between 2023 and 2025 more than any other company within
9 Emera?

10 A Emera is, in this view of things,
11 consolidating the projected growth from each of the
12 affiliates. So Peoples Gas would have said, based on
13 what we see customer demand being, this is what we
14 expect our rate base growth to be.

15 Q I have to ask for a yes or no to go along with
16 that explanation.

17 So the question that I asked was: Of all of
18 the Emera's companies, PGS is -- Emera is intending to
19 grow PGS's rate base more than any other of Emera's
20 companies, would you agree with that?

21 A Yes.

22 Q And then for the reasons you put on the
23 record?

24 A Yes. And I am really just reacting to the
25 Emera intends peace of it. It really is a case of

1 Peoples Gas is saying, this is what we see customer
2 demand being.

3 Q And I guess to rephrase it to be more
4 consistent with these documents, Emera forecasts that --

5 A That's right.

6 Q -- rate base for PGS will grow faster than any
7 other of Emera's companies?

8 A That's right.

9 Q And Emera is also spending -- or excuse me --
10 investing capital in the two Florida companies more than
11 any other of Emera's companies between 2023 and 2025?

12 A Yes. And Florida is growing significantly
13 faster than any of the other geographies that Emera
14 operates in.

15 MS. WESSLING: One moment.

16 And, Mr. Chair, the next subject that I was
17 going to talk about is fairly lengthy. I didn't
18 know if now would be a good time for a break or if
19 you wanted us to continue.

20 CHAIRMAN FAY: Keep going. We will plan on
21 taking a break more near the two-hour mark.

22 MS. WESSLING: Okay. Thank you.

23 CHAIRMAN FAY: Are we staying on these
24 exhibits, Ms. Wessling, or can we --

25 MS. WESSLING: No, we can put these exhibits

1 aside for now.

2 BY MS. WESSLING:

3 **Q And, Ms. Wesley, I would like to ask you some**
4 **questions about SeaCoast Gas Transmission.**

5 **You are the President and CEO of Peoples Gas,**
6 **obviously, but you are also the President and CEO, or**
7 **just president of SeaCoast Gas Transmission?**

8 A I don't want to get hung up on a technicality.
9 I'm not entirely sure, honestly.

10 **Q You are at least the President --**

11 A At least the President. That's right.

12 **Q -- or SeaCoast?**

13 A Yes.

14 **Q All right. Thank you.**

15 **And could you just explain what SeaCoast Gas**
16 **Transmission Company is?**

17 A Sure.

18 SeaCoast Gas Transmission is a non-rate
19 regulated transmission pipeline that is owned by TECO
20 Energy, operates in the state of Florida.

21 **Q And therefore also owned by Emera?**

22 A Yes.

23 **Q Okay. And SeaCoast Gas is under the**
24 **Commission's jurisdiction as a non-rate regulated**
25 **interstate gas pipeline that operates throughout the**

1 state of Florida, correct? Excuse me, intrastate?

2 A Yes.

3 Q Okay. And SeaCoast designs and builds
4 pipelines, correct?

5 A It does.

6 Q All right. And they also sometimes operate
7 pipelines?

8 A Yes.

9 Q And the company, SeaCoast, has been around
10 since approximately 2009, does that sound right?

11 A I believe it was 2008, but in that vintage,
12 yes.

13 Q Somewhere around there, okay.

14 And SeaCoast has no employees of its own,
15 correct?

16 A That's correct.

17 Q The operations aspect of SeaCoast are largely
18 provided by Peoples Gas employees, correct?

19 A That's correct.

20 Q And occasionally, SeaCoast competes with other
21 companies to build pipelines, correct?

22 A Yes.

23 Q Other times, SeaCoast might seek to partner
24 with another pipeline on a project?

25 A Correct.

1 Q Whether competing alone or partnering with
2 another company, it's an important strategy for Seacost
3 to maintain a cost profile that is as low cost as
4 possible, correct?

5 A I would argue that's true of all pipeline
6 companies. Yes.

7 Q And one of the ways that SeaCoast can achieve
8 this lower cost profile is in the way that it is
9 capitalized, correct?

10 A It is -- SeaCoast -- yes, SeaCoast is able to
11 have a lower cost of capital because it can be more
12 highly leveraged.

13 Q And it's true that Emera capitalized SeaCoast
14 so that it is, to use your words, more highly leveraged?

15 A And able to compete with the peers that it
16 has, which typically have a similar capital structure.

17 Q And I am sorry to harp on this, but if you
18 could try to --

19 A Yes.

20 Q -- do the yes or no, and then your
21 explanation.

22 So the answer to that question was, yes, plus
23 the answer you provided?

24 A Yes.

25 Q Okay. Great.

1 And this would mean, in all likelihood, that
2 SeaCoast has little or no equity in its capital
3 structure, but certainly it means at least that it has a
4 lower equity ratio than the 54.7 that PGS has, correct?

5 A That's correct.

6 Q Another way this cost profile can be achieved
7 for SeaCoast Gas is in how its operating cost profile is
8 achieved, correct?

9 A Yes.

10 Q And for any work that a PGS employee performs
11 on behalf of SeaCoast, there must be an affirmative
12 transaction that ensures that the cost for that person's
13 time is recorded in such a way that it does not hit
14 PGS's books, correct?

15 A Yes. That's correct.

16 Q And the reason for this is to ensure that
17 those costs are either directly charged to SeaCoast or
18 captured in a general allocator under the Modified
19 Massachusetts Method allocation formula, correct?

20 A Yes. I mean, there are three different ways
21 in which -- in which charges go to SeaCoast. There is
22 direct charging. There is an allocation of time, and
23 then there is the Modified Massachusetts modifier, which
24 is hard to say fast.

25 Q Yes. Thank you.

1 And if employee cost attributions are not done
2 fairly, carefully and with rigor and in a timely way,
3 SeaCoast will not be properly charged for those costs,
4 correct?

5 A Yes. And I am sure Rachel Parsons will be
6 happy to cover that extensively with you.

7 Q And SeaCoast's cost structure -- one moment.
8 So SeaCoast's cost structure will be
9 artificially low, and PGS's costs in the test year will
10 be excessive, all other things being equal, correct?

11 A No, I don't agree with that.

12 Q If -- I guess if the -- if those cost
13 attributions are not done in that fairly and careful
14 way, that would result in SeaCoast's cost structure
15 being artificially low, and PGS's costs being excessive,
16 correct, if that was not done properly?

17 A Yes, but that's true of any such circumstance.

18 Q Okay. Isn't it true that after preparing the
19 filing in this case, that the company realized that it
20 had inadequately allocated, charged or otherwise
21 attributed costs originating on PGS's books to SeaCoast?

22 A Yes, but how that discussion arose was a deep
23 dive into the Massachusetts modifier and an
24 understanding of how IT costs had been allocated, and
25 lack of headcount in SeaCoast just didn't, therefore,

1 attract IT costs, and so there was some additional cost
2 that was attributed.

3 Q If the test year costs of PGS reflect costs
4 that otherwise should have been recorded on Seacoast's
5 books and the Commission sets rates based on those
6 costs, the customers of PGS would effectively be
7 subsidizing the operations of SeaCoast, right?

8 A That would be true in any similar
9 circumstance. Yes.

10 Q And SeaCoast's budget for 2024 was scheduled
11 to be prepared in July of this year, 2023, correct?

12 A Yes.

13 Q Prior to the 2022 historical year in this
14 case, isn't it true that as President of both PGS and
15 SeaCoast, you did not direct anyone to conduct a review
16 of the cost allocation factors that would result in the
17 2023 and 2024 costs from PGS employees being attributed
18 to SeaCoast?

19 A Yes. I didn't really have a reason to do so.

20 Q And there is no evidence presented in this
21 case that PGS has undertaken a systemic and
22 comprehensive review of the allocations and charges from
23 PGS to SeaCoast at least -- we'll strike that question.

24 You would agree that there is no one at
25 SeaCoast who would complain that you are allocating too

1 much or too little to it because there is no employees,
2 right?

3 A I wouldn't agree with that. I don't really
4 connect those thoughts.

5 Q Well, there are no employees at SeaCoast,
6 right? We've discussed that.

7 A There are no employees at SeaCoast, but I am
8 not sure how that relates to whether or not costs are
9 properly attributed. We have integrity as a leadership
10 team, and want to ensure that costs are appropriately
11 allocated.

12 Q The point being that there is no one at
13 SeaCoast because you are the President of both
14 companies, and SeaCoast has no employees, correct?

15 A I am sorry, can you rephrase the question?

16 Q Sure. So we've already kind of talked about
17 this, but just reaffirming. In a way, you are the only
18 employee of SeaCoast, because you are the President of
19 SeaCoast. There is no one else there to complain to
20 you, correct, about anything?

21 A I am sorry, I really don't understand the
22 linkage of those thoughts. We have a board of directors
23 that we report to regularly. There is governance that
24 oversees SeaCoast. There are means through which the
25 company's operations are evaluated.

1 **Q But there are no specific employees of**
2 **SeaCoast, correct?**

3 A It is factually true that there are no
4 employees of SeaCoast, yes.

5 CHAIRMAN FAY: Ms. Wessling, I think you made
6 your -- I am sorry, Wesley, Wessling, I know it's
7 confusing --

8 THE WITNESS: It's hard.

9 CHAIRMAN FAY: -- yeah, but I think you made
10 your pointe.

11 MS. WESSLING: Right.

12 BY MS. WESSLING:

13 **Q There is an incentive for SeaCoast to have as**
14 **light a cost burden as possible, and for PGS to provide**
15 **documentary support for higher costs in the ratemaking**
16 **process, correct? There is an incentive at least. I am**
17 **not saying necessarily that's going on, but you would**
18 **agree there is that incentive?**

19 A Could you clarify, please, what the incentive
20 is?

21 **Q So if SeaCoast has a lighter cost burden and**
22 **PGS provides documentary support for higher costs, then**
23 **that could benefit -- or that could result in that**
24 **potential subsidy of PGS customers of SeaCoast's costs?**

25 A It's possible that would be the case.

1 Customers of PGS also benefit from lower costs at
2 SeaCoast, though, because SeaCoast provides natural gas
3 through the state of Florida through -- to serve PGS
4 customers.

5 Q The Commission and PGS customers depend on PGS
6 to allocate costs correctly, correct?

7 A That's true.

8 Q And you would agree that the burden of proof
9 in this matter is on the company to demonstrate that not
10 only the PGS costs are reasonable and prudent, but that
11 the costs attributed to SeaCoast are fairly determined
12 and reasonable an amount under the facts and
13 circumstances, correct?

