BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230010-EI

Storm Protection Cost Recovery Clause.
_______________________________/

VOLUME 1
PAGES 1 - 241

PROCEEDINGS: HEARING

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

DATE: Tuesday, September 12, 2023

TIME:
Commenced: ~~10~~ 11 10:20 a.m. 10/24/23
Concluded: 11:45 a.m.

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

REPORTED BY:
DEBRA R. KRICK
Court Reporter

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

APPEARANCES:

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

BETH KEATING, ESQUIRE, Gunster Law Firm, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301; appearing on behalf of Florida Public Utilities Company (FPUC).

CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420; appearing on behalf of Florida Power & Light Company (FPL).

DIANNE TRIPLETT, MATTHEW R. BERNIER and STEPHANIE A. CUELLO, ESQUIRES, 106 E. College Avenue, Suite 800, Tallahassee, Florida 32301; appearing on behalf of Duke Energy Florida, LLC (DEF).

WALT TRIERWEILER, PUBLIC COUNSEL, CHARLES REHWINKEL, DEPUTY PUBLIC COUNSEL, PATRICIA A. CHRISTENSEN, MARY ALI WESSLING and OCTAVIO PONCE, ESQUIRES, OFFICE OF PUBLIC COUNSEL, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida (OPC.).

JON C. MOYLE, JR. and KAREN A. PUTNAL, ESQUIRES, Moyle Law Firm, 118 North Gadsden Street, Tallahassee, FL 32301; appearing on behalf of Florida Industrial Users Group (FIPUG).

JAMES W. BREW and LAURA W. BAKER, Stone Law Firm, 1025 Thomas Jefferson Street NW, Suite 800 West Washington, DC 20007; appearing on behalf of Florida White Springs Agricultural Chemicals, Inc., d/b/a PCS Phosphate - White Springs (PCS).

PETER J. MATTHEIS, MICHAEL K. LAVANGA and JOSEPH R. BRISCAR, ESQUIRES, Stone Mattheis, Xenopoulos & Brew, 1025 Thomas Jefferson Street, NW, Suite 800 West, Washington, DC 20007; appearing on behalf of Nucor Steel (NUCOR).

SHAW STILLER and DANIEL DOSE, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission (Staff).

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

I N D E X

EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	9	10
2-49	As identified in the CEL	9	10

P R O C E E D I N G S

CHAIRMAN FAY: All right. If everyone could grab their seats, we are going to convene the storm protection plan cost recovery clause hearing.

Staff, would you please read the notice?

MR. DOSE: By notice issued on August 10th, 2023, this time and place has been set for a hearing in Docket 20230010-EI. The purpose of this hearing is set out more fully in the notice.

CHAIRMAN FAY: Great. Thank you.

All right. Next, Commissioners, we will move to appearances. We will start with Tampa Electric this morning.

MR. MEANS: Good morning, Commissioners. Malcolm Means with the Ausley McMullen Law Firm appearing on behalf of Tampa Electric. I would also like to enter appearances for Jeff Wahlen and Virginia Ponder with the Ausley McMullen Law Firm.

CHAIRMAN FAY: All right. Next, Florida Public Utilities.

MS. KEATING: Good morning, Commissioners. Beth Keating with the Gunster Law Firm here today for Florida Public Utilities.

CHAIRMAN FAY: Great. Thank you.

Florida Power & Light.

MR. WRIGHT: Good morning, Commissioners. Christopher Wright on behalf of Florida Power & Light.

CHAIRMAN FAY: Okay. Duke.

MR. BERNIER: Good morning, Commissioners. Matt Bernier for Duke Energy Florida. I would also like to enter an appearance for Stephanie Cuello and Dianne Triplett.

Thank you.

CHAIRMAN FAY: Great. Thank you.

Office of Public Counsel.

MS. CHRISTENSEN: Good morning. Patricia Christensen on behalf of the Office of Public Counsel. I would also like to put in an appearance for the Walt Trierweiler, our Public Counsel, Charles Rehwinkel, Mary Wessling and Octavio Ponce.

CHAIRMAN FAY: All right. Thank you, Ms. Christensen.

Next we will move to FIPUG. Mr. Moyle.

MR. MOYLE: Thank you, Mr. Chair.

On behalf of the Florida Industrial Power Users Group, FIPUG, Jon Moyle, with the Moyle Law Firm, is representing them. And I would also like to enter an appearance for Karen Putnal with our firm.

CHAIRMAN FAY: Great. Thank you.

All right. Next, Mr. Brew, PCS Phosphate.

MR. BREW: Thank you. Good morning.

For White Springs Agricultural Chemicals, PCS Phosphate, I am James Brew. Also would like to also note an appearance for Luara Wynn Baker.

CHAIRMAN FAY: Great. All right. Thank you, Mr. Brew.

Next, Nucor.

MR. BRISCAR: Good morning, Commissioners. Joseph Briscar, from Stone Mattheis, Xenopoulos & Brew, appearing on behalf of Nucor Steel Florida. I would also like to enter an appearance for Peter Mattheis and Michael Lavanga.

Thank you.

CHAIRMAN FAY: All right. Thank you, Mr. Briscar.

Next, Commission staff.

MR. DOSE: Daniel Dose and Shaw Stiller for Commission staff.

CHAIRMAN FAY: Thank you, Mr. Dose.

Legal.

MS. HELTON: And Mary Anne Helton is here as your Advisor, along with your General Counsel, Keith Hetrick.

CHAIRMAN FAY: All right. That takes care of all of our appearances. Next we will move into preliminary matters.

Any preliminary matters in this docket?

MR. DOSE: Staff is aware of no preliminary matters at this time.

CHAIRMAN FAY: Okay. Great, seeing none from the parties.

All right. Next we will move into exhibits.

MR. DOSE: Staff has prepared a comprehensive exhibit list which includes the prefiled exhibits attached to each witnesses' prefiled testimony, exhibits identified by staff, and four stipulated exhibits submitted by OPC. The list has been provided to the parties, the Commissioners and court reporter.

Staff requests that the list, itself, be marked as Exhibit No. 1 at this time, with all subsequent exhibits marked as indicated on the list.

CHAIRMAN FAY: Okay. Great. So then we will mark Exhibit 1, and then all other exhibits will be marked 2 through 49.

(Whereupon, Exhibit Nos. 1-49 were marked for identification.)

MR. DOSE: Staff requests Exhibit No. 1 be entered into the record at this time.

CHAIRMAN FAY: Okay. Without any objection, show Exhibit 1 entered into the record.

(Whereupon, Exhibit No. 1 was received into evidence.)

MR. DOSE: It is staff's understanding that the parties do not object and stipulate to the admission of the remaining exhibits, numbers 2 through 49. Staff requests that these exhibits be entered into the record at this time.

CHAIRMAN FAY: Okay. Seeing no objections from the parties? Okay, we will enter Exhibits 2 through 49 on the comprehensive exhibit list into the record.

(Whereupon, Exhibit Nos. 2-49 were received into evidence.)

CHAIRMAN FAY: All right. Next, Commissioners, we will move into witness testimony.

MR. DOSE: It is staff's understanding that the parties not object and stipulate to the admission of the prefiled direct testimony of all witnesses in this docket. Staff requests that the following witnesses' testimony be entered into the record in the following order as if read:

TECO witnesses Mark R. Roche and C. David Sweat.

FPUC witnesses Jason Bennett and Mark Cutshaw.

FPL witnesses Michael Jarro and Richard Hume.

Duke witnesses Christopher A. Menendez, Brian Lloyd and Brian Brong.

And staff witnesses Hymavathi Vedula and Donna Brown.

CHAIRMAN FAY: Okay, great. Seeing no objections, the prefiled testimony of all witnesses will be moved into the record as though read.

(Whereupon, prefiled direct testimony of Mark R. Roche was inserted.)

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

MARK R. ROCHE

FILED: April 3, 2023

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

MARK R. ROCHE

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

A. My name is Mark R. Roche. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the company") as Manager, Regulatory Rates in the Regulatory Affairs Department.

Q. Please provide a brief outline of your educational background and business experience.

A. I graduated from Thomas Edison State College in 1994 with a Bachelor of Science degree in Nuclear Engineering Technology and from Colorado State University in 2009 with a Master's degree in Business Administration. My work experience includes twelve years with the US Navy in nuclear operations as well as twenty-five years of electric utility experience. My utility work has included various positions in Marketing and Sales, Customer Service, Distributed Resources, Load Management, Power Quality, Distribution Control Center Operations, Meter Department, Meter Field Operations, Service Delivery, Revenue Assurance, Commercial and Industrial Energy Management Services, Demand Side Management ("DSM") and Storm Protection Plan ("SPP") Planning and Forecasting. In my current position, I am responsible for Tampa Electric's Energy Conservation Cost Recovery ("ECCR") Clause and Storm Protection Plan Cost Recovery Clause ("SPPCRC").

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

A. The purpose of my testimony is to present and support for Commission review and approval the company's actual SPP programs related true-up costs incurred during the January through December 2022 period.

Q. Did you prepare any exhibits in support of your testimony?

A. Yes. Exhibit No. MRR-1, entitled "Tampa Electric Company, Schedules Supporting Storm Protection Cost Recovery Factor, Actual for the period January 2022-December 2022" was prepared under my direction and supervision. This Exhibit includes Schedules A-1 through

A-9 which support the company's actual and prudent SPP program related true-up costs incurred during the January through December 2022 period.

Q. Will any other witnesses testify in support of Tampa Electric's actual January through December 2022 SPP costs?

A. Yes. C. David Sweat will testify on the actual 2022 SPP program achievements and provide specific detail regarding variances that support Tampa Electric's actual January through December 2022 SPPCRC costs.

Q. What were the actual SPPCRC costs incurred by Tampa Electric in the period of January through December 2022?

A. For the period of January through December 2022, Tampa Electric incurred actual SPPCRC costs of $202,298,513.

Q. What were the actual SPPCRC jurisdictionally separated revenue requirements incurred by Tampa Electric in the period of January through December 2022?

A. For the period of January through December 2022, Tampa Electric incurred actual SPPCRC jurisdictionally separated revenue requirements of $44,118,287 as detailed in Schedule A-2 page 1 of 1.

Q. What is the final end of period true-up amount for the SPPCRC for January through December 2022?

A. The final SPPCRC end of period true-up for January through December 2022 is an over-recovery, including interest, of $6,543,328. This calculation is detailed on Schedule A-1, page 1 of 1.

Q. Please summarize how Tampa Electric's SPPCRC actual jurisdictionally separated revenue requirement program costs for January through December 2022 period compared to the actual/estimated costs presented in Docket No. 20220010-EI?

A. For the period, January through December 2022, Tampa Electric had a variance of $5,236,042 or 10.6 percent less than the estimated amount. The estimated total SPPCRC jurisdictionally separated revenue requirement program costs were projected to be $49,354,329 which was the amount approved in Order No. PSC 2021-020324—FOF-EI, issued August 26, 2021, as compared to the incurred actual jurisdictionally separated revenue requirement

SPPCRC costs of $44,118,287.

Q. Please summarize the reasons why the actual jurisdictionally separated revenue requirement expenses were less than projected expenses by $5,236,042?

A. Each SPP program's detailed variance and common variance contribution is shown on Schedules A-4, Page 1 of 1 and A-6, Page 1 of 1. The variance explanations that summarize why the actual expenses were less than projected are detailed in the testimony of C. David Sweat.

Q. Are all costs listed on Schedules A-5 and A-7 directly related to the Commission's approved SPP programs?

A. Yes.

Q. When did Tampa Electric initiate SPP activities with the Commission approved 2020-2029 Ten-Year SPP?

A. Tampa Electric initiated some SPP activities after the filing of the 2020-2029 SPP on April 10, 2020, to prepare for the full implementation following the Commission's approval of the company's 2020-2029 SPP.

C1-7

Q. Did the company include any costs that are currently recovered in base rates?

A. No, the company entered into the 2020 Settlement Agreement, which was approved by the Commission on June 9, 2020. The 2020 Settlement Agreement ensures that no SPP costs recovered through the SPPCRC are also recovered through base rates.

Q. Should Tampa Electric's costs incurred during the January through December 2022 period for the SPPCRC be approved by the Commission?

A. Yes, the SPPCRC costs incurred were prudent and directly related to the Commission's approved SPP programs and should be approved.

Q. Does that conclude your testimony?

A. Yes, it does.

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

MARK R. ROCHE

FILED: May 1, 2023
REVISED: July 21, 2023
SECOND REVISED: July 31, 2023

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

MARK R. ROCHE

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

A. My name is Mark R. Roche. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the company") as Manager, Regulatory Rates in the Regulatory Affairs Department.

Q. Please provide a brief outline of your educational background and business experience.

A. I graduated from Thomas Edison State College in 1994 with a Bachelor of Science degree in Nuclear Engineering Technology and from Colorado State University in 2009 with a Master's degree in Business Administration. My work experience includes twelve years with the US Navy in nuclear operations as well as twenty-five years of electric utility experience. My utility work has included various positions in Marketing and Sales, Customer Service, Distributed Resources, Load Management, Power Quality, Distribution Control Center Operations, Meter Department, Meter Field Operations, Service Delivery, Revenue Assurance, Commercial and Industrial Energy Management Services, and Demand Side Management ("DSM") Planning and Forecasting. In my current position, I am responsible for Tampa Electric's Energy Conservation Cost Recovery ("ECCR") Clause and Storm Protection Plan Cost Recovery Clause ("SPPCRC").