14 A Yes.

15 Q If we could look at -- this is OPC Exhibit 1C,
16 which has already been identified as No. 169,
17 confidential.

18 All right. So again, this is the document
19 from June of 2020, and you weren't there, but you are
20 familiar vaguely with this document, correct?

21 A Yes.

22 Q All right. And if we could look at, it's OPC
23 Bates 3, but it's also, if you are looking at it
24 horizontally, the number 138 at the bottom of the page
25 is what we are going with, in the center bottom of the

1 page.

2 All right. You are there?

3 A I am.

4 Q Okay. And again, this is a confidential
5 document, but there is a section with two words, one
6 begins with M, one begins with O at the top. Do you see
7 those two words together?

8 A Yes.

9 Q All right.

10 A I do.

11 Q Would those -- is that something we can say
12 out loud, do you think, or do we need to maintain the
13 confidentiality of that just those two words?

14 A Yeah. Market opportunities.

15 Q All right. Thank you.

16 Under that market opportunities column of
17 information, could you please read the first bullet
18 point to yourself? And if you can read it out loud,
19 read it out loud, please.

20 A Leverage all TECO assets.

21 Q And at 20 -- at this time in 2020, leveraging
22 all TECO assets would include all PGS assets as well,
23 correct?

24 A Yes.

25 Q And that would also include SeaCoast?

1 A Yes.

2 Q And this statement, the leveraging -- leverage
3 all TECO assets, that's consistent with the fact that
4 Emera views SeaCoast as an important part of its
5 operations in Florida with respect to growing its
6 presence in traditional emerging natural gas markets?

7 A I think that's true.

8 Q SeaCoast continues to be an option for PGS and
9 Emera to pursue emerging businesses, correct?

10 A I think that's true.

11 MS. WESSLING: If we could look in your
12 packets to OPC Exhibit 5C. This will be a new one
13 that we will mark, I think -- is it 172?

14 CHAIRMAN FAY: Yes.

15 (Whereupon, Exhibit No. 172 was marked for
16 identification.)

17 CHAIRMAN FAY: Give me the OPC number again,
18 Ms. Wessling.

19 MS. WESSLING: It's OPC 5C.

20 CHAIRMAN FAY: Okay. And you are correct,
21 that will be 172.

22 MS. WESSLING: Thank you.

23 BY MS. WESSLING:

24 Q Do you have that, Ms. Wesley?

25 A I do.

1 Q Great. And kind of some of the same
2 questions. This was provided in discovery, but this is
3 only an excerpt of a larger document?

4 A That's correct.

5 Q All right. And you have no reason to question
6 the authenticity of this information?

7 A I don't.

8 Q All right. If we could look at OPC Bates 5,
9 which would also be, if you are looking at the bold
10 numbers in the middle, page 5151.

11 There is a pipeline project referenced, and
12 the name begins with a C, correct?

13 A Yes.

14 Q Is that public information?

15 A Yes.

16 Q All right. So I am referring to the Callahan
17 Pipeline.

18 SeaCoast was or is a partner in the Callahan
19 Pipeline project that facilitated PGS's ability to make
20 sales to very large emerging market customers as shown
21 on this page, correct?

22 A The -- I mean the Callahan Pipeline enabled
23 gas to move across the state of Florida cost
24 effectively, yes.

25 Q And that was to very large emerging market

1 customers, correct?

2 A The emerging market that is spoken of there is
3 LPN customers. Yes.

4 Q And if -- I mean, we don't -- we are not going
5 to take the time to do this, but if you were to look at
6 all of the pages in this particular exhibit, there are
7 many references to SeaCoast Gas within this exhibit,
8 correct?

9 A Yes.

10 Q All right. SeaCoast has facilitated PGS's
11 ability to enhance PGS's sales of natural gas to support
12 large volumes of natural gas LNG customers in the
13 Jacksonville area that are shown in the bar graph above
14 the red line on this page, correct?

15 A SeaCoast has enabled gas to be moved to the
16 PGS system to be able to deliver, yes, gas to those
17 customers.

18 Q Okay.

19 MS. WESSLING: All right. One of the
20 confidential exhibits we already looked at was OPC
21 Exhibit 3C, and that's No. 167. If we could all
22 pull that one up. And then there is one
23 nonconfidential exhibit I would like to pass out as
24 well, which is OPC 48, please. And that will be
25 173?

1 CHAIRMAN FAY: Yes.

2 MS. WESSLING: Thank you.

3 (Whereupon, Exhibit No. 173 was marked for
4 identification.)

5 BY MS. WESSLING:

6 Q All right. So I think we already talked about
7 your familiarity with 167, but you are also familiar
8 with Exhibit 173, correct?

9 A Yes.

10 Q This was a discovery response provided in this
11 case?

12 A Yes.

13 Q All right. And these documents demonstrate
14 that SeaCoast is available to Emera to provide the
15 pipeline investment to support Emera's nonregulated
16 involvement in RNG service, correct?

17 A I believe the specific -- yes, that is
18 correct. I believe the specific reference there,
19 though, was the use of SeaCoast as a legal entity, not
20 SeaCoast in the traditional sense of being a large
21 volume pipeline company.

22 Q You would agree with me that the use of
23 SeaCoast to provide pipeline service to the Alliance
24 Dairies project was an Emera level decision, correct?

25 MR. WAHLEN: Commissioners, we have already

1 agreed that the Alliance Dairy project is going to
2 be handled below-the-line. I am not sure why this
3 is particularly relevant.

4 MS. WESSLING: The only thing I am getting at
5 here -- and I don't contest that whatsoever. It's
6 just we are talking about the SeaCoast aspect of
7 that particular project at one point in time.

8 CHAIRMAN FAY: And linking the relevance to
9 it?

10 MS. WESSLING: Yes.

11 CHAIRMAN FAY: Okay. If you can be narrow
12 with it, I agree it has been established, but if
13 that connection is made, and if you can answer
14 that, I don't --

15 THE WITNESS: I was -- I was attempting to
16 answer it honestly, because the SeaCoast that's
17 referred to in this IRR, during a point in time we
18 were evaluating whether Alliance was to be an
19 unregulated asset. And the available legal entity
20 structure that we had to house that at the time was
21 SeaCoast. So it was not intended as a business of
22 SeaCoast on an ongoing basis.

23 MS. WESSLING: Okay. Just one moment.

24 BY MS. WESSLING:

25 **Q All right. And essentially the relevance, and**

1 the point that I was trying to make there, was that
2 SeaCoast is available if Emera needs it, to
3 competitively and profitably pursue nonregulated revenue
4 sources in Florida, would you agree?

5 MR. WAHLEN: Mr. Chairman, Public Counsel has
6 expressed concern about the timing of this docket,
7 and they are talking about SeaCoast, which is an
8 unregulated company. I don't understand how that's
9 relevant to this case.

10 CHAIRMAN FAY: Ms. Wessling, I know -- I mean,
11 based on the record, it's a little bit challenging
12 with no employees and how it operates as an entity,
13 but to Mr. Wahlen's point, you either need to get
14 to the connection or we'll move on.

15 MR. REHWINKEL: Mr. Chairman --

16 CHAIRMAN FAY: You are off, Mr. Rehwinkel.

17 MR. REHWINKEL: If I may address that.

18 You are going to hear cross-examination from
19 Ms. Wesley, who is the President of SeaCoast, Mr.
20 Richard, who is the Vice-President of Engineering,
21 Construction and Technology, and Ms. Parsons, who
22 is responsible for allocation of costs accounting
23 in this case.

24 A theme of this case is that there are 150
25 employees, that you have just heard about, who the

1 company is asking to hire. One of the issues that
2 we are entitled to inquire about is whether those
3 hires drive the need to have employees available to
4 provide services to SeaCoast in its emerging role
5 in the company in the state of Florida.

6 So our relevance on all of these issues is
7 going to be about the hiring of those employees, as
8 well as, I believe it's Issue 13, about whether the
9 costs to SeaCoast are adequately accounted for. So
10 it is a significant issue that's embedded in the
11 theme of this case, which is they need 150 more
12 employees to provide service.

13 CHAIRMAN FAY: Yeah. And I think -- so the
14 question that you are getting at is the use of
15 those employees in the SeaCoast entity. I don't --
16 Mr. Wahlen, I don't know if there is anything to be
17 stipulated to or not, but I think as far as how the
18 employees at Peoples might be used in relation to
19 that seems relevant.

20 MR. WAHLEN: It certainly is, but he is --
21 they are not asking questions about whether any
22 particular employee who has been hired to support
23 SeaCoast. They are just talking about SeaCoast
24 generally, but I get the point.

25 CHAIRMAN FAY: Yeah. Ms. Wessling, I am

1 guessing you are going to get -- you are getting to
2 that point?

3 MR. REHWINKEL: It --

4 CHAIRMAN FAY: Or Mr. Rehwinkel, hold on.

5 MR. REHWINKEL: This is a thematic issue that
6 transcends three witnesses, so Ms. Wesley is the
7 President of SeaCoast, and she's a fact witness on
8 this, as is Mr. Richard in terms of the resources
9 that he dedicates.

10 So it's a matter of tying the threads
11 together. There is not going to be, in any one
12 question, a silver bullet that says this is right
13 and this is wrong. This is fact development --

14 CHAIRMAN FAY: Right, and I --

15 MR. REHWINKEL: -- for purposes of testing
16 their case.

17 CHAIRMAN FAY: I am not saying you have to
18 have that silver bullet. I am just saying I think
19 the correlation is relevant, so I will allow it
20 with the relevance that there is that correlation
21 to Peoples, however it wants to be presented, asked
22 and answered, but outside of that, to Mr. Wahlen's
23 point, like some of the inner workings of the
24 SeaCoast operation that are not correlated to
25 Peoples don't seem to have relevance.

1 MS. WESSLING: We are certainly trying to
2 address the connection between SeaCoast and Peoples
3 with all of our questions, and, you know, all of
4 those we feel are event to that issue that is
5 pending.

6 CHAIRMAN FAY: Okay. I just ask you to be
7 thoughtful of how to get there maybe.

8 MS. WESSLING: Certainly.

9 CHAIRMAN FAY: Thank you.

10 MS. WESSLING: All right. I believe we are at
11 where I would like to discuss something in OPC 4C,
12 which is -- has not yet been marked for
13 identification, so correct me if I am wrong, but I
14 think we are at 174?