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes. I have testified before this Commission on storm protection plan and SPPCRC activities, conservation and load management activities, DSM goal and plan approval dockets and other ECCR dockets.

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

A. The purpose of my testimony is to present, for Commission approval: (1) the calculation of the January 2023 through December 2023 Storm Protection Plan actual/estimated amounts to be recovered in the January 2024 through December 2024 projection period; (2) the calculation of the January 2024 through December 2024 Storm Protection Plan projected amounts to be recovered in the January 2024 through December 2024 projection period; and (3) the proposed 2024 SPPCRC cost recovery factors. I will describe the process used to develop the company's SPPCRC projections, which complies with Rule 25-6.031, Florida Administrative Code ("F.A.C.") and Section 366.96, Florida Statutes. The projected 2024 SPPCRC factors have been calculated based on the current approved allocation methodology that was approved by the Commission in Docket No. 20210034-EI.

Q. Did you prepare any exhibits in support of your testimony?

A. Yes. Exhibit No. MRR-2 was prepared under my direction and supervision. Exhibit No. MRR-2 includes Schedules P-1 through P-4 and associated data which support the development of the storm protection plan cost recovery factors for January through December 2024 using the 2021 Agreement methodology that was approved by the Commission in Docket No. 20210034-EI.

Q. Does the Exhibit No. MRR-2 meet the requirements of Rule 25-6.031(b), which requires the actual/estimated filing to include revenue requirements based on a comparison of current year actual/estimated costs and the previously-filed projected costs and revenue requirements for the current year?

A. Yes, it does.

Q. Does the Exhibit No. MRR-2 meet the requirement of Rule 25-6.031(b) to include a description of the work projected to be performed during the current year for each program and project in the utility’s cost recovery petition?

A. Yes, it does.

Q. Does the Exhibit No. MRR-2 meet the requirements of Rule 25-6.031(c), which requires the projected year to include costs and revenue requirements for the subsequent year for each program filed in the company’s cost recovery petition?

A. Yes, it does.

Q. Does the Exhibit No. MRR-2 meet the requirements of Rule 25-6.031(c), which requires the projected year to include identification of each of the utility's Storm Protection Plan programs for which costs will be incurred during the subsequent year, including a description of the work projected to be performed during such year, for each program in the utility's cost recovery petition?

A. Yes, it does.

Q. Will any other witnesses testify in support of Tampa Electric's Proposed Storm Protection Plan Cost Recovery Clause?

A. Yes. C. David Sweat will testify regarding the company's storm protection programs and provide specific detail regarding the work performed in 2023 and projected to be performed in the remainder of 2023 and in 2024 for each Storm Protection Program in the company's cost recovery petition. This detail includes costs, a description of the work to be performed, and an explanation how the activities are consistent with Tampa Electric's current 2022-2031 Storm Protection Plan.

Q. What is(are) the reason(s) you are revising your testimony that was originally filed on May 1, 2023, in this proceeding?

A. The main reason for revising my testimony is to perform an adjustment in the methodology the company had been following for all of the clauses in the use of the Net Operating Income Multiplier as the Times Tax Multiplier in the clause return on investment rate. On June 28, 2023, Commission Staff and Tampa Electric held a conference call to discuss the current methodology for this calculation the company was applying to the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). From this meeting, Tampa Electric agreed that moving forward the company would remove the Bad Debt Expense and Regulatory Assessment from the Time Tax Multiplier calculation in all of the clauses affected by this adjustment in methodology. To support this adjustment, the company agreed to revise the original SPPCRC projection that was filed on May 1, 2023. Due to the necessity to file this revised projection, the company is updating the 2024 billing determinants that were updated in the company's most recent load forecast. Tampa Electric is providing the revised proposed SPPCRC rates with this methodology change and updated 2024 billing determinants.

Q. What is(are) the reason(s) you are revising your testimony that was revised on July 21, 2023, in this proceeding?

A. The main reason for revising my testimony is to adjust the 2024 Billing Determinants. The company made a slight adjustment to the 2024 billing determinants that were initially used for this filing. The adjustments were made due to an update to the forecasting models which resulted in changes to the 2024 billing determinants.

Process to Develop the Company's SPPCRC Projections

Q. What costs are encompassed in Tampa Electric's 2023 annual estimated/actual filing?

A. Tampa Electric developed its 2023 annual estimated/actual true-up filing showing actual and projected common costs and individual program costs based upon two months of actuals and ten months of estimates.

Q. Will you please describe the Storm Protection Plan costs that Tampa Electric projects it will incur during the period January through December 2023?

A. The actual costs incurred by Tampa Electric for January through February 2023 and projected for March through

December 2023 are $215,392,188. A summary of these costs and estimates are fully detailed in Exhibit No. MRR-2, Storm Protection Plan Costs Projected – Actual and Projected, pages 75 through 113.

Q. Has Tampa Electric proposed any new or modified Storm Protection Programs for SPPCRC cost recovery for the period January through December 2024 that were not included in the company’s 2022-2031 Storm Protection Plan?

A. No, at this time Tampa Electric is not proposing any new programs for SPPCRC cost recovery for the period January through December 2024. The company did close the existing Transmission Access Enhancement program at the end of 2022 in alignment with the Commission’s approval of the company’s 2022-2031 Storm Protection Plan.

Q. Will you please describe the Storm Protection Plan costs that Tampa Electric projects it will incur during the period of January through December 2024?

A. Tampa Electric has estimated that the total storm protection costs during the 2024 period will be $212,589,753. A summary of these costs and estimates is fully detailed in Exhibit No. MRR-2, Storm Protection Plan Costs - Projected, pages 39 through 74.

DEVELOPMENT AND CALCULATION OF THE PROJECTED ANNUAL REVENUE REQUIREMENTS FOR 2022 and 2023

Q. What are the projected annual revenue requirements for Tampa Electric's Storm Protection Plan ("SPP") activities in 2023 and 2024 before Jurisdictional Separation?

A. The projected annual revenue requirements for the company's SPP activities for 2023 and 2024 before Jurisdictional Separation and Revenue Tax Factor are included below.

Total Projected SPP Revenue Requirement (2023-2024)	
2023	$68,310,554
2024	$91,350,263

The revenue requirements of each SPP program are detailed further in my Exhibit No. MRR-2.

Q. Would you explain how these projected annual revenue requirements were developed?

A. Yes, the projected annual revenue requirements were developed with cost estimates for each of the SPP programs plus depreciation and return on SPP assets, as outlined in Rule 25-6.031(6), Florida Administrative Code ("F.A.C."), the SPP Cost Recovery Clause Rule.

Q. Do these revenue requirements include any costs that are currently recovered in base rates?

A. No, as explained further below the company agreed to procedures during the development of the company's initial SPPCRC in 2020 that are designed to avoid double recovery of SPP costs through both base rates and the SPPCRC.

Q. Do the projected annual revenue requirements include the annual depreciation expense on SPP capital expenditures?

A. Yes, Rule 25-6.031 states that the annual depreciation expense is a cost that may be recovered through the SPPCRC. As a result, the projected annual revenue requirements include the annual depreciation expense calculated on the SPP capital expenditures using the depreciation rates from Tampa Electric's most current Depreciation Study, approved by Order No. PSC-2021-0423-S-EI issued November 10, 2021 within Docket No. 20210034-EI.

Q. Were the depreciation savings on the retirement of assets removed from service during the SPP capital projects considered in the development of the revenue requirement?

A. Yes, in the development of the revenue requirements, depreciation expense from the SPP capital asset additions was reduced by the depreciation expense savings resulting from the estimated retirement of assets removed from service during the SPP capital projects.

Q. Do the projected annual revenue requirements include a return on the undepreciated balance of the SPP assets?

A. Yes, Rule 25-6.031 (6)(c) states that the utility may recover a return on the undepreciated balance of the asset costs through the SPPCRC. As a result, this return was included in the estimated annual jurisdictional revenue requirement. In accordance with the Order No. PSC-2020-0165-PAA-EU issued on May 20, 2020 within Docket No. 20200118-EU, Amended unopposed joint motion to modify Order PSC-2012-0425-PAA-EU regarding weighted average cost of capital methodology, Tampa Electric calculated a return on the undepreciated balance of the asset costs using the projected mid-point return on equity 13-month average weighted average cost of capital for 2024.

Q. Did the company include Allowance for Funds Used During Construction ("AFUDC") in the calculation of the projected annual revenue requirements?

A. No, per Rule 25-6.0141, F.A.C, in order for projects to be eligible for AFUDC, they must involve "gross additions to plant in excess of 0.5 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified, at the time the project commences and are expected to be completed in excess of one year after commencement of construction." None of the projects in Tampa Electric's 2022-2031 SPP meet the criteria for AFUDC eligibility.

Q. What are the projected annual revenue requirements for Tampa Electric's SPP activities in 2023 and 2024 after Jurisdictional Separation?

A. The projected annual revenue requirements for the company's SPP activities for 2023 and 2024 after Jurisdictional Separation and before the Revenue Tax Factor are included below.

Total Projected SPP Revenue Requirement (2023-2024)

2023	$67,657,813
2024	$90,584,791

The Jurisdictionally Separated revenue requirements of each SPP program are detailed further in my Exhibit No. MRR-2.

Q. Is the 2024 total projected revenue requirement of $90,584,791 the amount that Tampa Electric will seek to recover in 2024 in the SPPCRC?

A. No, this projected revenue requirement in 2024 also needed to be adjusted to recognize the projected over-recovery amount that occurred in 2022 and the under-recovery that is projected to occur in 2023.

Q. What is the total over/under-recovery amount the company needed to recognize?

A. The company needed to adjust the Jurisdictionally Separated revenue requirements for the SPPCRC in 2024 by $1,777,302 to recognize this under-recovery. This value is detailed in My Exhibit MRR-2 on Form E-2.

Q. What is the final SPPCRC Revenue Requirement that the company will be seeking to recover in 2024?

A. Recognizing the under-recovery adjustment, the final SPPCRC 2024 Revenue Requirement is $92,362,093 prior to the addition of the revenue tax factor.

AVOIDANCE OF DOUBLE RECOVERY

Q. Rule 25-6.031(7), F.A.C. states that costs recoverable through the SPPCRC "shall not include costs recovered through the utility's base rates or any other cost recovery mechanism." What steps has Tampa Electric taken to ensure that the costs presented for recovery in this docket do not include any costs that are already recovered in base rates?

A. The company has taken two main steps to ensure that the costs recovered through the SPPCRC do not include any costs that are already recovered through base rates. First, the company has implemented internal procedures to accurately track SPP costs. Second, the company entered into an agreement approved by the Commission known as the 2020 Settlement Agreement. This Agreement includes a method for avoiding double recovery of SPP costs.

Q. What internal procedures has the company implemented to accurately track SPP costs to avoid potential double recovery through the SPPCRC?

A. All SPP Programs and SPP Projects are identified using the company’s accounting system attributes including Funding Projects, Work Orders and Plant Maintenance Orders (“PMOs”)/work requests. Each SPP Project is assigned a specific Funding Project number, which is “tagged” with a code indicating which SPP Program the costs are attributable to. This code clearly differentiates the SPP Capital investments from the company’s other Capital assets in the accounting system. The company has also developed a set of charging guidelines for the SPP and several layers of internal review are performed on these costs. Additional measures to avoid double recovery are covered in the 2020 Settlement Agreement, discussed in detail below.

Q. What is the Tampa Electric 2020 Settlement Agreement?

A. The 2020 Settlement Agreement is an agreement entered into by Tampa Electric, the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, the Federal Executive Agencies, and the West Central Florida Hospital Utility Alliance. The 2020

Settlement Agreement resolves issues in several Commission dockets involving Tampa Electric, including this docket. The Commission approved the 2020 Settlement Agreement in a hearing held on June 9, 2020 and was approved by the Commission’s Order No. PSC-2020-0224-AS-EI.

Q. What provisions in the 2020 Settlement Agreement affect this docket?

A. The 2020 Settlement Agreement contains provisions governing cost recovery for incremental SPP operations and maintenance (“O&M”) expenses, capital expenditures and assets related to the SPP, and distribution pole replacements. The purpose of these provisions is to set out a method for avoiding double recovery of SPP costs through both base rates and through the SPPCRC.

Q. How does the 2020 Settlement Agreement ensure there is no double recovery of SPP O&M costs?

A. The company’s SPP is comprised of both existing and new storm protection activities. Under the 2020 Settlement Agreement, Tampa Electric will recover all SPP O&M expenses, including expenses associated with existing activities, through the SPPCRC.

Q. How will the company recover O&M expenses associated with existing activities through the SPPCRC while avoiding double recovery of those costs?

A. There are six existing activities included in the company's SPP, the costs of which were previously recovered through base rates. The company agreed to reduce base rate revenues by an amount equal to the average actual O&M expense for the most recent two years – grossed up for the regulatory assessment fee – for these six activities. The ultimate result of this agreement is that Tampa Electric reduced base rates by an annual amount of $14,876,228.78 that began in January 2021.