15 CHAIRMAN FAY: I believe that is correct, so
16 4C.

17 MS. WESSLING: Yes.

18 (Whereupon, Exhibit No. 174 was marked for
19 identification.)

20 BY MS. WESSLING:

21 **Q All right. Ms. Wesley, this is a document**
22 **prepared by Peoples Gas for presentation at a February**
23 **2023 Emera board meeting, correct?**

24 **A Yes, it is.**

25 **Q All right. And you would have been at the**

1 board meeting and a part of this presentation?

2 A I was.

3 Q So you are very familiar with these documents?

4 A I am.

5 Q They are from just a few months ago?

6 A (Witness nods head in the affirmative.)

7 Q Yes?

8 A Yes.

9 Q All right. Thank you.

10 All right. If we could turn to Bates page 14,
11 OPC 14. Let's see here. It looks like it's 253, if you
12 are going by the numbers at the middle of the bottom of
13 the page.

14 And if you are able to, could you read the
15 title of this slide out loud?

16 A Strategy Update June 2023.

17 Q Thank you.

18 And if you could just review this page
19 briefly, and especially look at the second to last
20 bullet point.

21 A Yes.

22 Q Is that bullet point something that can be
23 read out loud or no?

24 A Yes, I think so.

25 Q All right. Would you please read it?

1 A It says: Are we optimizing our use of
2 SeaCoast towards TECO Gas Operations performance.

3 Q And if PGS's costs are lightly allocated, or
4 otherwise under-attributed to SeaCoast, would the answer
5 of that question be yes?

6 A I am sorry, could you say the question again?

7 Q Sure.

8 So the question that was read out loud, are we
9 optimizing our use of SeaCoast toward TECO Gas
10 Operations performance, if PGS costs are lightly
11 allocated or otherwise under-attributed to SeaCoast,
12 would the answer to that question be yes?

13 A I can only say no to that, and it's because
14 that's not what the intention of that bullet was. It
15 was a strategic consideration.

16 Q Wouldn't under-attributing costs optimize that
17 question -- the answer to that question?

18 A I can only tell you what the intention of that
19 bullet was, and it had nothing to do with cost
20 allocation.

21 Q But I am asking if the costs are
22 under-attributed to SeaCoast Gas. I am not asking you
23 to say that they are. I am saying if they are, the
24 answer to that question would be yes, correct?

25 MR. WAHLEN: I think she's answered the

1 question.

2 THE WITNESS: I think the answer is no in
3 safety, there are all kinds of other consideration
4 was respect to optimizing performance.

5 MS. WESSLING: All right. If we could look at
6 OPC 2C, which I don't believe has been introduced
7 yet, so we will go with No. 175, unless someone
8 tells me that's incorrect.

9 CHAIRMAN FAY: No. Correct, 175.

10 (Whereupon, Exhibit No. 175 was marked for
11 identification.)

12 BY MS. WESSLING:

13 Q All right. And looking at this briefly, same
14 questions. These are excerpts of board meeting minutes
15 from June 2022, correct?

16 A Yes.

17 Q And they were provided in discovery, and they
18 were at a time when you were with the company?

19 A Yes.

20 Q All right. In the middle of 2022, PGS did
21 some strategy planning with company leadership, which is
22 shown in this particular exhibit, correct?

23 A Yes.

24 Q And turning to OPC Bates 11 of this packet?

25 A I am sorry, which slide number?

1 Q It's -- so it's OPC 11, but at the bottom
2 middle of the page, it's actually the last page of this
3 exhibit, it's 115. All right.

4 A Yes.

5 Q Are you able to read the title of this slide
6 out loud?

7 A Corporate Structure to Support Growth.

8 Q And without reading this aloud, there is a
9 yellow box that says two words, one starts with K, one
10 starts with T, correct?

11 A Yes.

12 Q And are those two words able to be said out
13 loud or no?

14 A The Key Takeaways?

15 Q Well, okay.

16 A Yes.

17 Q All right. You would agree that within that
18 box, there is a reference to SeaCoast, correct?

19 A Yes, there is.

20 Q And the information on this page, and in that
21 box, support the notion that SeaCoast is strategically
22 important to Emera in Florida, correct?

23 A Yes, I think that's true.

24 Q And if you could read to yourself the next to
25 last paragraph on the right side of that page, I believe

1 -- yes, the next to the last paragraph, underneath that
2 box, just read it to yourself.

3 A Yes.

4 Q All right. Is that paragraph something that
5 can be read out loud or no?

6 A I think so.

7 Q All right. If you could please read that
8 paragraph?

9 A PGS will continue to evaluate other
10 organizations to better understand how it can leverage
11 regulated and unregulated business models when
12 contemplating emerging market natural gas infrastructure
13 investments.

14 Q All right. I think we can put that exhibit
15 aside.

16 I believe in opening statement, and maybe even
17 a few times during this cross-examination, we've
18 referenced that there has been a very large amount of
19 discovery conducted in this case, correct?

20 A Yes.

21 Q All right. And strictly speaking from OPC's
22 standpoint, we've asked approximately 270
23 interrogatories and 101 request for production; does
24 that sound about right?

25 A It does.

1 Q All right. And you had your individual
2 deposition taken twice, and you participated in a panel
3 deposition, correct?

4 A Yes.

5 Q Many other PGS employees were also deposed?

6 A Yes.

7 Q And are you aware that many customers have
8 also submitted written comments to the Commission
9 regarding PGS's requested rate increase?

10 A I am aware that approximately eight or 10
11 customers provided written commentary.

12 Q Did you review those comments?

13 A I did.

14 MS. WESSLING: And these were matters that
15 were already taken official recognition of. We
16 have an exhibit, if that's necessary, but I don't
17 know if maybe we can just give that an exhibit
18 number of, that would be --

19 CHAIRMAN FAY: What are the -- go ahead.

20 MS. WESSLING: It was OPC 58. And probably
21 just for purposes of a clean record, we should just
22 have those entered as an exhibit, if that's
23 agreeable to --

24 CHAIRMAN FAY: Are you going to reference
25 specific excerpts of --

1 MS. WESSLING: Yes.

2 CHAIRMAN FAY: And do you have those
3 available?

4 MS. WESSLING: We do. Yes. We will pass
5 those out now. It's OPC 58, and so that would be
6 176.

7 CHAIRMAN FAY: Yes.

8 (Whereupon, Exhibit No. 176 was marked for
9 identification.)

10 MR. WAHLEN: I am sorry, is this 176?

11 CHAIRMAN FAY: Yes.

12 MR. WAHLEN: Thank you.

13 CHAIRMAN FAY: Ms. Wessling, just to get a
14 general idea on this exhibit, how much time do you
15 think you will have?

16 MS. WESSLING: Not too long on this one, but
17 then the subject after this will take a little bit
18 of time.

19 CHAIRMAN FAY: Okay. We'll plan then, once
20 you are finished with this, we will break to make
21 sure the court reporter has a break and we will --

22 MS. WESSLING: All right. Thank you.

23 CHAIRMAN FAY: Yeah. Go ahead.

24 BY MS. WESSLING:

25 **Q All right. Ms. Wesley, you would agree that**

1 several of the customers, the ones who are included
2 here, wrote in to opposing PGS's requested rate
3 increase, correct?

4 A Yes. That's right.

5 Q And in addition to their other comments within
6 this -- within this packet of information, several of
7 the customers did some rough calculations of the
8 percentage increase that this rate request would
9 translate to, correct?

10 A Yes.

11 Q And they -- several of them estimated
12 somewhere between 30 and 40 percent increases, correct?

13 A Yes. It's a roughly 36 percent increase in
14 the base rate, and a roughly 16, 17 percent increase in
15 the bill.

16 Q And so their range of 30 to 40 percent is
17 accurate as far as --

18 A Yes.

19 Q -- the 36 percent increase that we are dealing
20 with here, correct?

21 A Yes.

22 Q And you are not aware of any other time that
23 PGS has requested a larger rate increase, correct?

24 A No, I am not. But this is the only second --
25 it's only the second time in 15 years that we have

1 actually requested a rate increase.

2 MS. WESSLING: This might be a good time to
3 take that break.

4 CHAIRMAN FAY: Okay. Let's do that. Let's --
5 I have 10:45. We will start back right at 11:00.

6 (Brief recess.)

7 CHAIRMAN FAY: All right. Let everybody grab
8 their seat before we can get started back. All
9 right. If you could grab your seats.

10 MR. WAHLEN: Mr. Chair, before we get started.

11 CHAIRMAN FAY: Yes, Mr. Wahlen.

12 MR. WAHLEN: We consulted with Public Counsel
13 at the break, and we are thinking that when Ms.
14 Wesley is complete, we would move to Mr. D'Ascendis
15 and then Mr. Watson. I wanted to put that out
16 there for the universe to see if anybody had an
17 objection to it.

18 CHAIRMAN FAY: Sure. I think that's fine. I
19 think it might even be easier for our IT folks to
20 go ahead and get them out of the way and then --
21 that works for you? Okay, great.

22 Ms. Wessling, do you have any -- well,
23 obviously, we will break for lunch when we hit the
24 right point. Do you have any idea about timeline
25 for what's left with Ms. Wesley? Because maybe we

1 can line that up with that break and then get them
2 set up virtually, and that kind of thing.

3 MS. WESSLING: I have one -- I only have one
4 remaining line of questioning that I would like to
5 go through with Ms. Wesley, and it's one composite
6 exhibit as well, so there won't be a need to pass
7 out anything else.

8 CHAIRMAN FAY: Okay.

9 MS. WESSLING: But it will take, I would say,
10 a minimum of a half an hour.

11 CHAIRMAN FAY: Okay. Great, and then Mr.
12 Moyle, you will have cross?

13 MR. MOYLE: I will have cross.

14 CHAIRMAN FAY: Okay. That timing might work
15 out then, so okay. Go ahead -- oh, yes, Mr.
16 Rehwinkel.

17 MR. SANDY: Yes, Chair -- I'm sorry -- we will
18 also have some very light cross, but light.

19 CHAIRMAN FAY: Okay. Great. Yeah.

20 MR. REHWINKEL: Just for the record, you know,
21 last night in the exigency of the situation with
22 kind of pivoting to the paper, we committed to make
23 the minimum amount of copies, and folks worked
24 until very late last night to do that. We have
25 received request for more copies for the rest, and

1 so we are making those copies, and we are going to
2 try to catch up and get the copies prospectively so
3 that everybody that needs one gets it. I
4 apologize, but in the, you know, to just get it
5 done, we made the minimum and I apologize for those
6 that --

7 CHAIRMAN FAY: Understood. And the only thing
8 I would add is just there is no need to provide
9 Commissioner Graham with the physical copies
10 anymore --

11 MR. REHWINKEL: Okay.

12 CHAIRMAN FAY: -- so that will subtract one
13 from your total number that you need, and then you
14 can distribute that.