Q. Did the company reduce base rates by the annual amount of $14,876,228.78 beginning in 2021?

A. Yes, it did.

Q. How does the 2020 Settlement Agreement avoid potential double recovery for capital expenditures?

A. The Agreement established a bright line test for determining which SPP capital projects are eligible for SPPCRC recovery. Under the Agreement, all SPP capital projects initiated after April 10, 2020 are eligible for recovery through the SPPCRC, subject to a prudence review in this docket. Cost recovery for projects initiated prior to that date will continue to be recovered through base rates.

Q. Are there any other provisions of the 2020 Settlement Agreement that will avoid potential double recovery?

A. Yes. The Agreement requires the company to recover costs associated with distribution pole replacements through base rates. This requirement avoids potential difficulties associated with accounting for mass asset additions and retirements. Likewise, the company will also not seek recovery of the O&M expenses associated with asset transfers related to distribution pole replacements through the SPPCRC. The Agreement also requires the company to implement four accounting protocols for capital items to avoid double recovery.

Q. What are those four accounting protocols for capital items?

A. First, when assets are retired and replaced as a part of a SPP program, the company will not seek to recover the cost of removal net of salvage associated with the related assets through the SPPCRC. Instead, the net cost of removal will be debited to the company's accumulated depreciation reserve. Second, depreciation expense from SPP capital asset additions will be reduced by depreciation expense savings that result from the retirement of assets removed from service during the SPP project. Only the net of the two amounts will be recovered through the SPPCRC. Third, project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes between rate base and SPPCRC assets. Finally, the company has the option to remove items from the SPPCRC and include them in retail base rates if the Commission determines that they were prudent through a final true-up in the SPPCRC docket.

Q. Did the company implement these four accounting protocols for capital items to avoid double recovery?

A. Yes, it has.

Q. Are there any other provisions of the 2020 Settlement Agreement that affect cost recovery for SPP activities?

A. Yes, the Agreement contains provisions governing the eligibility of SPP projects for accrual of AFUDC. As I explained previously, however, Tampa Electric is not seeking cost recovery for AFUDC for any SPP Projects at this time.

Q. Did Tampa Electric follow all of the requirements of the 2020 Settlement Agreement in developing its request for cost recovery in this docket?

A. Yes, the company followed all of the requirements of the Agreement in developing the company’s request for cost recovery in the SPPCRC.

Q. In addition to the Accounting Protocols and the Settlement Agreement items addressed above, are there other processes the company follows to ensure that the costs that go through the clause are prudent and that these costs are not being double recovered and if so, please describe them?

A. Yes, there are several processes that company follows to ensure that only appropriate Storm Protection Plan costs go through the SPPCRC. These processes include the following:

- Monthly and ongoing reviews of Storm Protection Cost for appropriateness and accuracy. Costs are reviewed at least monthly by internal employees that work with the Storm Protection Plan and SPPCRC within three separate Departments (Energy Delivery Storm Protection Plan, Regulatory Accounting, and Regulatory Affairs).
- Monthly Storm Protection Plan touchpoint meetings. These ongoing meetings discuss new issues that need to be addressed in addition to discussing any ongoing issues that are yet to be resolved. Initially, these meetings in 2020 and 2021 were held twice a month and were shifted to monthly in 2022.
- Collaboration meetings. These meetings are held to provide overviews of the company’s Storm Protection Plan and the guidance the company follows for appropriate charging of costs to each of the programs. In addition, the processes of how the company developed the Storm Protection Plan and how projects were identified, selected, and prioritized is covered to ensure the company is following the Commission approved Storm Protection Plan to as close as practical. Also, during these meetings

explanations are provided to questions of what costs are appropriate to charge to the SPPCRC and why other costs cannot be charged to the clause.

- Training of Individuals. When needed, the company's Energy Delivery Storm Protection Plan or the Regulatory Affairs Departments will train new employees on the history of the company's Storm Hardening activities which will include the Storm Protection Plan programs, activities, costs, recovery of costs, and what costs are not to be included in the SPPCRC.
- Individual Collaboration. As personnel within the company have gained knowledge while working over the past couple of years with the company's Storm Protection Plan and SPPCRC, they recognize the importance of appropriate and prudent charging as a mandatory requirement with the SPPCRC. Discussions will occur early on in the process when a question arises on any aspect of the Storm Protection Plan and SPPCRC. These discussions or collaborations ensure that the review for appropriate charging is really beginning at the inception of an idea and only those charges to the SPPCRC that are appropriate are occurring.

METHOD OF DERIVING JURISDICTIONAL REVENUE REQUIREMENTS AND THEN ALLOCATING THOSE COSTS TO DERIVE SPPCRC CHARGES FOR 2022

Q. Were jurisdictional distribution or transmission factors applied to the projected annual revenue requirements?

A. Yes, the company applied the most recent jurisdictional transmission factor to the O&M and capital transmission costs to recognize the retail portion of the revenue requirements ensuring the SPPCRC did not double recover those amounts collected from the company's Open Access Transmission Tariff. Tampa Electric provides wholesale transmission service to some utilities under its Open Access Transmission Tariff ("OATT") and to avoid double recovery, a portion of the total transmission related project costs must be jurisdictionally separated before being identified for cost recovery through the SPPCRC. Tampa Electric does not provide any wholesale distribution service and so 100 percent of those project costs can be called jurisdictional and thus totally recovered through the SPPCRC from retail customers.

Q. What were the total proposed storm protection revenue requirements for the period January through December 2024 prior to and after using the appropriate jurisdictional factor to recognize those transmission costs?

A. The total proposed storm protection revenue requirements for the period January through December 2024 prior to the jurisdictional separation for transmission was $91,350,263. After performing the transmission jurisdictional separation, the total revenue requirements are $90,584,791. After performing the transmission jurisdictional separation, this value is adjusted by the projected over/under-recovery amount and the revenue tax factor to obtain the total proposed revenue requirements that will be sought for approval through the SPPCRC in 2024. The details of these calculations are included in my Exhibit No. MRR-2.

Q. Were there any other adjustments made to the company's 2024 SPP revenue requirements prior to separating these costs jurisdictionally for retail cost recovery?

A. No.

Q. How did Tampa Electric allocate the total revenue requirements to be collected from the rate classes?

A. First, for each year, the programs were itemized and identified as either substation, transmission, or distribution costs. Then, Tampa Electric used the methodology that was approved by the Commission in the company's 2021 Settlement Agreement. The 2021 Settlement Agreement "Exhibit K" applies negotiated percentages to any incremental amount that is above the base 2021 clause amount. The 2021 base clause amount is allocated based upon the methodology that was approved by the Commission in Docket No. 20130040-EI, Cost of Service Methodology. To perform this incremental analysis and allocate the total revenue requirements to be collected from the rate classes follows the process detailed below:

1. Determine the 2021 baseline amount to be used to calculate the 2022 revenue increase.
    a. The 2021 baseline is set by taking the 2021 actual and estimated costs submitted on May 3, 2021, revised on May 10, 2021, and applying the 2021 Agreement ROE and equity ratio to determine the baseline cost recovery amount.
    b. The calculation of revenues by rate class is conducted using the allocation methodology from the company's prior base rate case.
    c. The total revenue amount of this calculation is the revenue baseline to be used to

determine 2022 and future years' increased costs.

2. Determine the 2024 total revenue to be collected. This calculation is determined using the 2021 Agreement, ROE, equity ratio, and depreciation rates an

3. Subtract the 2021 revenue baseline amount determined in 1. from the 2024 total revenue to be collected.

   a. If the increment is negative, no changes to the allocation methodology are made, i.e., the prior base rate case allocation method is used to allocate all revenue by class.

   b. If the increment is positive, the Exhibit K allocation factors are applied to the increment to determine the class revenue allocation. A positive class allocation amount is added to the 2021 baseline revenue amount, also by class, to determine the total revenue to be collected by class.

4. The 2024 billing determinants are used to calculate the 2024 clause cost recovery factors by dividing the total revenue by class determined in 3. by the appropriate class billing determinant.

This calculation is detailed in my Exhibit No. MRR-2 on the following pages:

- 2024 Billing Determinants and Allocation Factors (Docket No. 20130040-EI, Cost of Service Methodology), page 33.
- 2024 Billing Determinants and Allocation Factors (Docket No. 20210034-EI, Cost of Service Methodology), page 34.
- Summary of Cost Recovery Clause Calculation – Base Portion (Docket No. 20130040-EI, Cost of Service Methodology), page 35.
- Summary of Cost Recovery Clause Calculation – Incremental portion (Docket No. 20210034-EI, Cost of Service Methodology), page 36.
- Summary of Cost Recovery Clause Calculation – 2024 Storm Protection Cost Recovery Factors Total, page 37.
- Summary of Cost Recovery Clause Calculation – Base Portion and Incremental Portion Determination, page 38.

Q. Will the rate impacts established through the 2024 SPPCRC differ from those presented in the rate impact calculations that were provided in the company's Commission approved 2022-2031 Storm Protection Plan?

A. Yes, the rate impacts presented in the company's Commission approved 2022-2031 SPP reflect the "all-in" costs of the company's SPP without regard to whether the costs would be recovered through the SPPCRC or through the company's base rates and charges. In addition, the SPP includes programs and their associated costs that were chosen to not be included in the Storm Protection Cost Recovery Clause. These programs are distribution pole replacement, unplanned vegetation management, and the company's legacy storm hardening activities such as emergency management and the company's geographical information system (GIS). Additionally, the values utilized in the SPPCRC have been adjusted to recognize any over or under-recovery that is occurring.

Q. In the development of the proposed 2024 SPPCRC factors, did the company use the most recent billing determinants, within the most current load forecast?

A. Yes, in the original filing on May 1, 2023, the company developed the 2024 SPPCRC factors that were at the time based upon the company's most current set of 2024 billing determinants that were prepared in the load forecast that was developed in late 2022. Due to making the methodology changed described above, Tampa Electric completed its most recent load forecast, that included updated 2024 billing determinants, in June 2023 that are being used in this revised projection.

SPPCRC Factors for 2024

Q. Please summarize the total proposed storm protection costs for the period January 2024 through December 2024 and the annualized recovery factors applicable for the period January through December 2024 using the current approved cost of service methodology.

A. Tampa Electric has estimated that the total storm protection jurisidictionalized revenue requirements to be $92,428,593 including true-up estimates and revenue tax factors. The January through December 2024 cost recovery factors allocated based upon the company's 2021 Settlement Agreement, Cost of Service Study prepared in Docket No. 20210034-EI, for firm retail rate classes are as follows:

Rate Schedule	**Cost Recovery Factors (cents per kWh)**
RS	0.658
GS and CS	0.775

GSD Optional – Secondary	0.172
GSD Optional – Primary	0.170
GSD Optional – Subtransmission	0.168
LS-1 and LS-2	3.877

Rate Schedule	**Cost Recovery Factors (dollars per kW)**
GSD – Secondary	0.72
GSD – Primary	0.71
GSD – Subtransmission	0.70
SBD – Secondary	0.72
SBD – Primary	0.71
SBD – Subtransmission	0.70
GSLD - Primary	0.60
GSLD - Subtransmission	0.12

Exhibit No. MRR-2, Summary of Cost Recovery Clause Calculation – 2024 Storm Protection Cost Recovery Factors Total details these estimates, Page 37.

Q. Has Tampa Electric complied with the SPPCRC cost allocation methodology that used the allocation factors from Tampa Electric’s 2021 Settlement Agreement used for the company’s current base rate design?

A. Yes, it has.

Q. Going back to the sets of SPPCRC clause factors that you are proposing, would you provide the electric bill impact for these same rate classes for a typical customer bill?

A. Yes, using the same typical bill assumptions that were provided in the company's 2022-2031 Storm Protection Plan, the typical monthly electric bill costs for the storm protection plan cost recovery clause for residential, general service demand at secondary service and at primary service for a general service large demand class customer are as follows:

Docket No. 20210034-EI, Cost of Service Methodology

Residential customer using 1,000 kWh: $6.58

Commercial customer using 1,000 kW of Demand at 60 percent load factor: $600

Industrial customer using 10,000 kW of Demand at 60 percent load factor: $1,200

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of C. David Sweat was inserted.)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

C. DAVID SWEAT

FILED: April 3, 2023

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

C. DAVID SWEAT

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

A. My name is Cecil David Sweat. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director Storm Protection Programs and Support Services. My business address is 820 South 78th Street, Tampa, FL 33619.

Q. Please describe your duties and responsibilities in that position.

A. My duties and responsibilities include the governance and oversight of Tampa Electric's Storm Protection Plan ("SPP" or "the Plan") development, implementation, and execution. This includes leading the development of the Plan, prioritization of projects within each of the programs, development of project and program costs and overall implementation and execution of the Plan.

Q. Please provide a brief outline of your educational background and professional experience.

A. I have a bachelor's degree in Electrical Engineering and a master's degree in Engineering Management from the University of South Florida. I am a registered Professional Engineer in the state of Florida. I have more than 38 years of service with Tampa Electric working in the Substation, Transmission, Distribution, Meter, Grid Operations, Safety, Lighting, Vegetation Management, Skills Training and Renewable Energy areas.

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

A. The purpose of my testimony is to present and support for Commission review and approval of the company's actual SPP costs and accomplishments achieved during the January 2022 through December 2022 period. My testimony will also provide the specific detail, when necessary, regarding variances that support Tampa Electric's actual January 2022 through December 2022 SPP costs.

Q. Did you prepare any exhibits in support of your testimony?

A. Yes. Exhibit No. CDS-1, entitled "Tampa Electric

Company, 2022 Storm Protection Plan Accomplishments" was prepared under my direction and supervision.

Q. How is your testimony organized?

A. My testimony is organized by each of the company's SPP Programs, which includes a description of the program, a summary of the 2022 SPP accomplishments, and any detail when necessary for the variances between the projected and actual January 2022 through December 2022 SPP costs.

Q. Will your testimony address these topics for each of the SPP Programs for which the company incurred costs in 2022?

A. Yes, my testimony is organized to cover all these topics for each of the eight programs in the company's 2020-2029 SPP. In addition, I will discuss the company's SPP Planning and Common expenditures.

Distribution Lateral Undergrounding

Q. Please provide a description of the Distribution Lateral Undergrounding Program.

A. Tampa Electric's Distribution Lateral Undergrounding Program will convert existing overhead distribution lateral facilities to underground to increase the resiliency and reliability of the distribution system serving the company's customers.

Q. How many Distribution Lateral Underground projects were planned for 2022?

A. During the January to December 2022 period, Tampa Electric projected that there would be 136 projects planned for engineering and 164 projects planned for construction.

Q. How many Distribution Lateral Underground projects did the company initiate and complete in 2022?

A. During the January to December 2022 period, Tampa Electric initiated 229 engineering projects and 117 construction projects. The company completed 141 engineering projects and 120 construction projects which is detailed in my Exhibit No. CDS-1.

Q. What was the cost variance in the Distribution Lateral Underground in 2022?

A. During the January to December 2022 period, the Distribution Lateral Underground program had a variance in revenue requirements of $957,487 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 8 and Form A-6, line 1).

Q. Can you explain why this project count is different and what contributed to the variance amount?

A. Yes, there were three factors that contributed to this program being over budget during the January 2022 to December 2022 period. First, at the beginning of the year, the designs for construction were slower than expected for being ready for construction. Second, the company experienced delays and issues with permits for easements. Third, due to these first two factors causing a backlog of work, Tampa Electric ramped up crews and worked extra hours to stay on target with the mileage the organization projected to complete.

Transmission Asset Upgrades

Q. Please provide a description of the Transmission Asset Upgrades Program.

A. The Transmission Asset Upgrades Program will proactively and systematically replace the company's remaining wood transmission poles with non-wood material.

Q. How many Transmission Asset Upgrade projects were planned for 2022?

A. Tampa Electric projected that 12 projects would be initiated, consisting of 474 poles to be completed during the January to December 2022 period.

Q. How many Transmission Asset Upgrade projects did the company complete in 2022?

A. During the January to December 2022 period, Tampa Electric completed six (6) projects that consisted of replacing 526 wood poles with non-wood structures which is detailed in my Exhibit No. CDS-1.

Q. What was the cost variance in the Transmission Asset Upgrades program in 2022?

A. During the January to December 2022 period, the Transmission Asset Upgrades program had a variance in revenue requirements of $1,307,411 over budget which is detailed on the company’s Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 2 and Form A-6, line 2).

Q. Can you explain what contributed to the variance amount?

A. Yes, the main contributing factor causing the variance within the Transmission Asset Upgrades programs for 2022 is due to a correction that has been made. Since the inception of the program in April 2020, the transfer of existing wire to the new non-wood transmission poles has been included in the capital portion of this program. Transfers are required to be charged to O&M. During 2022, the company began searching for the reason why the O&M portions of this program were significantly lower than was what projected during the year and found this issue. The company investigated the issue, and the amount, and made the correction in December 2022 to correctly reverse these costs from capital to O&M which caused the majority of this variance. This amount can be seen on the company’s Storm Protection Plan Cost Recovery Clause True-up file (Form A-5, line 2). This error was also impacting the company’s Overhead Feeder Hardening program further below.

Substation Extreme Weather Hardening

Q. Please provide a description of the Substation Extreme Weather Hardening Program.

A. This program will harden and protect the company's substation assets that are vulnerable to flooding or storm surge.

Q. How many Substation Extreme Weather Hardening projects were planned for 2022?

A. Tampa Electric proposed no projects during the January 2022 to December 2022 period.

Q. What was the cost variance in the Substation Extreme Weather Hardening program in 2022?

A. Tampa Electric did not incur any costs during the January 2022 to December 2022 period in the Substation Extreme Weather Hardening program. The company projected to start work on the first project within this program in 2023.

Distribution Overhead Feeder Hardening

Q. Please provide a description of the Distribution Overhead

Feeder Hardening Program.

A. This program will include strategies to further enhance the resiliency and reliability of the distribution network by further hardening the grid to minimize interruptions and reduce customer outage counts during extreme weather events and abnormal system conditions.

Q. How many Distribution Overhead Feeder Hardening projects were planned for 2022?

A. Tampa Electric projected to complete 13 Distribution Overhead Feeder Hardening projects during the January to December 2022 period.

Q. How many Distribution Overhead Feeder Hardening projects did the company complete in 2022?

A. During the January to December 2022 period, Tampa Electric completed the design of 15 Distribution Overhead Feeder Hardening projects and installed/upgraded 963 poles, 38 three-phase reclosers, 170 single-phase reclosers, and 483 fuse coordination replacements on 30 distribution circuits which is detailed in my Exhibit No. CDS-1.

Q. What was the cost variance in the Distribution Overhead Feeder Hardening program in 2022?

A. During the January 2022 to December 2022 period, the Distribution Overhead Feeder Hardening program had a variance in revenue requirements of $675,112 under budget which is detailed on the company’s Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 4 and Form A-6, line 4).

Q. Can you explain why this project count is different and what contributed to the variance amount?

A. Yes, the main reason that drove the under budget variance was completing less construction than what was originally forecasted during the January 2022 to December 2022 period. In addition, as explained above in the Transmission Asset Upgrades program, the same correction has been made in December 2022 to recognize the transfer of existing wire to the new hardened feeder poles be charged to O&M. This amount can be seen on the company’s Storm Protection Plan Cost Recovery Clause True-up file (Form A-5, line 4).

Transmission Access Enhancement

Q. Please provide a description of the Transmission Access Enhancement Program.

A. This program will ensure the company always has access to its transmission facilities so it can promptly restore its transmission system when outages occur. Also, I would note that On November 10, 2022, the Florida Public Service Commission entered Order No. PSC-2022-0386-FOF-EI in Docket No. 20220048-EI directing Tampa Electric to remove the Transmission Access Enhancement Program from the company's SPP beginning January 1, 2023.

Q. How many Transmission Access Enhancement projects were planned for 2022?

A. Tampa Electric projected to complete 22 Transmission Access Enhancement projects (12 access roads and 10 access bridges) to be engineered during the January to December 2022 period.

Q. How many Transmission Access Enhancement projects were engineered in 2022?

A. The company engineered 4 access roads and 2 access bridges as part of the Transmission Access Enhancement program during the January to December 2022 period.

Q. What was the cost variance in the Transmission Access Enhancement program in 2022?

A. During the January 2022 to December 2022 period, the Transmission Access Enhancement program had a variance in revenue requirements of $7,370 under budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 5 and Form A-6, line 5).

Vegetation Management

Q. Please provide a description of the Vegetation Management ("VM") Program?

A. The VM Program consists of three existing legacy storm hardening VM activities and three new VM initiatives. The three existing legacy storm hardening VM activities include the following:

- Four-year distribution VM cycle (Planned)
- Two-year transmission VM cycle (Planned)
- Transmission VM Right of Way Maintenance (Planned)

The three new VM initiatives are:

- Initiative 1: Supplemental Distribution Circuit VM
- Initiative 2: Mid-Cycle Distribution VM
- Initiative 3: 69 kV VM Reclamation

Q. What level of Vegetation Management activity did the company project for each initiative during the period 2022?

A. For the January 2022 to December 2022 period, the company projected the following activities:

- Distribution VM: 1,557.7 miles
- Transmission VM: 513.9 miles
- Initiative 1: 692.0 miles
- Initiative 2: 196.0 miles
- Initiative 3: 28.1 miles

Q. What level of Vegetation Management activity did the company complete for each initiative during 2022?

A. For the January 2022 to December 2022 period, the company completed the following activities:

- Distribution VM: 1,464.3 miles
- Transmission VM: 513.9 miles
- Initiative 1: 682.6 miles

- Initiative 2: 389.0 miles
- Initiative 3: 18.0 miles

Q. What was the cost variance in the Vegetation Management program in 2022?

A. During the January 2022 to December 2022 period, the VM program had a variance in Operating and Maintenance ("O&M") costs of $1,537,022 under budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, lines 1.1, 1.2 and 1.3).

Q. Can you explain what contributed to the variance amount?

A. Yes, the variance is made up of two amounts, Planned Distribution VM had a variance of $1,335,975 under budget and Planned Transmission VM had a variance of $201,047 under budget. The Planned Distribution and Transmission were under budget largely due to the work being planned efficiently with overlapping construction projects and circuit load transfers/circuit reconfiguration which allowed the work to be completed at a lower cost than projected.

Infrastructure Inspections

Q. Please provide a description of the Infrastructure Inspections Program.

A. This SPP program involves the inspections performed on the company's Transmission and Distribution infrastructure including all wooden distribution and transmission poles, transmission structures and substations, as well as the audit of all joint use attachments.

Q. How many infrastructure inspection projects did the company project to complete in 2022?

A. Tampa Electric conducts thousands of inspections each year. The number of inspections by type planned for 2022 were as follows:

Distribution:	2022
Wood Pole:	35,625

Transmission:	2022
Wood Pole:	538
Above Ground:	3,386
Aerial Infrared Patrol:	Annually

Ground Patrol:	Annually
Substations:	Annually

Q. How many infrastructure inspection projects did the company complete in 2022?

A. Tampa Electric completed the following inspections by type in 2022:

Distribution:	2022
Wood Pole:	35,779

Transmission:	2022
Wood Pole/Groundline:	398
Above Ground:	3,386
Aerial Infrared Patrol:	Complete
Ground Patrol:	Complete
Substations:	Complete

Q. What was the cost variance in the Infrastructure Inspection program in 2022?

A. During the January 2022 to December 2022 period, the Infrastructure Inspection program had a variance in O&M

of $124,284 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, lines 6.1 and 6.2).

Q. Can you explain what contributed to the variance amount?

A. Yes, the variance is made up of two amounts, Distribution Infrastructure Inspections had a variance of $147,503 over budget and Transmission Infrastructure Inspections had a variance of $23,219 under budget. The over budget in Distribution Infrastructure Inspections was driven by two main factors. First, the company added work to the existing inspection to check for conflicts in clearance and also to verify guy wire bonding. Second, the company experienced a labor cost increase from the third-party organization that performs these inspections.

LEGACY STORM HARDENING INITIATIVES

Q. What are the legacy storm hardening initiatives?

A. These are storm hardening activities that were mandated by the Commission as components of the company's prior storm hardening plan.

Q. Are the legacy storm hardening initiatives the same for the company's SPP as they were in the company's most recent three-year Storm Hardening Plan that was approved by the Commission?

A. Yes, they are the same, but Tampa Electric extracted the following legacy storm hardening initiatives to be separate SPP Programs and transitioned the cost-recovery for these through the SPPCRC:

- Four-year distribution vegetation management
- Two-year transmission vegetation management
- Transmission Right of Way vegetation management
- Distribution infrastructure inspections
- Transmission infrastructure inspections
- Transmission asset upgrades

Q. What are the other legacy storm hardening initiatives that will not go through the SPPCRC?

A. The other legacy storm hardening initiatives that will not go through the SPPCRC include the following:

- Unplanned distribution vegetation management
- Unplanned transmission vegetation management
- Geographic Information System
- Post-Storm Data Collection

- Outage Data – Overhead and Underground Systems
- Increased Coordination with Local Governments
- Collaborative Research
- Disaster Preparedness and Recovery Plan
- Distribution Wood Pole Replacements

COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS

Q. Will you please provide a description of the Common Costs?

A. Yes, the costs in the Common Costs category represent those costs that cannot be attributed to a specific Program and these costs benefit all SPP programs. They also are made up of an accumulation of incremental costs associated with developing, implementing, managing, and administering the SPP.

Q. What type of costs are in the Common Costs category?

A. The Common Costs reflect those SPP costs that cannot be assigned to a specific SPP program or those costs which bring benefits to the entire portfolio of SPP programs. Examples of this include incremental internal labor to support the administration of the SPP as a whole.

Q. What was the cost variance in the Common Cost category in 2022?

A. During the January 2022 to December 2022 period, the Common Cost category has a variance in O&M of $65,109 over budget which is detailed on the company's Storm Protection Plan Cost Recovery Clause True-up file (Form A-4, line 7).