15 MR. REHWINKEL: Thank you.

16 CHAIRMAN FAY: Yep. Thank you.

17 All right. Ms. Wessling, when you are ready.

18 MS. WESSLING: All right. Thank you.

19 BY MS. WESSLING:

20 **Q All right. This next exhibit is the last**
21 **exhibit. It's OPC 59 -- that I will be discussing, OPC**
22 **59C, and just -- where are we 170 --**

23 **CHAIRMAN FAY: 177.**

24 MS. WESSLING: 7, okay.

25 CHAIRMAN FAY: And you have said 60 --

1 MS. WESSLING: This is 59C.

2 CHAIRMAN FAY: 59C.

3 (Whereupon, Exhibit No. 177 was marked for
4 identification.)

5 MS. WESSLING: And just -- counsel is already
6 aware of this, but this is probably the most
7 sensitive of documents, so just if everyone could
8 just take special care to, you know, protect the
9 confidentiality contained here.

10 CHAIRMAN FAY: Okay. We are 177.

11 COMMISSIONER CLARK: Which document?

12 CHAIRMAN FAY: Oh, it's 59, yeah, C.

13 BY MS. WESSLING:

14 Q And, Ms. Wesley, kind of going along with
15 that, I am going to try to be as careful as I can with
16 these questions, and I would just ask you to try to keep
17 your answers as narrow as possible, but I don't want you
18 to feel like you can't explain yourself if you want to.

19 A Okay. Thank you.

20 Q All right. So this is Exhibit 177, and
21 because some of these questions will take a little bit
22 longer to even ask, we'll just, you know, try to keep
23 everyone -- if everyone could try to have a little
24 patience, that would be great too.

25 If we could look first at Bates page OPC Bates

1 2. This is a document that you are loosely familiar
2 with?

3 A Yes, I am.

4 Q And looking at Bates pages three through
5 seven, to the best of your knowledge, with respect to
6 the subject matter that is shown in the two bold words
7 on the top of page OPC 3, is it true that this is --
8 what's in these pages is the most current information as
9 of the date shown on OPC Bates 2?

10 A Yes, it is.

11 Q Is it also true that from 2020 through today,
12 in your various roles as Chief Operating Officer,
13 President, President and CEO, and as a Tampa Electric
14 and PGS board member, that things mention in the OPC
15 Bates page three through seven have been a material part
16 of the things that you would be familiar with in those
17 various roles?

18 A Yes.

19 Q If you could turn to OPC Bates page nine,
20 please.

21 All right. You can see the date of this
22 meeting where this document was presented at the top
23 center of the page, correct? It's a little bit cut off
24 but can you make out the date there?

25 A It looks like --

1 Q And don't need to read it out loud or
2 anything.

3 A August 6th, 2020, yes.

4 Q Okay. And even though you started with PGS in
5 October of 2020, you are familiar with this particular
6 meeting, correct, that's described in this header?

7 A I am familiar with the fact that it would have
8 been a board meeting. I am not, you know, immediately
9 conversant with the content of that meeting, no.

10 Q Okay. Looking at this particular page, this
11 reviews the list of requests and suggestions from the
12 two previous meetings that took place that year, would
13 you agree?

14 A It does. Yes.

15 Q Looking at the very bottom row of this
16 particular page. This contains a reference to a request
17 from a prior -- the late- excuse me, late spring 2020
18 meeting, correct?

19 A Yes, it does.

20 Q And turning to Bates page 11, you would agree
21 that this is the cover page of a presentation made at
22 that spring 2020 meeting, which resulted in the spring
23 2020 request and the summer 2020 response described on
24 the bottom row of the page we were just looking at?

25 A Sounds right.

1 Q And on Bates, OPC Bates 12, on line 15,
2 granted it it's fairly small, but there is a reference
3 to a certain type of activity and some identifying
4 information on, again, line 15 of OPC Bates 12, correct?

5 A Yes.

6 Q And wouldn't you agree that the activity
7 described on that line and the request described at the
8 bottom of OPC Bates 9 are directly linked?

9 A Yes, they are.

10 Q In other words, OPC Bates 9 is referring to
11 the follow-up request related to the activity that's
12 shown on line 15 of OPC Bates 12?

13 A Yes, it is.

14 Q Now, please turn to OPC Bates 14. This
15 document brings us back to summer of 20 -- the summer
16 2020 meeting and a presentation made there, correct?

17 A Yes.

18 Q And on OPC Bates pages 14 through 23, if you
19 want to look at that to confirm, that's fine, but we can
20 see that those attending that summer 2020 meeting were
21 provided a presentation on things that were mentioned on
22 OPC Bates 12, line 15, in the spring 2020 meeting, and
23 which caused the request at that same meeting for
24 follow-up information?

25 A Yes. That's correct.

1 Q Looking at OPC Bates 15, in the first bullet
2 point there, that bullet point contains some background
3 information included about the same type of things that
4 are briefly mentioned on line 15 of OPC Bates 12,
5 correct?

6 A Yes, that's right.

7 Q On the first bullet in the last sentence, the
8 fourth word, beginning with the word, excuse me, with
9 the letter T, partially characterizes the nature of the
10 things being described, doesn't it?

11 A Yes, it does.

12 Q And then looking at the last two bullet points
13 on that page in OPC Bates 15, please read those last two
14 bullet points to yourself, and let me know when you are
15 done.

16 A I am done.

17 Q All right. You would agree that the last two
18 bullet points on that page further synthesize certain
19 objectives of the overall company with respect to the
20 things being discussed here, correct?

21 A I think it further characterizes the nature of
22 the opportunity.

23 Q All right. Turning to OPC Bates 16. Would
24 you agree that this page just with above the first blue
25 -- excuse me -- yeah, on this page, just above the first

1 blue row, the same word that begins with the letter T
2 appears?

3 A Yes.

4 Q You would agree that, at a high level, this
5 document accurately reflects the environment surrounding
6 the things for which the meeting attendees desired more
7 information back in the spring of 2020?

8 A Yes.

9 Q And people generally identified by title --
10 and let's go back to OPC Bates 9 for just a moment, but
11 keep your finger on that other page if you can.

12 So looking at OPC Bates 9 in the center
13 column, people listed there would have been the ones to
14 have categorized and characterized the information shown
15 on OPC Bates 16, correct?

16 A Yes.

17 Q And turning to OPC Bates 18. Would you agree
18 that at the time this document was prepared in the
19 summer of 2020, that on this page, the third and fourth
20 bullets, I guess primary bullets, were the most material
21 and significant items that the personnel listed on OPC
22 Bates 9 likely wanted the summer 2020 meeting attendees
23 to take note of?

24 A I believe they were likely the most material,
25 yes.

1 Q Now turning to OPC Bates 23. Would you agree
2 that the sixth column provides some subjective
3 characterization of the things related to the subject of
4 the spring 2020 meeting follow-up request?

5 A Yes, it does.

6 Q And would you further agree that the seventh
7 column provides some relative degree of the granularity
8 related to the numbers in column six?

9 A I believe each of those columns was intended
10 to be assessed on its own merits.

11 Q All right. Would you agree that OPC Bates 23
12 sums up what was the status quo at that time of the
13 relevant environment relating to the things for which
14 the spring 2020 request for information was made?

15 A Yes.

16 Q If you would turn now to OPC Bates 25. Do you
17 generally recall this particular document?

18 A I do.

19 Q And again, this is excerpted, but you were the
20 person responsible for preparing and presenting this
21 complete document, company personnel and others in the
22 summer of 2022, correct?

23 A Yes.

24 Q Included in this presentation was a single
25 slide on which can be found on OPC Bates 26 related to

1 the general subject that we've been reviewing on the
2 prior pages, correct?

3 A Yes.

4 Q And this page contains similar, and at the
5 time, more up-to-date, though not identical data, as
6 compared to that information shown on OPC Bates 16,
7 correct?

8 A Yes, that's correct.

9 Q It would be fair to say that OPC Bates 26
10 demonstrates that as of the summer of 2022, the
11 environment related to these types of things had not
12 changed materially over the ensuing two years, correct?

13 A I think that's true.

14 Q Turning to OPC Bates 28, and taking note of
15 the date in the top right corner. At the time this
16 document was originally created, it is true that in the
17 third paragraph that starts with the word "and", that as
18 of the date shown, this sentence accurately and
19 completely described, at a high level, the extent of the
20 things that PGS and its affiliates were doing related to
21 the subject of this exhibit?

22 A Yes, that's true.

23 Q And in the second paragraph, on OPC Bates 28,
24 there is a reference to a document that can be found at
25 OPC Bates 37 and 38. If you could turn to 37 and 38,

1 please.

2 And if you could just confirm that the
3 document that -- the documents at Bates page OPC Bates
4 37 and 38 are the documents referenced in the second
5 paragraph of OPC Bates 28?

6 A I believe so. Yes.

7 Q Are you familiar with the documents at OPC
8 Bates 37 and 38, and with what is shown on each of those
9 pages?

10 A I am.

11 Q This document at OPC Bates 38 is fairly
12 similar to the ones at OPC Bates 16 and 26, correct?

13 A Yes, it is.

14 Q And looking back at OPC Bates 31, can you look
15 at this document and tell me whether, as of the date
16 shown at the top of that page, this page fully and
17 accurately summarize the relevant PGS and affiliate
18 activities as described in the first paragraph on this
19 page?

20 A It did. Yes, it did.

21 Q On OPC Bates 31 -- excuse me -- 33. As of the
22 date shown at the upper right-hand side of this page, is
23 it fair to say that this page contained more recent data
24 related to the things described on OPC Bates 28 and 31?

25 A Yes, it is.

1 Q That newer data is shown in the fourth
2 paragraph on OPC Bates 33, correct?

3 A Yes, it is.

4 Q The information discussed on OPC Bates 4
5 modifies this information on OPC Bates 3 -- 33, and OPC
6 Bates 4 is now the most up-to-date information on the
7 things discussed in this exhibit, correct?

8 A Yes. That's correct.

9 Q And then just to confirm, related to the
10 entire exhibit, isn't it true that from 2020 through
11 today, in your various roles as COO, President,
12 President and CEO, and as a Tampa Electric and PGS board
13 member, the things discussed in this exhibit related to
14 areas that you would have been very familiar with in
15 those various roles?