Q. Does that conclude your testimony?

A. Yes, it does.

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

TESTIMONY AND EXHIBIT

OF

C. DAVID SWEAT

FILED: May 1, 2023

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

C. DAVID SWEAT

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

A. My name is Cecil David Sweat. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director Storm Protection Programs and Support Services. My business address is 820 South 78th Street, Tampa, FL 33619.

Q. Please describe your duties and responsibilities in that position.

A. My duties and responsibilities include the governance and oversight of Tampa Electric's Storm Protection Plan ("SPP" or "the Plan") development, implementation, and execution. This includes leading the development of the Plan, prioritization of projects within each of the programs, development of project and program costs and overall implementation and execution of the Plan.

C2-240

Q. Please describe your educational background and professional experience.

A. I have a bachelor's degree in Electrical Engineering and a master's degree in Engineering Management from the University of South Florida. I am a registered Professional Engineer in the state of Florida. I have more than 38 years of service with Tampa Electric working in the Substation, Transmission, Distribution, Meter, Grid Operations, Safety, Lighting, Vegetation Management, Skills Training and Renewable Energy areas.

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

A. The purpose of my direct testimony is to provide a description of each Storm Protection Plan ("SPP") Program and to provide the detailed listing of the associated SPP Projects and the activities that supports each SPP program for the actual and estimated 2023 and projected 2024 periods. I will also provide an overview of how the projected Capital and Operating, and Maintenance ("O&M") costs were developed.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I have prepared one exhibit entitled, "Exhibit of C. David Sweat." It consists of seven documents and has been identified as Exhibit No. CDS-2, which contains the following documents:

- Document No. 1 provides Tampa Electric's Distribution Lateral Undergrounding Program's 2023-2024 Project List and Summary of Costs.
- Document No. 2 provides Tampa Electric's Transmission Asset Upgrades Program's 2023-2024 Project List and Summary of Costs.
- Document No. 3 provides Tampa Electric's Substation Extreme Weather Hardening Program's 2023-2024 Project List and Summary of Costs.
- Document No. 4 provides Tampa Electric's Distribution Overhead Feeder Hardening Program's 2023-2024 Project List and Summary of Costs.
- Document No. 5 provides Tampa Electric's Vegetation Management Program's 2023-2024 Activities and Summary of Costs.
- Document No. 6 provides Tampa Electric's Infrastructure Inspections Program's 2023-2024 Activities and Summary of Costs.
- Document No. 7 provides Tampa Electric's Common Storm Protection Plan 2023-2024 Activities and Summary of Costs.

Q. How is your testimony organized?

A. My testimony is organized by each of the company's SPP Programs, which includes a description of the program, a summary of project counts, a summary of the program's costs, and how project-level costs were developed.

Q. Will your testimony address these topics for each of the SPP Programs for which the company is seeking cost recovery?

A. Yes, my testimony is organized to cover all these topics for each of the seven programs in the company's Commission approved 2022-2031 SPP, including the projected company's Storm Protection Plan Planning and Common expenditures. The company closed the Transmission Access Enhancement program at the end of 2022. No projects or costs are included from this closed program after that date.

Q. Will your testimony address how project-level costs were developed within each of the company's SPP Programs for which the company is seeking cost recovery?

A. Yes, my testimony will explain how the company developed the required Project-level details for the two years of the Plan for Tampa Electric's Storm Protection Plan Cost Recovery Clause ("SPPCRC").

Distribution Lateral Undergrounding

Q. Please provide a description of the Distribution Lateral Undergrounding Program.

A. Tampa Electric's Distribution Lateral Undergrounding Program converts existing overhead distribution lateral facilities to underground to increase the resiliency and reliability of the distribution system serving the company's customers.

Q. How many Distribution Lateral Underground projects are planned for the 2023 and 2024 periods?

A. Tampa Electric plans for the following activity in calendar years 2023 and 2024:

- During the period, January 1, 2023, to December 31, 2023, there are 594 projects planned.
- During the period January 1, 2024, to December 31, 2024, there are 305 projects planned.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 1.

Q. Are these project counts the same as what the company included in its Commission approved 2022-2031 SPP, for the 2023 and 2024 periods?

A. No, the 2022-2031 approved plan indicated 399 projects for 2023 and 436 for 2024. The increased counts for 2023 are driven by projects that are being carried over from previous years. The project counts for 2024 are projected to decrease as the engineering backlog needs are stabilizing.

Q. What are the total projected capital and O&M expenditures for this Program in the 2023 and 2024 periods?

A. Tampa Electric estimates the following capital and O&M expenditures for this program during calendar years 2023 and 2024 as follows:

- During the period, January 1, 2023, to December 31, 2023, actual/estimated capital expenditures are $148.9 million and the actual/estimated O&M expenditures are $0.2 million.
- During the period, January 1, 2024, to December 31, 2024, projected capital expenditures are $134.2 million, and the projected O&M expenditures are $0.3 million.

Q. How did you develop a cost estimate for each of these components?

A. Project cost estimates are done in two phases. Initially, the prioritization model provides a cost estimate based on a set of assumptions. Those assumptions are based on internal historical data, an internal cost estimation tool, and information obtained from industry sources with experience in this type of work. The combined data set used for modelling represents the company's most current cost data for both unit rates and activity rates for each type of asset. This data was supplemented by project and cost information obtained from active and completed projects at the date of the analysis.

As the projects are initiated, designed, fully scoped and materials are ordered, the company and the contracted partners develop a more refined cost estimate.

The company's 2023 and 2024 cost projections use the projected costs from the model for all new and uninitiated projects. For any active projects or projects that were part of the company's 2020, 2021 and 2022 SPP work plans, the more refined cost estimates from actual design work are used.

Q. Does each project have its own unique cost estimate profile?

A. Yes, each project is assigned characteristics based on its location, the number of phases, the number of customers, and the number and type of assets that will need to be converted.

Q. Were the distribution undergrounding lateral conversion project's costs estimated using a single average that was then applied to all projects?

A. No, the company used the information described above to develop a cost estimate reflective of the unique characteristics, number and type of assets, and number of customer services. This information was supplemented with some averages for specific activities or phases of a project.

Q. Were the same underlying cost assumptions used to develop the cost estimate for each project?

A. Yes, the company used the same methodology for all modelled projects and the same methodology for all active projects.

Q. Can you explain how the cost assumptions were used to develop a cost estimate?

A. Yes, the number of each asset type would be multiplied by the activity or unit rate to determine a cost estimate for each asset type. The project-level estimate represents the sum of the estimates for each asset type. The activity rates include the external labor rates as well as materials. In addition, the company used actual project data from completed projects to estimate the cost of projects. The end result is an estimate based on both unique project characteristics, actual design estimates and average activity rates.

Q. How do the project characteristics such as number of customers, number of phases and location of existing assets factor into the cost estimates?

A. These characteristics directly affect the necessary volume of work, the number, and types of assets within the project scope, and the activity rate that is used for the project-level cost estimate.

Q. Are the Distribution Lateral Undergrounding project costs the same as what the company included in its Commission approved 2022-2031 SPP?

A. No, the actual/estimated costs for 2023 and the projected costs for 2024 for the Distribution Lateral Undergrounding program have changed from what was filed in the company's 2022-2031 SPP.

Q. Would you explain why the costs for the Distribution Lateral Undergrounding program have changed for 2023 and 2024?

A. Yes, since the filing of the company's 2022-2031 SPP in April 2022, the company has continued to experience several cost increases. The company's target for converted miles of overhead to underground in 2023 is 83 miles. To achieve this target and meet the ongoing program needs beyond 2023, a backlog of additional projects is required. These projects are in various stages of engineering and these costs are included in the 2023 program. Cost increases have also been realized in both labor and materials for the boring activity. Specifically, the piping used to bore has increased by 195 percent and material prices have also increased by five

(5) percent. Supply chain constraints have also caused construction delays which impact on these costs. Demand for boring crews remains high and their availability is sometimes limited which places upward pressure on costs to obtain those resources. Previous boring hits to various facilities have required the company to change boring procedures to reduce hits and improve safety. This change includes performing Ground Penetrating Radar ("GPR") to assist in the location of facilities and an increased usage of a vacuum machine to clearly expose any conflicts with the bore to prevent facility hits. The vacuum activity, along with the GPR work, is expensive and will be focused on those situations that exhibit a greater possibility of a boring hit. In addition, for more densely populated areas, the required Maintenance of Traffic ("MOT") effort costs have nearly doubled. Many areas have limited hours in which an MOT can be accomplished which decreases the work effort and causes additional MOT to be established which also increases these costs.

The company's target for converted miles of overhead to underground in 2024 is 108 miles and it is expected that there will remain upward pressure on labor, equipment, and boring costs. As the company continues to fine tune the process, Tampa Electric anticipates that improvements in contractor efficiencies and fewer bore hits should provide some cost relief.

Transmission Asset Upgrades

Q. Please provide a description of the Transmission Asset Upgrades Program.

A. The Transmission Asset Upgrades Program proactively and systematically replaces the company's remaining wood transmission poles with non-wood material.

Q. How many Transmission Asset Upgrade projects are planned for the 2023 and 2024 periods?

A. Tampa Electric plans for the following activity in calendar years 2023 and 2024:

- January 1, 2023, to December 31, 2023 – 46 projects, consisting of 463 poles.
- January 1, 2024, to December 31, 2024 – 44 projects, consisting of 472 poles.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 2.

Q. Are these project counts the same as what the company included in its Commission approved 2022-2031 SPP, for the 2023 and 2024 periods?

A. No, the project counts in the company's SPP reflected 26 projects in 2023 and 10 projects in 2024.

Q. Would you explain why the project count is different for the 2023 and 2024 period?

A. Yes, the 46 projects in 2023 and 44 in 2024 include carryover projects and future projects presently being engineered for future years work in this program.

Q. What are the total projected capital and O&M expenditures for this Program in the 2023 and 2024 periods?

A. Tampa Electric estimates expenditures for this program during 2023 and 2024 as follows:

- During the period January 1, 2023, to December 31, 2023, the actual/estimated capital expenditures are $17.0 million and the actual/estimated O&M expenditures are $0.6 million.
- During the period January 1, 2024, to December 31, 2024, projected capital expenditures are $17.5 million, and the projected O&M expenditures are

$0.5 million.

Q. What are the activities that are associated with the O&M costs with this program?

A. The activity of transferring existing wires to the new non-wood material pole from the existing wooden pole being replaced is accounted for as an O&M cost.

Q. How did the company develop a cost estimate for each of these components?

A. The company has reactively replaced wood transmission poles that fail an inspection with non-wood material for many years. Because of these reactive replacements, the company has developed an extensive set of historical data for transmission pole replacements and upgrades. The historical data was used as a foundation for the project-level costs estimates.

Q. Were your project costs estimated using a single average that was then applied to all projects?

A. No.

Q. Does each transmission asset upgrade project have its own unique cost estimate profile?

A. Yes, each transmission asset upgrade project represents a transmission circuit, with a unique number of poles, unique terrain, and a unique location.

Q. Are the Transmission Asset Upgrade project costs the same as what the company included in its Commission approved 2022-2031 SPP?

A. No, the actual/estimated costs for 2023 and the projected costs for 2024 for the Transmission Asset Upgrade program have changed from what was filed in the company's 2022-2031 SPP.

Q. Would you explain why the costs for the Transmission Asset Upgrade program have changed for 2023 and 2024?

A. Yes, the costs for 2023 and 2024 were re-projected based on the actual installed costs per pole obtained from the 2022 Transmission Asset Upgrade program.

Substation Extreme Weather Hardening

Q. Please provide a description of the Substation Extreme

Weather Hardening Program.

A. This program hardens and protects the company's substation assets that are vulnerable to flooding or storm surge.

Q. How many Substation Extreme Weather Hardening projects are planned for the 2023 and 2024 period?

A. The company projected to start work on the first Substation Extreme Weather Hardening project in the late part of 2023 and an additional project in 2024. This project detail is fully detailed in my Exhibit No. CDS-2, Document No. 3.

Q. Are these the same number of projects that were included in the company's Commission approved 2022-2031 SPP, for the 2023 and 2024 periods?

A. Yes.

Q. What are the total estimated capital and O&M expenditures for this Program in the 2023 and 2024 periods?

A. Tampa Electric estimates expenditures for this Program during calendar years 2023 and 2024 as follows:

- During the period, January 1, 2023, to December 31, 2023, actual/estimated capital expenditures are $0.4 million and there are no actual/estimated O&M expenditures.
- During the period, January 1, 2024, to December 31, 2024, projected capital expenditures are $4.5 million and there are no projected O&M expenditures.

Q. Are the Substation Extreme Weather Hardening project costs the same as what the company included in its Commission approved 2022-2031 SPP?

A. No, the original work design for 2023 involved the hardening of MacDill substation by installing walls that are three feet high around the transformers to protect them from flood water intrusion into the transformer control cabinets. The company is currently exploring an alternative solution that would provide the same level of hardening. The alternative solution would elevate the transformers in the substation, achieve the same level of storm protection from extreme weather, and also would provide better access to the transformers for future replacements when needed. If this alternative is feasible, and chosen, it would decrease the associated cost for storm hardening this substation by approximately $310,000.