16 A Yes. That's true.

17 Q And given the totality of the things that are
18 discussed in this exhibit, does PGS have any
19 modifications to make to its test year or its filing or
20 rate request?

21 A No, we do not.

22 Q And if you could turn to Bates -- OPC Bates
23 39, which is the last page of the exhibit. Without
24 reading aloud the items on this page, would you agree
25 that the Commissioners can make decisions in this docket

1 regarding whether the contents of the first 38 pages of
2 this exhibit and your testimony may impact the matters
3 represented on this page?

4 A I am sorry, could you please just rephrase
5 that or repeat it?

6 Q Sure.

7 You would agree that the Commissioners can
8 make decisions in this docket regarding whether the
9 contents of the prior 38 pages of this exhibit and your
10 testimony may impact the various matters listed on OPC
11 Bates 39?

12 A The contents -- there is no -- there is no
13 activity currently contemplated in relation to the first
14 38 pages of this exhibit, and, therefore, there is no
15 impact on these issues.

16 Q But the Commissioners are the ones that can
17 look at all of this, and your testimony, and decide
18 whether or not that subject matter has an impact on any
19 of these --

20 A Yes, for sure.

21 Q -- items?

22 MS. WESSLING: Nothing further at this time.

23 Thank you.

24 CHAIRMAN FAY: Okay. Great. Thanks.

25 Mr. Moyle.

1 MR. MOYLE: Thank you. Thank you, Mr.
2 Chairman.

3 EXAMINATION

4 BY MR. MOYLE:

5 Q Good morning, Ms. Wesley.

6 A Good morning.

7 Q I am going to ask you questions on a number of
8 topics, and a lot of them will track my opening
9 statement, where I talked about things like return on
10 equity and the 2023 Transaction, so I just wanted to
11 give you a little heads-up on that.

12 One preliminary question in my mind was, you
13 are the President of the company that's seeking the rate
14 increase in this case, is that right?

15 A Yes, it is.

16 Q What is the preference for people like me to
17 call the company? I have heard you say, you know,
18 Peoples Gas Systems, PGS is what we use. Do you have a
19 preference, or can give us some insight as to the right
20 way to refer to your company?

21 A I would say it's an interesting question.
22 It's a bit of a shorthand. We either go by TECO Peoples
23 Gas, or Peoples Gas, or PGS. And often, it depends what
24 region of the state you are in just on the heritage of
25 the company.

1 **Q So I would be okay to use those**
2 **interchangeably I take it?**

3 **A You certainly would.**

4 **Q Let me start just by trying to clarify a**
5 **couple of points that you were just asked about on the**
6 **document with respect to --**

7 **MR. MOYLE:** It's been admitted, as I
8 understand it, Mr. Chair, as Exhibit 177?

9 **CHAIRMAN FAY:** It's been numbered as 177. It
10 hasn't been admitted yet.

11 **MR. MOYLE:** I'm probably going to have a
12 procedural question at some point, but we can deal
13 with that later, Mr. Chair.

14 **BY MR. MOYLE:**

15 **Q With respect to a question that was initially**
16 **asked to you with regard to the PSC Bates page numbers**
17 **three, four, five and six --**

18 **CHAIRMAN FAY:** Mr. Moyle, are you still on
19 **177?**

20 **MR. MOYLE:** That's right.

21 **CHAIRMAN FAY:** Okay.

22 **THE WITNESS:** And I am sorry, can you remind
23 me which? Is that --

24 **BY MR. MOYLE:**

25 **Q Sure. It's at the very front of the document.**

1 A Was it 59C?

2 MS. WESSLING: Yes.

3 THE WITNESS: And Bates which? I am sorry.

4 BY MR. MOYLE:

5 Q 03 to 07 on the far right-hand side of the
6 document.

7 A Yes.

8 Q OPC asked you a question as of, you know, a
9 date certain. And I just want to confirm that your
10 answer with respect to anything also applies, the answer
11 that you gave to OPC, that this information is true and
12 correct as of a date certain, is also true and correct
13 as of today?

14 A Yes, sir.

15 Q And on the last page of this document, Bates
16 39, the items that are listed in there, you would agree
17 that all of those items are material and significant,
18 we'll just leave it at that, would you not?

19 A Yes, they are.

20 Q Okay. The next line of questions that I want
21 to ask you about relates to return on equity.

22 A Okay.

23 Q And I know there is a specialized witness on
24 return on equity, but you have a generalized
25 understanding of the return on equity and the request

1 for the return on equity, do you not?

2 A Yes.

3 Q There is an exhibit I would like to use, and
4 it's OPC 4C, as in, I guess that's confidential, 174. I
5 believe it's been identified but not admitted. And I
6 want to refer you, if I could, to -- the number on the
7 right is 20582. And just let me know when you are
8 there, if you would.

9 A I might be in the wrong exhibit.

10 CHAIRMAN FAY: OPC Bates 4. The bottom right,
11 Mr. Moyle, is that --

12 MR. MOYLE: That's right. It has three
13 numbers on it, you know, 206 in the middle, OPC 4
14 on the bottom right, and above that, 020582.

15 CHAIRMAN FAY: And, Mr. Moyle, I was just
16 recommending that OPC number, because that's what
17 they just used to reference her. So it might be
18 easier for her to track.

19 MS. WESSLING: That exhibit is OPC 4C, and
20 identified as 174. Does that help? So the
21 notebook you are looking at.

22 THE WITNESS: Yes. I just can't find the page
23 number that Mr. Moyle is referring to.

24 BY MR. MOYLE:

25 Q It says return on equity at the top.

1 A 20582? Okay. Got it. Thank you.

2 Q And during the questions of OPC, you said some
3 things. I mean, we put confidentiality on all of this
4 just to be overly protective, but to the extent that you
5 say, you know, this is not really something that's, you
6 know, tiptop secret information, you know, it would
7 probably ease the conversation if we could, but I defer
8 to you with respect to what's in here.

9 A Sure.

10 Q So yesterday in my opening statement, I talked
11 about Florida leading the nation in a number of things,
12 and desiring to lead the nation in a number of things.
13 Would I be correct that, as we sit here today, if the
14 Commission were to act favorably on the ROE request that
15 you are making, that Florida would lead the nation in
16 return on equity for natural gas companies?

17 A I am not equipped to answer that definitively.
18 We have historically done reviews of ROE in other
19 states, but I am not -- I am not equipped to answer it
20 definitively.

21 Q Okay. Maybe I can walk through it kind of in
22 a piecemeal fashion.

23 I mean, the top end of your range that you are
24 seeking for ROE is 12 percent in this case, correct?

25 A Yes. And I understand your question. I just

1 -- I -- in order to be able to answer your question, I
2 need to be sure that there aren't higher ROEs elsewhere
3 in the country, and that's what I am trying saying I am
4 not equipped to answer definitively.

5 Q Okay. Can I ask -- let me ask the question,
6 the same question with respect to the information that's
7 set forth on this exhibit, because this was -- this was
8 an exhibit that went to the Board of Directors February
9 -- on February 9th, 2023. So if I reframe the question
10 as with respect to at the date of the meeting, could you
11 answer it?

12 A This -- I am sorry, this exhibit doesn't have
13 all the data on it with respect to ROEs in other states,
14 and so if you are asking me to definitively say it's the
15 highest, I can't.

16 Q Would you be comfortable describing your
17 understanding of what this exhibit does, what it was
18 meant to show?

19 A Sure. This exhibit shows the ROE, the average
20 ROE across different regulatory environments.

21 Q And that was as of the date of the board
22 meeting, February 9, 2023, correct?

23 A Yes. That's right.

24 Q And the highest number that's shown on this
25 exhibit is 11.9, correct?

1 A From 2017, yes.

2 Q And so if this commission were to adopt the
3 PGS position in this case, and award an 11-percent ROE
4 with 100 basis points flexibility gap, it would be
5 higher than the 11.9 percent that you referenced as the
6 highest ROE in this document, correct?

7 A It would, but that's a six-year-old data
8 point, and ROEs change on an annual basis depending on
9 the external environment surrounding the utilities.

10 Q And based on this graph, that would be kind of
11 a high watermark, 2017, would it not?

12 A It would. And I don't have it handy, but it
13 would be interesting to understand what the prevailing
14 interest rate was at the time.

15 Q Right. And the midpoint ROE for the most
16 recent data, 2022, what is that?

17 A An average of 9.4.

18 Q And you would agree, I mean, you have pretty
19 extensive regulatory experience in a lot of areas, that
20 commissions around the country, when making decisions on
21 ROE, you know, consider largely the same risk in factors
22 when making that determination of ROE, correct?

23 A As far as I understand, yep.

24 Q This next line of inquiry, I am going to try
25 to specifically ask you about interest rates, and the

1 interest rates for your company going out into the
2 market with respect to a downstream affect of the 2023
3 Transaction, and I am going to try to ask you generally.
4 I have documents if we need to go there.

5 But am I right, as a general proposition, that
6 one result of the 2023 Transaction is, is that the
7 interest rates for short-term debt that will be paid by
8 PGS, your company, will be higher than they would have
9 been had the 2023 Transaction not taken place?

10 A I think it's correct to say that the
11 short-term interest rates would have affected PGS one
12 way or another, whether the transaction had occurred or
13 not, because by their very nature, the short-term
14 borrowings are in the market for a short period of time
15 and, therefore, more susceptible to changes in interest
16 rates.

17 Q So they would have been affected. Can you
18 tell me whether it would be higher or lower?

19 A Interest rates have risen over the last 12
20 months.

21 Q Right, generally. But I am trying to ask you
22 to just compare. Assuming, as we sit here today, the
23 2023 Transaction didn't take place. It has taken place,
24 correct?

25 A It has.

1 Q And it's closed, and it's operating, and off
2 you go?

3 A That's correct.

4 Q And you decided not to come ask the Commission
5 what they thought about this. It was just something
6 that was done, and now it's here before them for
7 consideration with respect to possible impacts on
8 ratepayers, correct?

9 A Yes.

10 Q Do you know what your short-term interest rate
11 is now? Have you guys gone out and gotten debt under
12 the new restructured company as we sit here today?

13 A We have not gone out and restructured the debt
14 yet. And Mr. McOnie is fully prepared to speak to all
15 the details of that, but we are waiting to have a credit
16 rating before going and refinancing the debt --

17 Q Okay.

18 A -- the service of benefiting customers.

19 Q And you are familiar with rating agencies and
20 what they do, right?

21 A Yes.

22 Q Moody's, Fitch, Standard & Poor's, those are
23 all well respected credit agencies that I assume you are
24 familiar with, and do you use all three of them, or --

25 A Yes, across Emera, I think all three are used,

1 yes.

2 Q Okay. From an interest rate perspective, when
3 a -- when a rating agency says we are going to lower a
4 company with respect to their ratings, what impact does
5 that have on interest rates?

6 A It first and foremost has an impact on the
7 spread that's caused by the credit quality, which then,
8 in turn, affects interest rates.

9 Q Right. But isn't it true that if they say,
10 well, you know what, we are going to lower the rating on
11 company X or company Y, that that information is
12 important to investors, because they say, well, it's not
13 doing so well. They've lowered the rating on it.
14 That's going to make the interest that I want to get
15 from the debt of that company a little higher?

16 A Generally speaking, yes.

17 Q And has the company been advised that with,
18 you know, the new breakout company, that there will
19 likely be an increased interest rate impact when it goes
20 out to try to get short-term debt?

21 A Mr. McOnie will be able to speak to that in
22 detail, but that really is the result of having a credit
23 rating, and we have a positive story to tell.

24 Q Okay. But as we sit here today, I am just
25 trying to understand from a general standpoint whether

1 you have a view of that one way or the other. Can you
2 say, yeah, you know what, I think it might be a little
3 higher initially, maybe not later, I mean, interest
4 rates are --

5 A I think I will leave that to Mr. McOnie.

6 Q Okay. Can I ask you to look at Exhibit 160,
7 one, six, zero, please?

8 A Which OPC number is that?

9 Q It's 50C. You know what, before you do that,
10 just on that last point, let me just -- let me just ask
11 you to take a quick look at 167 before we go to 160.

12 A I am sorry, which OPC number is that?

13 Q 3C. Just let me know when you are there, if
14 you would.

15 A I am -- I am here.

16 Q All right. So if you would go to page, the
17 OPC number is 08, and the bottom of the page number is
18 38.

19 A Got it.

20 Q Are you there?

21 A Yes, I am.

22 Q Just for a little context, what's the history
23 of this document?

24 A So this document is a routine forecast that's
25 provided to Emera leadership a couple times a year to

1 update on financial performance of its affiliates.

2 Q And who prepares it?

3 A Our finance team.

4 Q And they are experts in finance, and deal with
5 internal resources and external resources such as rating
6 agencies, is that right?

7 A Our finance team doesn't have extensive
8 experience working directly with rating agencies. Those
9 tend to be activities that Emera does centrally.

10 Q Okay. The second bullet point under
11 commentary, you know, my impression is I don't really
12 think that's confidential, but if you would look at it,
13 and if you are comfortable, could you just read it out
14 loud for the record, but if you are not comfortable, you
15 can --

16 A The medical claims volatility based on
17 historical trends, am I on the right page?

18 Q No. It says Peoples Gas System interest
19 expense --

20 A Okay. Hang on.

21 Q -- at the top left?

22 A Oh, sorry. Hang on. I see. Yes. Second
23 bullet.

24 For purposes of estimating interest rates in
25 2023, it is assumed that PGS's debt will be rated at

1 least one notch blow Tampa Electric's rating due to a
2 different business profile.

3 **Q And so do you have any information about why**
4 **that conclusion was reached with respect to the rating**
5 **agencies?**

6 A That would have been a comment that would have
7 come from Halifax that would have been based on that
8 point in time.

9 **Q But it was probably based on consultations**
10 **with rating agencies, would that be fair?**

11 A Probably, yes.

12 **Q When determining return on equity, risk of a**
13 **company is something that is considered, correct?**

14 A Yes, it is.

15 **Q Okay. And given -- this ties into the 2023**
16 **Transaction. Given that previously there was an**
17 **electric company and a gas company, both kind of housed**
18 **up under the same parent, is that right?**

19 A Yes.

20 **Q Which one, in your viewpoint, presents more**
21 **risk operationally, a natural gas company or an electric**
22 **company?**

23 A I am not sure that I am the right person to
24 ask that question of in the context that you are asking
25 it of, honestly. It's such a complex question, and I

1 know Mr. McOnie will be able to give you some more
2 insight, but I am sure he will probably also say that
3 there are experts who spend their lives working on those
4 kinds of things.

5 **Q You don't have an opinion on that one way or**
6 **the other?**

7 A Not that I would like to throw out in the room
8 in such a serious context. No. It's a very complicated
9 topic, and it's in the eye of the beholder, and the
10 rating agencies have a particular view.

11 **Q Do you know what their view is, if you ask**
12 **them what you think is riskier, a gas company or an**
13 **electric company, what they might say?**

14 A I think one of the other things that's
15 important to know about all those kinds of things is
16 they change very regularly, depending on circumstance.
17 One might have said that an electric company was low
18 risk, and then there is an incident like Hawaiian
19 Electric, and all of a sudden the risk profile changes
20 based on recency factors. So it's a very dodgy
21 discussion.

22 **Q Okay. Just a few more questions with respect**
23 **to the 2023 Transaction, and I was going to take you to**
24 **50C, which has been marked as Exhibit 160, Mr. Chair.**

25 **CHAIRMAN FAY: Yep. Give her a minute to get**

1 **there.**

2 BY MR. MOYLE:

3 **Q So just so we have a, you know, a record that**
4 **gives a little context, could you -- are you comfortable**
5 **just telling the Commission what this document is at a**
6 **high level?**

7 A Yes. This document is a document that was put
8 together by the legal counsel at TECO to the CEO of
9 Emera, and copying in the Presidents of Peoples Gas and
10 Tampa Electric, and it's a 17-page document that
11 outlines the merits of the 2023 Transaction, and all of
12 the relative considerations of that transaction back in
13 2019.

14 **Q Okay. And were you involved in the**
15 **preparation of this document?**

16 A I was not. I was far away at that point.

17 **Q Have you reviewed the document?**

18 A I have, extensively.

19 **Q Do you believe it's a document that was well**
20 **craft and lays out the reasons for the 2023 contemplated**
21 **transaction in a fair and meaningful way?**

22 A I think it's a very thorough piece of due
23 diligence on the transaction. I think what it omits is
24 what was understood to just be understood at that point
25 in time, which what was, you know, what were the merits

1 of the transaction, and what were the benefits to
2 customers?

3 It was understood that the transaction was an
4 appropriate thing to do for business structuring
5 purposes, and to mitigate risk and to benefit customers.
6 This document does not cover a lot of that ground. It
7 goes more into how would it be affected, and what would
8 the implications be.

9 **Q Right. And, in fact, it has nothing in this**
10 **document that says this is good for customers, correct?**

11 A It doesn't speak to the quantitative benefits
12 to customers.

13 **Q And part of the reason is because there aren't**
14 **any that can be quantified as we sit here today. They**
15 **are qualitative in nature as compared to quantifiable,**
16 **correct?**

17 A No, I don't think that's correct. I think it
18 is harder to quantify the short-term benefits. I think
19 it is possible to quantify the longer term benefits.

20 **Q Have you done it?**

21 A We have done it insofar as we have looked at
22 what might be the cost of a catastrophic event to
23 Peoples Gas if it had still been housed within Tampa
24 Electric and Tampa Electric had a catastrophic event.
25 We have done those calculations, yes.

1 **Q** So what's the number for the long-term
2 **quantifiable benefits resulting from the 2023**
3 **Transaction?**

4 A I don't have it handy in my mind, but it's in
5 the millions of dollars impact on interest rates, and
6 access to capital, and things like that.

7 **Q** Right. And you told OPC earlier that there is
8 **no quantification of any short-term benefits, correct?**

9 A Not that was captured in this memo, no.

10 **Q** Okay. Same point with respect to -- I will
11 **just refer to you 162.**

12 A I am sorry, which --

13 **Q** Exhibit 162, 51C, as in cat. It's the private
14 **letter request.**

15 A Yes.

16 **Q** And there is nothing in this -- it looks like
17 **it was a nearly 50-page document, a 49-page document**
18 **sent to the Internal Revenue Service that said, here's**
19 **some customer benefits, or benefits to the ratepayers,**
20 **there is nothing in this document that would provide any**
21 **ratepayer benefits?**

22 A No. That wouldn't have been the intention of
23 the document.

24 **Q** Okay. OPC Exhibit 60C, as in cat.

25 MR. MOYLE: I don't know that this one has

1 been marked.

2 CHAIRMAN FAY: It has not.

3 MR. MOYLE: Could we give it an exhibit
4 number, please?

5 CHAIRMAN FAY: We are at 178.

6 (Whereupon, Exhibit No. 178 was marked for
7 identification.)

8 MR. WAHLEN: What's the document?

9 CHAIRMAN FAY: OPC 60C, six zero, correct?

10 MR. MOYLE: That's right.

11 CHAIRMAN FAY: Okay.

12 BY MR. MOYLE:

13 **Q And I want to -- I want to direct you to page**
14 **-- it doesn't have an OPC number on it, but it is**
15 **Bates-stamped numbered 018721. It has pros and cons in**
16 **the title.**

17 A Yes.

18 **Q Are you comfortable reading into the record**
19 **the bold two words at the top of the document?**

20 A Yes. Advantages and Disadvantages.

21 **Q Okay. And so the purpose of this document was**
22 **to provide the Board with some pros and cons of the**
23 **proposed 2023 Transaction, is that right?**

24 A That's correct.

25 **Q Okay. In the advantages sections, there is**

1 nothing that list a benefit or impact on customers
2 specifically, correct?

3 A Under fit and focus, the intent of that was
4 that that would benefit customers.

5 Q Were you involved in preparing this?

6 A I was.

7 Q How about under disadvantages, there is a
8 comment there with respect to customers. Are you
9 comfortable reading that into the record?

10 A Yes. It says: Potential Transition
11 Disruption to Customers.

12 Q And what was contemplated in that
13 disadvantage?

14 A Essentially that there would be a name change,
15 and that there would be some administrative things that
16 had to happen, and we wanted to ensure that it was
17 seamless to customers, which it was.

18 Q And there is a certain financial cost to
19 customers, are there not, with respect to this 2023
20 Transaction?

21 A There is a one-time frictional cost of
22 reestablishing our financing as an independent entity,
23 yes.

24 Q And potentially, you know, depending on
25 questions like interest rates charged, and other things,

1 **there are potential recurring cost to customers as well,**
2 **correct?**

3 A It remains to be seen, but, yes, as an
4 independent entity, Peoples Gas will be financed
5 differently than it was previously, when it was
6 benefiting from Tampa Electric's financing structure.