The 2024 plan is for one project at the Maritime 69kV Substation to replace four (4) 13.8kV circuit breakers, install one (1) new 69/13kV medium power transformer, elevate the control house and install new 13kV relaying. Updated estimates reveal increasing equipment costs to the project by $225,000. I would note that this project originally required two (2) new 69/13kV medium power transformers but one of the existing transformers failed in 2022 and was replaced. This failed transformer was replaced under base rates and not through the SPPCRC.

Distribution Overhead Feeder Hardening

Q. Please provide a description of the Distribution Overhead Feeder Hardening Program.

A. This program includes strategies to further enhance the resiliency and reliability of the distribution network by further hardening the grid to minimize interruptions and reduce customer outage counts during extreme weather events and abnormal system conditions.

Q. How many Distribution Overhead Feeder Hardening projects

C2-257

are planned for the 2023 and 2024 periods?

A. Tampa Electric plans for the following activity in calendar years 2023 and 2024:

- January 1, 2023, to December 31, 2023 – 67 projects.
- January 1, 2024, to December 31, 2024 – 37 projects.

These projects are fully detailed in my Exhibit No. CDS-2, Document No. 4.

Q. Are these project counts the same as what the company included in the company's Commission approved 2022-2031 SPP, for the 2023 and 2024 periods?

A. No, the project counts that are being done in 2023 include 24 from 2021, 13 from 2022, and 30 in 2023. Projects to be worked on in 2024 include two (2) from 2021, two (2) from 2022, 30 from 2023, and four (4) in 2024. The lag in target year projects is due to design and permitting issues, and long lead time of materials. In addition to project delays and some outage coordination times are lengthy due to the opposition or ability by some customers to accommodate the required outages. All of these causes have resulted in the increased time to coordinate and complete the projects.

Q. What are the total projected capital and O&M expenditures for this program in the 2023 and 2024 periods?

A. Tampa Electric estimates expenditures for this Program during calendar years 2023 and 2024 as follows:

- During the period January 1, 2023, to December 31, 2023, actual/estimated capital expenditures are $17.2 million and the actual/estimated O&M expenditures are $0.3 million.
- During the period January 1, 2024, to December 31, 2024, projected capital expenditures are $24.2 million and the projected O&M expenditures are $1.2 million.

Q. What are the activities that are associated with the O&M costs with this program?

A. The activity of transferring existing wires to the new overhead feeder hardening equipment from the existing equipment being replaced is accounted for as an O&M cost.

Q. Does each overhead feeder hardening project have its own unique cost estimate profile?

A. Yes, each overhead feeder hardening project represents a distribution overhead feeder that will be hardened. The underlying project information is specific to each feeder. This includes location, asset type, work scope, number of assets to be installed or hardened and other information that is unique to each circuit.

Q. How were the cost assumptions used to develop cost estimates for each project?

A. The company first defined the attributes of a hardened feeder, which includes poles meeting National Electrical Safety Code ("NESC") Extreme Wind loading criteria; no poles lower than a class 2; no conductor size smaller than 336 aluminum conductor, steel reinforced ("ACSR"); single phase reclosers or trip savers on laterals; feeder segmented and automated with no more than 200-400 customers per section and no segment longer than 2-3 miles; no more than two to three megawatts of load served on each segment; and circuit ties to other feeders with available switching capacity. These criteria were then applied to each potential overhead feeder project to develop an estimate of the cost to harden that feeder.

Q. Are the Distribution Overhead Feeder Hardening project costs the same as what the company included in its Commission approved 2022-2031 SPP?

A. No, the actual/estimated costs for 2023 and the projected costs for 2024 for the Distribution Lateral Undergrounding program have changed from what was filed in the company's 2022-2031 SPP.

Q. Would you explain why the costs for the Distribution Overhead Feeder Hardening program have changed for 2023 and 2024?

A. Yes, as I discussed above, the number of projects experiencing delays in the design stages has led to later than expected start dates for the construction, which in turn, has caused a reduction in expected program level spend. Tampa Electric is forecasting program spend to realign with previously filed estimates as projects in design move to construction in 2024.

Vegetation Management

Q. Can you please provide a description of the Vegetation Management ("VM") Program?

A. The VM Program consists of four VM initiatives that impact the SPPCRC. The four VM initiatives include:

- **Distribution and Transmission VM**
    - o Planned (or Proactive) Distribution VM
    - o Planned (or Proactive) Transmission VM
    - o Transmission VM Right of Way Maintenance (Planned)
- **Supplemental Distribution Circuit VM (Initiative 1)**
- **Mid-Cycle Distribution VM (Initiative 2)**
- **69 kV Reclamation (Initiative 3)**

Q. What VM programs does the company have that will not impact the SPPCRC?

A. The company performs unplanned (or Reactive) VM on both the distribution and transmission system. Both of these VM activities remain in base rates and not in the SPPCRC.

Q. Does this represent the same number of initiatives company included in its Commission approved 2022-2031 SPP for the period 2023 and 2024?

A. Yes.

Q. What level of activity are you projecting for each initiative during the 2023 period?

A. For the period January 1, 2023, to December 31, 2023, the company projects the following activities:

- Distribution VM: 1,560 miles
- Transmission VM: 540 miles
- Initiative 1: 701 miles and 106,230 customers
- Initiative 2: 1,018 miles and 93,118 customers
- Initiative 3: 27 miles and 26,975 customers

These activities are fully detailed in my Exhibit No. CDS-2, Document No. 6.

Q. What level of activity are you projecting for each initiative during the 2024 period?

A. For the period January 1, 2024, to December 31, 2024, the company projects the following activities:

- Distribution VM: 1,550 miles
- Transmission VM: 540 miles
- Initiative 1: 700 miles and 98,973 customers
- Initiative 2: 1,000 miles and 141,391 customers
- Initiative 3: zero miles and zero customers

These activities are fully detailed in my Exhibit No. CDS-2, Document No. 6.

Q. Does this represent the same projected activity levels in the company included in its Commission approved 2022-2031 SPP, for the 2023 and 2024 periods?

A. Yes. In addition, the 69 kV Reclamation Initiative 3 will be completed at the end of 2023 that is in alignment with the company's SPP.

Q. What are the total estimated capital and O&M expenditures for this Program during the 2023 period?

A. For the period January 1, 2023, to December 31, 2023, actual/estimated O&M expenditures are:

- Distribution VM: $12.5 million
- Transmission VM: $3.2 million
- Initiative 1: $7.5 million
- Initiative 2: $4.3 million
- Initiative 3: $0.7 million

There are no capital VM expenditures.

Q. What are the total projected expenditures for this Program during the 2024 period?

A. For the period January 1, 2024, to December 31, 2024, projected expenditures are:

- Distribution VM: $13.3 million

- Transmission VM: $3.0 million
- Initiative 1: $5.1 million
- Initiative 2: $5.8 million
- Initiative 3: $0.0 million

There are no capital VM expenditures.

Q. How were the estimated costs of this program developed?

A. The company used historical VM costs to develop the cost estimates for each component of this program. The company also engaged Accenture, LLP to assist in the development of the new VM initiatives, including the level of incremental work and the cost for each initiative.

Q. Can you explain how that information was used to develop a cost estimate for each initiative?

A. Yes, the initiative cost estimates were derived from historical VM costs combined with estimated resource needs and mileage.

Q. Are the Vegetation Management costs the same as what was included in the company's Commission approved 2022-2031 SPP?

C2-265

A. Yes, the costs are approximately the same.

Infrastructure Inspections

Q. Please provide a description of the Infrastructure Inspections Program.

A. This SPP program involves the inspections performed on the company's T&D infrastructure including all wooden distribution and transmission poles, transmission structures and substations, as well as the audit of all joint use attachments.

Q. How many infrastructure inspection projects does the company plan to complete in the 2023 and 2024 periods?

A. Tampa Electric conducts thousands of inspections each year. The number of inspections by type planned for 2022 and 2023 are as follows:

Distribution:	2023	2024
Wood Pole:	35,625	35,625

Transmission:	2023	2024
Wood Pole/Groundline:	404	355
Above Ground:	2,616	2,697

Aerial Infrared Patrol:	Annually	Annually
Ground Patrol:	Annually	Annually
Substations:	Annually	Annually

This activity detail is fully detailed in my Exhibit No. CDS-2, Document No. 7.

Q. Does this represent the same number of distribution inspections you included in the company's Commission approved 2022-2031 SPP for the period 2023 and 2024?

A. No, the distribution inspections for 2023 remains the same at 35,625, while the 2024 inspections from the 2022-2031 SPP incorrectly stated 16,625. The inspection level in the SPP should have been 35,625 as well due to the company completing distribution inspections on an eight-year cycle. Tampa Electric is presently in the second year of the eight-year cycle.

Q. What are the total estimated capital and O&M expenditures for this Program during the period 2023?

A. For the period January 1, 2023, to December 31, 2023, the actual/estimated O&M expenditures are:

- Distribution Inspections: $1.1 million
- Transmission Inspections: $0.5 million

There are no capital inspection expenditures.

Q. What are the total projected expenditures for this Program during the period 2024?

A. For the period January 1, 2024, to December 31, 2024, projected expenditures are:

- Distribution Inspections: $1.4 million
- Transmission Inspections: $0.6 million

There are no capital inspection expenditures.

Q. What is the basis for your cost estimates?

A. The company has long-standing inspection programs with a large data set of historical activity and spend. The projected spend for each inspection type is based on projected activity and historical spending.

Q. Are the infrastructure inspection costs the same as what the company included in its Commission approved 2022-2031 SPP?

A. No, the inspection contract ends in 2023 and the market rates for this service are expected to increase by approximately 10 to 15 percent. The company projected the costs in 2024 based on an increase of 13 percent from current rates.

LEGACY STORM HARDENING INITIATIVES

Q. What are the legacy storm hardening initiatives?

A. These are storm hardening activities that were mandated by the Commission as components of the company's prior storm hardening plan.

Q. Are the legacy storm hardening initiatives the same for the company's 2022-2031 SPP as they were in the company's most recent 2019-2021 three-year Storm Hardening Plan that was approved by the Commission?

A. Yes, they are the same, but Tampa Electric extracted the following legacy storm hardening initiatives to be separate SPP Programs and included these for cost-recovery through the SPPCRC:

- Four-year distribution vegetation management
- Two-year transmission vegetation management
- Transmission Right of Way vegetation management
- Distribution infrastructure inspections
- Transmission infrastructure inspections
- Transmission asset upgrades

Q. What are the other legacy storm hardening initiatives that will not go through the SPPCRC?

A. The other legacy storm hardening initiatives that will not go through the SPPCRC include the following:

- Unplanned distribution vegetation management
- Unplanned transmission vegetation management
- Geographic Information System
- Post-Storm Data Collection
- Outage Data – Overhead and Underground Systems
- Increased Coordination with Local Governments
- Collaborative Research
- Disaster Preparedness and Recovery Plan
- Distribution Wood Pole Replacements

Q. Does the company have individual project details for these ongoing storm hardening initiatives for the period 2023 and 2023?

A. No, these "other" ongoing storm hardening initiatives are well-established, steady state programs for which the company does not propose any specific Storm Protection Projects at this time.

Q. Is the company seeking cost recovery for any of these

"Other" ongoing legacy storm hardening in this SPPCRC proceeding?

A. No.

Q. Is the company planning on communicating the annual updates for these other legacy storm hardening initiatives?

A. Yes, Tampa Electric will provide updates on these other storm hardening initiatives in the annual SPP Status Report that is filed with the Commission on June 1st of each year for the prior year's achievements.

COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS

Q. Will you please provide a description of the Common Costs?

A. Yes, the costs in the Common Costs category represent those costs that cannot be attributed to a specific Program. They are an accumulation of incremental costs associated with developing, implementing, managing, and administering the SPP.

Q. What type of costs are in the Common Costs category?

A. The Common Costs reflect those SPP costs that cannot be assigned to a specific SPP program or those costs which bring benefits to the entire portfolio of SPP programs. Examples of this include incremental internal labor to support the administration of the SPP as a whole.

Q. How much does the company estimate and project to spend on common expenses in the 2023 and 2024 periods?

A. The company estimates O&M expenditures of $1.0 million in 2023 and projected expenditures of $1.1 million in 2024. There are no common capital expenditures.

CONCLUSIONS

Q. Please summarize your direct testimony.

A. My testimony identifies the programs for which Tampa Electric is seeking cost recovery for expenditures occurring in the 2023 and 2024 periods. My testimony describes the number and types of activities that will be carried out under the company's SPP in 2023 and 2024 and explains how the company developed estimates of the cost of each of these activities. My testimony also

C2-272

demonstrates that the estimated costs are reasonable since they are based on sound methods and because the company has a high level of confidence in its projections.

Q. Are the company's planned activities and projected costs consistent with the company's Storm Protection Plan?

A. Yes, as I explained in my testimony, the company has implemented each of the Programs in a manner consistent with the company's SPP filing made on April 11, 2022. While schedules have been refined in some cases, the planned activities are prioritized consistently with the SPP and the projected costs are largely consistent at both the program and project levels.

Q. Should the Commission approve the company's projected expenditures for its Distribution Lateral Undergrounding, Transmission Asset Upgrades, Substation Extreme Weather Hardening, Distribution Overhead Feeder Hardening, Vegetation Management, Infrastructure Inspections Programs and Common SPP costs?