7 **Q Okay.**

8 A And it will attract capital at market rates
9 for Peoples Gas.

10 **Q How is SeaCoast doing this year? You are the**
11 **President of SeaCoast?**

12 A I am. SeaCoast -- SeaCoast is four pipelines.
13 Two of them serve gas across the state of Florida. Two
14 of them serve gas directly to customers, and as a
15 result, there are fixed fees associated with those. And
16 as a result of all of that, it has very steady
17 performance.

18 **Q As a business professional, are you**
19 **comfortable with its performance and its capitalization**
20 **and how it's operating?**

21 A I am.

22 **Q What is more costly for corporate finance,**
23 **debt or equity?**

24 A Under current circumstances, and obviously,
25 again, this is one of those things that changes

1 depending on how your share price is doing, equity.

2 Q Equity is more expensive?

3 A Currently. Yes.

4 Q Right. And I have been told over the years,
5 that's kind of how it works. Debt -- you can get debt
6 for less than equity, is that generally true in your
7 view?

8 A Again, it's not quite as simple as that. It
9 depends on who the entity is that's raising the capital
10 and what their risk profile is.

11 Q Do you know, what's the equity to debt ratio
12 for SeaCoast?

13 A It's an imputed debt equity ratio. Debt at 55
14 percent.

15 Q And given that equity is more expensive than
16 debt, and the company is well run, have you considered
17 increasing the amount of debt that would be in place for
18 PGS to more closely align, put a little more leverage
19 into PGS as a capital structure adjustment?

20 A The capital structure of PGS is something
21 before the Commission, and we have kept it at its status
22 quo.

23 Q Right. And would you agree -- I mean, if
24 SeaCoast is performing well, is a good company, and
25 things are going well, it's a company you oversee, and

1 it has a debt equity ratio that seems to be working,
2 would you be comfortable with that debt equity ratio
3 being used in the context of Peoples Gas?

4 A No, I would not. They are two entirely
5 different entities. And SeaCoast competes with other
6 nonregulated entities who have similar capital
7 structure, and that's why that capital structure was
8 chosen for it.

9 Q They are both regulated by the Commission, are
10 they not?

11 A SeaCoast is not rate regulated by the
12 Commission.

13 Q But the PSC has jurisdiction over it. I
14 thought you answered that in a prior question.

15 A Yes.

16 Q What's your understanding of the jurisdiction
17 that the Commission does have over SeaCoast?

18 A I believe the Commission largely is regulating
19 it as a pipeline company in the state of Florida.

20 Q Its activities are very similar to PGS,
21 correct?

22 A No, they are not.

23 Q From a standpoint of both of them are involved
24 with pipelines, natural gas pipelines, correct?

25 A SeaCoast is a transmission pipeline company.

1 It operates four pipe lines across the state. As a
2 result, it has two direct customers. Peoples Gas has
3 470,000 direct customers, and thousands and thousands
4 and thousands of miles of pipe. SeaCoast has 200 miles
5 of pipe. So very, very different operations.

6 **Q Same business, different miles of pipe?**

7 A Is there a question? I am --

8 **Q Yeah. You would agree with that?**

9 A I would agree that they are both pipeline
10 companies. They are very different pipeline companies.

11 MR. MOYLE: I wanted, Mr. Chair, to try to use
12 the system to pull up something from her testimony,
13 would you be up for that? I think it --

14 CHAIRMAN FAY: You want to refer to a line to
15 her direct or rebuttal?

16 MR. MOYLE: Yes.

17 CHAIRMAN FAY: Sure. You can direct her to
18 that and I think our folks will be able to pull it
19 up.

20 MR. MOYLE: This is page 18 of her testimony.

21 CHAIRMAN FAY: Of her direct?

22 MR. MOYLE: Yes. Could we -- I tell you
23 what --

24 CHAIRMAN FAY: You need it up there, Mr.
25 Moyle, or are we okay if she has it in front of

1 her?

2 MR. MOYLE: I think the line -- I have line 18

3 -- let me do this --

4 BY MR. MOYLE:

5 Q Let me ask you this question, if I could:
6 Could you characterize for the Commission how PGS is
7 doing in 2023 from a financial operating standpoint?

8 A Sure. So PGS has reported earnings and
9 provided an outlook for 2023 that results will be the
10 same or weaker than in 2022 from an earnings
11 perspective. And through various forms of testimony, we
12 have projected that we will earn less than eight percent
13 ROE in 2023.

14 Q Is that having a material impact on the
15 company as we sit here today?

16 A It's not sustainable, which is -- which is why
17 we were here requesting rates.

18 Q Right. And when you say it's not sustainable,
19 you mean it's kind of on a downward trend, right,
20 because you are projecting that if rate relief is not
21 provided, it goes to, like, three percent ROE?

22 A Three percent. Yes.

23 Q But as we sit here today, the eight percent is
24 not strangling you?

25 A Could you be more specific?

1 Q The eight percent return on equity, is that
2 within your range, the lower end of your range as we
3 silt here today?

4 A No, it's not. The bottom of our range is a
5 percent bow 9.9 or 8.9 percent, so we are well below our
6 range.

7 Q All right. And there was characterizations
8 about the rate increase. Would it be fair to say that
9 the rate increase that took place as a result of the
10 parties' settlement agreement previously, that was the
11 last time y'all sought to adjust rates, correct?

12 A Yes. We adjusted rates, and they came in the
13 form of revenue. And the settlement also included some
14 depreciation credits, which are noncash.

15 Q Okay. Let's go to that line 23 -- actually,
16 maybe that's the -- if we could scroll to 24. There is
17 a \$58 million increase. You are talking about the prior
18 settlement, is that right?

19 A Yes. That's correct.

20 Q And how much is being asked for today in the
21 rates?

22 A Approximately 124 million before the cast
23 iron/bare steel.

24 Q So you were asked about percent rate increase,
25 35 to 40 percent on a percentage basis, and with respect

1 to the comparison to the last rate case, it's double the
2 rate increase as compared to the last one, is that
3 right?

4 A I believe we said the last rate increase was
5 32 percent, and this one is 36 percent.

6 Q Right. But in terms of dollar figures, like,
7 so the last one, we agreed, it was 58 million increase,
8 and now you are at 130, so that's more than double what
9 it was last time, right?

10 A Yeah, and the company has grown significantly
11 since then.

12 I think it bears saying that even with this
13 rate increase, our bills and our base rates will be very
14 comparable to what has been approved for FPUC and
15 Florida City Gas already. We will be lower than one,
16 and slightly higher than the other.

17 Q But you would agree, every case is judged on
18 its own facts, correct?

19 A Of course. But I do think it's relevant to
20 understand what the market looks like for delivery of
21 gas in the state of Florida.

22 Q And given your view on that, that stands true
23 with respect to our ROE discussion?

24 A Absolutely.

25 MR. MOYLE: I have another quick line, I think

1 I am about wrapping up, but --

2 CHAIRMAN FAY: What number?

3 MR. MOYLE: This is 20C, as in cat. OPC
4 exhibit, it has not been marked with an exhibit
5 number.

6 CHAIRMAN FAY: Okay. We will mark it as 179.

7 (Whereupon, Exhibit No. 179 was marked for
8 identification.)

9 BY MR. MOYLE:

10 Q And this does have OPC markings on it. I take
11 you to the last page of this exhibit. It's OPC 5.
12 There is another big number on it, 15374.

13 A Yes.

14 Q Could you just, if you are comfortable,
15 explain what this document is?

16 A Yes. I believe what this document captures is
17 an audit that we had done of the blanket capital over a
18 period of time.

19 Q And why do you do that?

20 A Just general good practice, to make sure that
21 we were accounting properly for spending.

22 Q I don't know how comfortable you are talking
23 specifics on this, but down on the right-hand column,
24 the last comment, there is something in bold in there.
25 Are you comfortable verbalizing that?

1 A Most likely error, that comment?

2 Q Yes.

3 A Yeah. Sure. Most likely error is 0.9 percent
4 and upper limit error is 2.8 percent of the population
5 respectively.

6 Q And ABS, what is that?

7 A You know what, that's a good question. I
8 don't recall what that is.

9 Q The -- what I am trying to understand is there
10 is a couple of numbers just to the left of that. Are
11 you okay verbalizing those numbers?

12 A Yes. \$4 million and \$13 million.

13 Q Okay.

14 CHAIRMAN FAY: Mr. Moyle, just for clarity, it
15 appears at the top of the page that it identifies
16 that ABS, to your question. It appears at the top
17 of the page it identifies what ABS is up there.

18 THE WITNESS: Absolute value. Right. Thank
19 you.

20 MR. MOYLE: Okay. Thank you.

21 BY MR. MOYLE:

22 Q So I guess I am trying to understand if this
23 -- you know, this error, this most likely error, upper
24 error, you know, did these errors actually occur and
25 were identified and rectified, or is it a pending

1 matter? I mean, they are pretty big numbers in the
2 grand scheme of things on this case, in my mind anyway,
3 so do you have any information about these errors that
4 were identified in this document, and what the status of
5 them are?

6 A I think the place to go is to the prior page,
7 under conclusion, where it says: Based on the work
8 performed. Based on the work performed and the sample
9 selected from the population, et cetera, et cetera, the
10 blanket capital project transactions for the period
11 appear to be fairly stated. So that was the conclusion
12 of the audit.

13 Q And if you are comfortable reading the first
14 couple of sentences of the next paragraph, that would be
15 appreciated.

16 A Our review, however, identified operations and
17 maintenance work that was erroneously recorded to
18 capital projects, and instances of overbilling by
19 external contractors. They don't -- the exceptions
20 don't exceed the established materiality threshold.

21 So essentially, what this audit told us was
22 that, from a materiality and sort of overall
23 perspective, things were being correctly recorded, but
24 there were some instances where some corrections needed
25 to be made. And from that, we have learned and put in

1 place additional controls, and it's just part of ongoing
2 good business governance.

3 **Q And do you know what the materiality threshold**
4 **is that's being referenced is?**

5 A I don't specifically, no.

6 **Q It would be a number value, right?**

7 A Typically a number, or a percentage of a
8 number. Yes.

9 **Q Yeah. And what caught my eye is it talks**
10 **about overbilling by external contractors, and I just**
11 **was curious whether that's been rectified?**

12 A Well, everything coming outing of here would
13 have been actioned, and Christian Richard would be able
14 to talk you to about this in further detail. But I can
15 assure you, this is the kind of thing we do to make sure
16 that things are as accurate as possible.