A. Yes, these projected expenditures should be approved. The projected costs are reasonable and consistent with the company's SPP.

Q. Does this conclude your testimony?

A. Yes.

C2-274

(Whereupon, prefiled direct testimony of Jason Bennett was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20230010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

DIRECT TESTIMONY (TRUE UP) OF ROBERT C. WARUSZEWSKI

On behalf of

Florida Public Utilities Company (FPUC)

Filed: April 3, 2023

Q. Please state your name and business address.

A. My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite 100, Dover, Delaware 19901.

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

A. I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South. Chesapeake Utilities is the parent company of Florida Public Utilities Company ("Company" or "FPUC").

Q. Can you please provide a brief overview of your educational and employment background?

A. I received a Bachelor of Science Degree in mathematics and economics from St. Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior accounting clerk for the Bank of New York Mellon, assisting in the preparation of audits as well as gathering local tax data for the bank's employees before joining Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department. There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates and Regulatory Analyst, where I was responsible for assisting in budget preparation and compiling regulatory filings for the Company's Pennsylvania and West Virginia affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January 2022, I joined Chesapeake Utilities Corporation where my responsibilities include the fulfillment of many regulatory activities for FPUC, which range from instances of regulatory analysis to various filings (Purchased Gas Adjustment, Swing Service and the Gas Reliability Infrastructure Program) before the Florida Public Service Commission.

Q. Have you testified before this or any other Commission?

A. Yes, I testified in the Company's Storm Protection Plan ("SPP") filing at Docket No. 20220049-EI, the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filing at Docket No. 20220010-EI, and have provided prefiled, written testimony in FPUC's PGA True-Up filing at Docket No. 20220003-GU, in FPUC's Swing Filing at Docket No. 20220154-GU and in FPUC's GRIP Filing at Docket No. 20220155-GU. In addition, I have testified before the Pennsylvania Public Utility Commission in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas of Pennsylvania rate proceedings, as well as before the Public Service Commission of Maryland on several occasions on behalf of Columbia Gas of Maryland.

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

A. The purpose of my testimony is to present the Company's actual SPP costs for the period May 2022 through December 2022, consistent with Order No. PSC-2023-0090-PCO-EI.

Q. Is FPUC providing the required schedules with this filing?

A. Yes. Included with this filing is Exhibit RCW-1, which includes Forms 1A – through 9A and is co-sponsored by Company witness P. Mark Cutshaw, who prepared Form 8-A in this exhibit. These forms support the Company's actual SPP program costs for the May 2022 through December 2022 period.

Q. Were the Forms filed by the Company completed by you or under your direct supervision?

A. Yes, they were completed by me, except for Form 8A, which was completed by witness Cutshaw, who will discuss details pertaining to the variances in SPPCRC program costs and a summary of the Company's 2022 SPP accomplishments in his direct testimony.

Q. What were FPUC's actual 2022 SPP costs?

A. FPUC incurred total costs of $1,519,733, which consists of $1,133,361 in operating and maintenance ("O&M") expense and $386,372 of capital investment for the period May 2022 through December 2022.

Q. Please state the actual end of period true-up amount for the SPPCRC for the period May 1, 2022 – December 31, 2022.

A. During May 2022 through December 2022, the final SPPCRC end of period true-up is $490,460 including interest, as detailed on Exhibit RCW-1 page 1, Form 1A. The Company notes that its initial SPPCRC surcharge did not go into effect until January 2023.

Q. How does this amount compare with the estimated true-up amount, which was approved by the Commission in its December 2022 Final Order?

A. As recognized in Order No. PSC-2022-0418-FOF-EI, in Docket No. 20220010-EI, FPUC anticipated a revenue requirement of $333,155 for its SPP expenditures, which was net of $650,336 already recovered through base rates.

Q. What is the final remaining true-up amount estimated to be collected or refunded for the period January 2024 – December 2024?

A. The SPPCRC final remaining true-up amount is an under-recovery of $157,305, which reflects the difference between the estimated revenue requirement for SPP projects at year's end 2022, which was included in the calculation of the Company's SPPCRC surcharge for 2023 and the $490,460 revenue requirement, including interest, resulting from the actual expenditures at year's end 2022.

Q. Please summarize the variance between the projected costs and the actual costs incurred for the 2022 period.

A. Exhibit RCW-1 Page 4, Form 4A and Page 7, Form 6A detail the variances for both the O&M and Capital SPP Programs for the year by project. Witness Cutshaw provides variance explanations in his testimony.

Q. When did FPUC begin SPP activities related to the Commission approved 2022-2031 SPP?

A. The Company filed its first SPP in April 2022. Since the plan was not filed until April, the Company did not begin incurring costs related to the SPP until May 2022. All costs and base rate adjustments included in this filing are reflective of an eight (8) month fiscal year (May 2022 through December 2022).

Q. Why has the Company not reflected any capital costs related to Pole Replacements in Exhibit RCW-1 even though it is noted in Witness Cutshaw's

testimony that FPUC replaced poles in 2022?

A. The Company incorrectly recorded these costs to normal capital expenditures instead of the SPP in 2022. The Company will make an adjustment in 2023 to reflect the inclusion of the capital costs associated with these replacements into the SPPCRC.

Q. On Exhibit RCW-1 Page 5, Form 5A, do the costs associated with pole inspection and vegetation management include the amount that is already recovered through base rates?

A. Yes, the costs for pole inspection and vegetation management reported on Form 5A represent the total amount spent by the Company on these projects, including the amount already recovered in base rates.

Q. Did the Company make an adjustment to remove the costs included in base rates for vegetation management and distribution pole inspections from the SPPCRC calculation to prevent double recovery?

A. On Exhibit RCW-1 Page 2, Form 2A, Line 4d, the Company reduced the SPPCRC revenue requirement by $650,336 to reflect the 8 months prorated costs associated with vegetation management of $568,495, as well as $81,841 for distribution pole inspection that are being recovered through base rates.

Q. What capital structure, components and cost rates did FPUC rely on to calculate the revenue requirement rate of return for the period May 2022 through December 2022?

A. As shown on Exhibit RCW-1, Page 34, Form 9A, the Company used the same capital structure, components, and cost rates that were approved in Docket No. 20220010-EI to calculate the revenue requirement rate of return.

Q. Should FPUC's costs related to the SPPCRC incurred during the May 2022 through December 2022 be approved?

A. Yes, they should be approved, since the costs incurred by the Company for inclusion in the SPPCRC were prudent and directly related to the Company's Commission approved SPP.

Q. Does this conclude your testimony?

A. Yes.

C3-304

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20230010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

DIRECT TESTIMONY OF ROBERT C. WARUSZEWSKI

On behalf of

Florida Public Utilities Company (FPUC)

Filed: May 1, 2023

Q. Please state your name and business address.

A. My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite 100, Dover, Delaware 19901.

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

A. I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South. Chesapeake Utilities is the parent company of Florida Public Utilities Company ("Company" or "FPUC").

Q. Can you please provide a brief overview of your educational and employment background?

A. I received a Bachelor of Science Degree in mathematics and economics from St. Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior accounting clerk for the Bank of New York Mellon, assisting in the preparation of audits as well as gathering local tax data for the bank's employees before joining Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department. There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates and Regulatory Analyst, where I was responsible for assisting in budget preparation and compiling regulatory filings for the Company's Pennsylvania and West Virginia affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January 2022, I joined Chesapeake Utilities Corporation where my responsibilities include the fulfillment of many regulatory activities for FPUC, which range from instances of regulatory analysis to various filings (Purchased Gas Adjustment, Swing Service and the Gas Reliability Infrastructure Program) before the Florida Public Service Commission.

Q. Have you testified before this or any other Commission?

A. Yes, I testified in the Company's Storm Protection Plan ("SPP") filing in Docket No. 20220049-EI, and have provided pre-filed, written testimony in the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filings in Docket Nos. 20220010-EI and 20230010-EI, FPUC's PGA True-Up filing in Docket No. 20220003-GU, in FPUC's Swing Filing in Docket No. 20220154-GU and in FPUC's GRIP Filing in Docket No. 20220155-GU. In addition, I have testified before the Pennsylvania Public Utility Commission in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas of Pennsylvania rate proceedings, as well as before the Public Service Commission of Maryland on several occasions on behalf of Columbia Gas of Maryland.

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

A. The purpose of my testimony is to present the following for Commission approval:

(1) The calculation of the January 2023 through December 2023 Storm Protection Plan actual/estimated amounts to be recovered in the January 2024 through

December 2024 projection period.

(2) The calculation of the January 2024 through December 2024 Storm Protection Plan projected amounts to be recovered during the January 2024 through December 2024 projection period

(3) The proposed 2024 SPPCRC cost recovery factors.

Q. Is FPUC providing the required schedules with this filing?

A. Yes. Included with this filing is Exhibit RCW-2, which includes Forms 1P through 6P and Forms 1E through 9E and is co-sponsored by Company witness P. Mark Cutshaw, who prepared Form 8-E in this exhibit. These forms support the Company's actual/estimated SPP program costs for the January 2023 through December 2023 period and the projected SPP program costs for the January 2024 through December 2024 period.

Q. Were the Forms filed by the Company completed by you or under your direct supervision?

A. Yes, they were completed by me, except for Form 8E, which was completed by Witness Cutshaw, who will discuss details pertaining to the variances in SPP program actual/estimated costs and provide an update of the status of the Company's various SPP programs.

Q. What costs did the Company include in the 2023 actual/estimated amount?

A. FPUC included three months of actual costs and nine months of estimates in its 2023 actual/estimated amount.

Q. What are the costs that FPUC has incurred and projects to incur for the Storm Protection Plan in 2023?

A. As detailed on Forms 4E and 6E, the Company projects to incur $1.59 million of O&M expense and $8.73 million of capital expenditures for a total of $10.32 million in 2023.

Q. Has the Company proposed any new programs or modified any existing programs from what was approved in the Company's Storm Protection Plan at Docket No. 20220049-EI?

A. No, the Company plans to carry out the Storm Protection Plan as proposed. However, the timeline of completing these projects has changed as discussed by Witness Cutshaw in his testimony.

Q. While the programs have not changed, has the way the Company budgeted for the programs changed?

A. Yes, previously the Company budgeted a portion of the SPP Program Management to each program. In an effort to simply things, the Company is now budgeting costs associated with program management for each program at the project level instead of budgeting a SPP Program Management total for each particular program. While budgeted costs will not change, this simplification will make it easier administratively to track and report costs by program.

Q. What are the Company's estimated costs for the Storm Protection Plan in 2024?

A. As detailed on Forms 2P and 3P Capital Project, the Company projects to incur $1.79 million of O&M expense and $11.83 million of capital expenditures for a total of $13.62 million in 2024.

Q. What are the annual revenue requirements associated with these costs in 2023 and 2024?

A. As detailed on Forms 2E and 1P, the Company's projected revenue requirements, adjusted to remove costs already included in base rates are:

2023: $923,527

2024: $2,448,891

Q. How did the Company develop the annual revenue requirements?

A. The Company used the projected cost estimates for the SPP programs, along with the associated depreciation and return components associated with this investment to develop the annual revenue requirement, in compliance with the SPP Cost Recovery Clause Rule, Rule 25-6.031(6), Florida Administrative Code.

Q. On Exhibit RCW-2 Form 2P and Form 4E, do the costs associated with pole inspection and vegetation management include the amount that is already recovered through base rates?

A. Yes, the costs for pole inspection and vegetation management reported on both Forms represent the total amount the Company projects to spend during the associated period, including the amount already recovered in base rates.

Q. Did the Company make an adjustment to remove the costs included in base rates for vegetation management and distribution pole inspections from the SPPCRC calculation to prevent double recovery?

A. On both Form 1P Page 1, Line 1e and Form 2E Page 1, Line 4d, the Company reduced the annual SPPCRC revenue requirement by $975,504 to reflect the costs associated with vegetation management and distribution pole inspection that are being recovered through base rates.

Q. Does the Company anticipate that the plant retired due to the SPP will either be fully or mostly depreciated?

A. Yes, the Company anticipates that any plant retired as a result of the SPP will either be fully or nearly fully depreciated. As a result, the Company anticipates no depreciation expense savings, or a negligible amount on the nearly depreciated plant.

Q. What is the total revenue requirement for 2024?

A. As shown on Form 1P, total jurisdictional projected revenue requirement for 2024 including true-amounts are $2,465,876, adjusted for taxes. This amount includes estimated true-up over-recovery for the period of January 2023 through December 2023 of $142,094 and the final true-up under-recovery for the period of January 2022 through December 2022 of $157,305.

Q. Did the Commission approve FPUC's cost allocation methodology in Docket No. 20220010-EI?

A. Yes. However, the Commission also approved a stipulation between FPUC and Walmart wherein both agreed to work towards a potential modification to FPUC's cost allocation in this proceeding consistent with the testimonies of my testimony and that of Walmart's Witness Perry as reflected at page 11 of PSC-2022-0418-FOF-EI. The stipulation arose as a result of concerns expressed by Walmart that FPUC's allocation methodology could result in higher load customers paying more than their share of SPP costs. While the Company does not currently have the capability to bill the SPPCRC to the various base rate components of each customer class as proposed by Walmart in Docket No. 20220010-EI, Walmart proposed another alternative whereby FPUC would calculate a percent factor of the SPP revenue requirement, by dividing the SPP revenue requirement by the total base rate revenue requirement from the Company's last rate case and then apply this percentage adjustor to the base rate charges paid by each customer class. This adjustor would be applied to the customer charge, base energy charge, and in cases of demand-metered customers, the demand charge.