17 **Q Okay. Thank you.**

18 MR. MOYLE: Mr. Chair, if I could just have a
19 minute to check my notes.

20 CHAIRMAN FAY: Okay.

21 BY MR. MOYLE:

22 **Q I don't have any further questions of you, but**
23 **I wanted to thank you for appearing and answering the**
24 **questions and --**

25 A Thank you.

1 Q -- it was a pleasure to get to know you in
2 **this case. Thank you.**

3 A Thank you. Likewise.

4 CHAIRMAN FAY: All right. Staff.

5 MR. SANDY: Yes, Mr. Chair. And with lunch in
6 mind, I will be as quick as I can.

7 EXAMINATION

8 BY MR. SANDY:

9 Q **Ms. Wesley, in your witness testimony that**
10 **you --**

11 CHAIRMAN FAY: Mr. Sandy, if you will just
12 **move a little closer to the mic to make sure we**
13 **get --**

14 MR. SANDY: I can. My apologies.

15 CHAIRMAN FAY: Thank you.

16 BY MR. SANDY:

17 Q **Ms. Wesley, in your witness testimony that you**
18 **sponsored in this rate case, you cite to the San Bruno**
19 **and Zogg Wildfire in California as examples of why the**
20 **2023 Transaction is a good idea. Do you recall that**
21 **testimony?**

22 A I do.

23 Q **Okay. And ultimately, if I understand your**
24 **testimony correctly, you cite to those as examples of a**
25 **material good for customers, is that right, or at least**

1 why the 2023 Transaction is a material good for
2 customers? Clearly, those catastrophes were not good
3 for California ratepayers.

4 A Right. It's the idea that isolating the gas
5 utility from the electric utility protects it from those
6 kinds of catastrophes impacting it directly.

7 Q So this morning, I have heard you reference at
8 least twice, quote, Hawaii, and I believe it is within
9 the context of why the 2023 Transaction is a material
10 good for the utility's ratepayers, am I correct in what
11 I heard?

12 A It's a -- it's a recent occurrence in which a
13 catastrophic event is affecting credit worthiness and
14 access to capital of an electric utility. And the idea
15 is that if the gas utility had been housed within that
16 electric utility, customers would be harmed.

17 Q Okay. And I just want to be clear, when you
18 say Hawaii, you are citing the series of fires in Maui
19 that have obviously created issues that are ongoing
20 still, is that right?

21 A Yes. That's right.

22 Q Okay.

23 MR. SANDY: If I could have one moment, Mr.

24 Chair.

25 CHAIRMAN FAY: Sure.

1 MR. SANDY: No further questions.

2 CHAIRMAN FAY: All right. Commissioners, any
3 cross for Ms. Wesley?

4 Okay. With that, we will move to redirect.

5 FURTHER EXAMINATION

6 BY MR. WAHLEN:

7 Q Ms. Wesley, just briefly.

8 Public Counsel asked you a number of questions
9 about SeaCoast, and introduced the idea that somehow or
10 other Peoples is staffing up to support SeaCoast in
11 emerging markets. Do you remember those questions?

12 A I do.

13 Q How many projects does SeaCoast have right
14 now?

15 A SeaCoast has four pipelines operating.

16 Q And are there any projects on the board now
17 for SeaCoast?

18 A There is nothing formally on the board now for
19 SeaCoast.

20 Q Is Peoples Gas staffing up to support SeaCoast
21 in emerging markets?

22 A It is not.

23 Q There has been some discussion about 90 new
24 employees, or team members, in 2023. Do you remember
25 those questions?

1 A I do.

2 Q Do you know, or would you agree, subject to
3 check, that about 60 of those positions were vacant in
4 '22 and have been filled in '23?

5 A Yes. That's correct.

6 Q Okay. There were some questions about the tax
7 implications of the '23 transaction, and some questions
8 about whether avoiding a capital gains tax, or a tax
9 expense was the primary driver behind the transaction.
10 Do you remember that?

11 A Yes.

12 Q In Exhibit 161, which was an interrogatory
13 answer, did that explain other considerations for the
14 transaction besides taxes?

15 A Yes, it did.

16 Q And do you know, did the company ever really
17 come to terms with which entity would bear the tax
18 expense if there had been one? The \$150 million, did
19 the company figure out, well, yeah, that would be
20 Peoples Gas, or Tampa Electric, or Emera, or the
21 customers; or did the company just decide, we are not
22 going to incur that kind of tax expense, so we don't
23 need to worry about who would have to pay it?

24 A Well, I think, generally speaking, the company
25 would want to avoid \$150 million tax gain in general.

1 Initially, it was understood that Tampa Electric would
2 bear the gain. And ultimately, through subsequent
3 conversation with tax advisers, and trying to understand
4 whether there was another way to manage this, in light
5 of all of the questions that we have been receiving, and
6 trying to be thoughtful about listening to those
7 questions, and we've understood that the gain would be
8 borne by Peoples Gas if it were to be incurred today.

9 **Q But the goal has been to avoid the tax**
10 **expense?**

11 A That's absolutely the goal, and that's why we
12 are working hard to secure financing by the end of the
13 year so that we can be compliant with the private letter
14 ruling, and be able to secure the tax-free status of the
15 transaction.

16 MR. WAHLEN: Those are all my questions.

17 Thank you.

18 CHAIRMAN FAY: All right. You want to enter
19 some exhibits?

20 MR. WAHLEN: Peoples would move Exhibit 12 and
21 26.

22 CHAIRMAN FAY: Okay. Without objection, show
23 12 through 26 entered into the record.

24 (Whereupon, Exhibit Nos. 12 & 26 were received
25 into evidence.)

1 CHAIRMAN FAY: And OPC.

2 MS. WESSLING: Yes, OPC just has one exhibit
3 that we would like to leave identified, which is
4 OPC Exhibit 48, which was identified as 173. If we
5 could not admit that exhibit at this time, but we
6 would ask that all other OPC exhibits be admitted.

7 CHAIRMAN FAY: Okay. So 173 --

8 MS. WESSLING: Just remain identified for now.

9 CHAIRMAN FAY: Okay. All right.

10 MR. WAHLEN: No objection.

11 CHAIRMAN FAY: Seeing no objections, show
12 OPC's exhibits -- let's see, what number did we end
13 at?

14 MS. WESSLING: 160 through 177.

15 CHAIRMAN FAY: So then, Mr. Moyle, it was 178
16 and 179.

17 MS. WESSLING: Yes.

18 CHAIRMAN FAY: Okay. All right.

19 (Whereupon, Exhibit Nos. 160-172 & 174-177
20 were received into evidence.)

21 MR. MOYLE: Mr. Chair, could I respectfully
22 ask that we just keep this open over lunch, and I
23 need to have some conversations with my legal
24 colleagues about admission of this information to
25 the record that I think would help move us along.

1 CHAIRMAN FAY: Okay. So for the exhibits, the
2 two exhibits you referenced, you want to just work
3 through it --

4 MR. MOYLE: I am not -- I am just not clear of
5 the information where it's, like, see this line
6 right here, and what it says, if these don't get
7 into the record, then I don't understand how they
8 can be reviewed or relied on for the purposes of
9 any decision, but I think I can sort it out with
10 some conversations.

11 CHAIRMAN FAY: Okay.

12 MR. MOYLE: What OPC asked was point to line,
13 you know, three on this page, and isn't -- but then
14 it's not in the record. Nobody will ever know what
15 that related to.

16 MR. WAHLEN: I think --

17 CHAIRMAN FAY: Unless there is an objection to
18 -- yeah, go ahead, Mr. Wahlen.

19 MR. WAHLEN: Well, I mean, we can talk about
20 it over lunch, but the documents that our witness
21 was cross-examined on are in the record now. They
22 have been admitted, so many not sure what the issue
23 is.

24 MR. MOYLE: I thought we weren't admitting a
25 lot of this confidential stuff.

1 CHAIRMAN FAY: No, it's admitted.

2 MR. MOYLE: Okay. All the stuff that had been
3 marked and identified by OPC is all admitted?

4 CHAIRMAN FAY: Yes. It's my understanding
5 that as confidentially admitted, it's admitted for
6 the record.

7 MR. THOMPSON: All except for one.

8 MR. WAHLEN: All except for 173. Yeah.

9 CHAIRMAN FAY: Does that answer your issue?
10 And we can wait until lunch if you want.

11 MR. MOYLE: That would be great. I will just
12 clear it up after lunch.

13 CHAIRMAN FAY: Okay. So we will take -- we
14 will just address that first thing if there is
15 something that needs to be addressed, that works.

16 MR. REHWINKEL: But are we admitting 160
17 through 177, minus 173?

18 CHAIRMAN FAY: Yes.

19 MR. REHWINKEL: Okay.

20 CHAIRMAN FAY: Without objection those are
21 admitted into the record. 173 is the only one that
22 we did not, correct? Okay. Yep. All right. So
23 that puts us in the right posture.

24 So then just to give us some -- to give
25 everyone some idea of the timeline in procedures.

1 So when we come back, Mr. Wahlen, we will have --
2 our folks will have Mr. D'Ascendis and Mr. Watson
3 ready to go.

4 MR. WAHLEN: Yes, sir. That will be fine.

5 CHAIRMAN FAY: And did you have a preference
6 in the order out of those two?

7 MR. WAHLEN: I would like to do Mr. D'Ascendis
8 first, please.

9 CHAIRMAN FAY: Okay. Great. So then we plan
10 on starting back at 1:30 with Mr. D'Ascendis, and
11 then we will move to Mr. Watson.

12 MR. THOMPSON: Mr. Chairman, before we -- the
13 Clerk's Office reached out to ask a question. I
14 believe that the utility requested to move Exhibits
15 12 and 26 in, and the announcement was Exhibits 12
16 through 26, so I think for the Clerk's Office, if
17 we could clarify whether that was 12 and 26 or 12
18 through 26.

19 MR. WAHLEN: 12 and 26.

20 CHAIRMAN FAY: Yeah. To your point, Mr.
21 Thompson, I do think we stated it as through, so
22 for that correction, it's 12 and 26.

23 MR. THOMPSON: Thank you.

24 CHAIRMAN FAY: Thank you.

25 Anything else?

1 MR. THOMPSON: Not from staff.

2 CHAIRMAN FAY: Thank you. Thank you for that
3 catch.

4 All right. We will break for lunch. We will
5 see you at 1:30.

6 (Lunch recess.)

7 (Transcript continues in sequence in Volume
8 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 16TH day of September, 2023.


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