Q. What has the Company proposed as a revised cost allocation methodology in this proceeding?

A. The Company is proposing an adjustor similar to that proposed by Walmart in the 2022 proceeding. However, instead of using the allocation methodology from Company's 2014 base rate case, the Company proposes to use the allocation methodology approved in the last proceeding in which the Company's base rates were adjusted in response to the federal Tax Cuts and Jobs Act, which was in Docket No. 20180048-EI.

Q. How was this base rate adjustment allocated among the customer classes in that proceeding?

A. The Company divided the forecasted 2021 base rate revenues of each rate schedule by the total forecasted 2021 base rate revenues to calculate a percentage of base rate revenues projected for each customer class. The Company then allocated the base rate reduction of $288,230 to each class based upon the percentage of base rate revenues forecasted for each class.

Q. How did the Company incorporate the methodology from that proceeding in Exhibit RCW-2?

A. On Form 5P, the Company used the same percentages mentioned above to allocate the SPPCRC revenue requirement among the customer classes.

Q. Does the Company propose to use this cost allocation methodology to calculate the SPPCRC revenue requirement in future SPPCRC proceedings?

A. Yes, the Company proposes to use this cost allocation methodology in future SPPCRC proceeding until the completion of its next base rate case proceeding, in which new allocation factors for base rate revenues will be established for each rate class.

Q. What are the proposed SPPCRC factors for 2024?

A. Refer to the table below.

RATE SCHEDULE	DOLLARS PER KWH	TAX FACTOR	SPP FACTORS PER KWH
RESIDENTIAL	$0.00432	1.00072	$0.00432
GENERAL SERVICE	$0.00498	1.00072	$0.00498
GENERAL SERVICE DEMAND	$0.00273	1.00072	$0.00273
GENERAL SERVICE LARGE DEMAND	$0.00174	1.00072	$0.00174
INDUSTRIAL / STANDBY	$0.00293	1.00072	$0.00293
LIGHTING SERVICE	$0.02651	1.00072	$0.02652

Q. What is the projected residential bill impact of FPUC's proposed SPPCRC factors?

A. A residential customer using 1,000 KWH per month will pay an additional $4.32 per month.

Q. What capital structure, components and cost rates did FPUC rely on to calculate the revenue requirement rate of return for the actual/estimated period of January 2023 through December 2023 and projected period of January 2024 through December 2024?

A. As shown on Exhibit RCW-2, Form 9E, the Company used the capital structure, components, and cost rates that were used in its most recent earnings surveillance report for the period ending December 31, 2022 in this filing. On Form 6P, the Company used the forecasted capital structure from the proforma earnings surveillance report for the period ending December 31, 2023.

Q. What should be the effective date of the SPPCRC surcharge factors for billing purposes?

A. The SPPCRC surcharge factors should be effective for all meter reading during the period of January 1, 2024 through December 31, 2024.

Q. Does this conclude your testimony?

A. Yes.

C3-347

(Whereupon, prefiled direct testimony of Mark Cutshaw was inserted.)

Before the Florida Public Service Commission

Direct Testimony (True Up) of P. Mark Cutshaw

On Behalf of

Florida Public Utilities Company

Docket 20230010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw. My business address is 208 Wildlight Avenue, Yulee, Florida 32097.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My electrical engineering career began with Mississippi Power Company in June 1982. I spent nine years with Mississippi Power Company and held positions of increasing responsibility that involved budgeting, as well as operations and maintenance activities at various locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division and have since worked extensively in both the Northwest Florida and Northeast Florida divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance. My responsibilities have also included involvement with Cost of Service Studies and Rate Design in other rate proceedings before the Commission, as well as other regulatory issues. During January 2020, I moved into my current role as Director, Generation Development.

Q. Have you previously testified before the Commission?

A. Yes, I've provided testimony in a variety of Commission proceedings, including the Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony in Docket No. 20180061-EI, testimony in Docket No. 20190156-EI for the Limited Proceeding to recover storm costs incurred as a result of Hurricane Michael and numerous dockets for Fuel and Purchased Power Cost Recovery. Most recently, I provided testimony in the Storm Protection Plan Dockets No. 20220049-EI and No. 20220010-EI.

II. PURPOSE AND SUMMARY OF TESTIMONY

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

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission and Distribution costs for the time period May 2022 through December 2022 associated with FPUC's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"), pursuant to Rule 25-6.031, F.A.C. and to explain material variances between 2022 estimated and actual program expenditures.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am co-sponsoring Exhibit RCW-1 included in the testimony by Witness Robert C. Waruszewski and did personally prepare Form 8-A contained in this exhibit.

Q. Please provide a summary of your testimony.

A. FPUC filed its first SPP in April 2022, which was approved, with modifications, by Order PSC-2022-0387-FOF-EI, issued November 10, 2022. FPUC's Final True Up for 2022 is therefore based on an eight month (May through December) prorated calendar year. Overall, FPUC's SPP intentionally contains a methodical ramp up of investments that allows for the acquisition of resources, initiation of design activities, and the refinement of projects in the early years of the plan. FPUC's focus in 2022 was, therefore, to stand-up the new SPP programs and implement approved adjustments to programs that were carried over from legacy storm hardening initiatives. This effort resulted in actuals above projections in O&M expenditures and below projections in Capital expenditures.

III. <u>2022 ACTUAL SPP PROJECT COSTS AND VARIANCES</u>

Q. Can you please describe what was accomplished in 2022 with the incurred expense (O&M) and explain any significant variances against estimates provided in the SPP?

A. Yes. Most of the expense-related charges within the SPP were related to the vegetation management and distribution pole inspection programs. Both programs were carried over from legacy storm hardening initiatives. Costs were incurred throughout all of 2022 for these programs, which are partially recovered through base rates. As noted in the testimony of Witness Waruszewski, FPUC has accounted for this to avoid double recovery. In 2022, FPUC inspected 3,091 distribution poles and trimmed 114.50 miles of overhead lines. Form 4A in Exhibit RCW-1, reflects a variance of $206,857 which is mostly driven by the vegetation management program which had a variance of $242,613. This additional expense was due in part to a fuel surcharge implemented by our primary vegetation management contractor, specialized equipment leveraged in the Northwest Florida division to facilitate trimming activities, and additional ground clearing crew and ground clearing equipment acquired in the Northeast Florida division to re-establish ground path access to facilities needing trimming. FPUC also incurred some expenditures related to the SPP Program Management program that were necessary for the management of these programs and projects even though these costs were not initially included in the 2022 SPP estimates. As described in previous testimony, this program was intended for the addition of a full-time equivalent position, which was ultimately delayed until 2023. However, some of the SPP management work provided by the engineering contractor was not specific to one program so these costs were attributed to the SPP Management Program which allocates cost to all programs.

Q. Can you please describe what was accomplished in 2022 with the incurred capital costs and explain any significant variances against estimates provided in the SPP?

A. Yes. FPUC is committed to the effective and efficient implementation of SPP related expenditures. To ensure this occurs, and for the reasons stated above, FPUC's focus during 2022 was to complete the engineering for a substantial number of projects in order to prepare for future year construction beginning in 2023. As part of this effort, contract engineering resources were acquired who then began engineering design activities associated with the projects identified in the SPP. The completion of the design associated with these projects will carry over into 2023. Form 6A in Exhibit RCW-1, reflects an actual capital expense variance of ($1,180,903), which is mostly driven by the lack of costs associated with the distribution and transmission pole replacements. FPUC was unable to replace any of the originally targeted six (6) - 69kv wood transmission poles. Additionally, the number of distribution pole replacements completed was lower than anticipated with the Company replacing only 91, compared to the original target of 142, during the May – December 2022 timeframe due to challenges in the supply chain and labor workforce. In order to get back on schedule for distribution pole replacements, FPUC is projecting a two-year catch-up period. As noted in the testimony of Witness Waruszewski, the cost associated with these replacements is not captured in the 2022 actuals but will be captured in the 2023 actuals.

Q. What will be the overall impact of the ($1,180,903) variance for the 2022-2023 SPP?

A. The negative variance will be incorporated into the 2023 and 2024 capital projects to re-align SPP investments with the 3-year projected totals reflected in the SPP.

Q. Does this conclude your testimony?

A. Yes, it does.

Before the Florida Public Service Commission

Direct Testimony of P. Mark Cutshaw

On Behalf of

Florida Public Utilities Company

Docket 20230010-EI: Storm Protection Plan Cost Recovery Clause

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw. My business address is 208 Wildlight Avenue, Yulee, Florida 32097.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My electrical engineering career began with Mississippi Power Company in June 1982. I spent nine years with Mississippi Power Company and held positions of increasing responsibility that involved budgeting, as well as operations and maintenance activities at various locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division and have since worked extensively in both the Northwest Florida and Northeast Florida divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance. My responsibilities have also included involvement with Cost of Service Studies and Rate Design in other rate proceedings before the Commission, as well as other regulatory issues. During January 2020, I moved into my current role as Director, Generation Development.

Q. Have you previously testified before the Commission?

A. Yes, I've provided testimony in a variety of Commission proceedings, including the Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony in Docket No. 20180061-EI, which addressed incremental storm restoration costs, testimony in Docket No. 20190156-EI, which was the Limited Proceeding specific to storm costs incurred as a result of Hurricane Michael, as well as numerous annual filings in the Fuel and Purchased Power Cost Recovery proceeding. Most recently, I provided testimony in the Storm Protection Plan and Storm Protection Plan Cost Recovery Clause proceeding, Dockets No. 20220049-EI and No. 20220010-EI, respectively.

II. <u>PURPOSE AND SUMMARY OF TESTIMONY</u>

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

A. The purpose of my direct testimony is to support the Company's request for recovery of Storm Protection Plan ("SPP") program costs associated with FPUC's Transmission and Distribution system for January 2023 through December 2023, as well as for January 2024 through December 2024, through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"), pursuant to Rule 25-6.031, F.A.C. My testimony supports the year to date costs in 2023, projected remaining expenditures through December 2023, estimated costs in 2024, and shows how these are consistent with the revised FPUC Storm Protection Plan approved in Docket 20220049-EI.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am co-sponsoring Exhibit RCW-2 included in the testimony by Witness Robert C. Waruszewski and did personally prepare Form 8-E contained in this exhibit.

Q. Please provide a summary of your testimony.

A. FPUC filed its first SPP in April 2022, which was approved, with modifications, by Order No. PSC-2022-0387-FOF-EI, issued November 10, 2022. FPUC's Final True Up for 2022 is therefore based on an eight month (May through December) prorated calendar year. Overall, FPUC's approved SPP intentionally contained a methodical ramp up of investments that allows for the acquisition of resources, initiation of design activities, and the refinement of projects in the early years of the plan. FPUC's focus in 2023 and 2024 is to continue to execute on the "ramp up" methodology mentioned above in its first two full calendar years of the SPP (2023 and 2024). FPUC's SPP introduced new programs for which project design activities began in 2022 and carried over into 2023. Construction activities associated with these projects are scheduled to begin in 2023 as FPUC continues to execute in alignment with its previously approved SPP.

III. <u>2023 OVERVIEW OF THE ACTUAL/PROJECTED SPP PROJECT COSTS AND VARIANCES</u>

Q. Under which SPP programs will FPUC incur costs during calendar year 2023?

A. FPUC expects to incur costs for the Distribution Overhead Feeder Hardening, Distribution Overhead Lateral Hardening, Distribution Overhead Lateral Undergrounding, Distribution Pole Inspection & Replacement, Transmission Inspection & Hardening, and the Transmission & Distribution Vegetation Management programs during calendar year 2023.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Distribution Overhead Feeder Hardening program?

A. FPUC's current actual/estimated 2023 expenditures are approximately $3.51M compared to the previously projected amount of $3.01M, which is a variance of $0.50M. This variance is due in part to design carryovers from 2022, the acceleration of 2024 project identification, adjustments to designs costs as a percentage of total project costs, and reclassification of a previously identified lateral hardening project to feeder hardening project.

Q. What is the reason for acceleration of 2024 project identification?

A. Identification of 2024 projects has been accelerated so that project design activities can begin earlier, allowing for advanced material procurement orders thus mitigating potential delays in the start of planned project construction activities the following year.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Distribution Overhead Lateral Hardening program?

A. FPUC's current actual/estimated 2023 expenditures are approximately $0.52M compared to the previously projected amount of $0.58M which represents a negative variance of

$0.06M. This variance is due in part to design carryovers from 2022, the acceleration of 2024 project identification, adjustments to designs costs as a percentage of total project costs, and reclassification of a previously identified lateral hardening project to feeder hardening project.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Distribution Overhead Lateral Undergrounding program?

A. FPUC's current actual/estimated 2023 expenditures are approximately $2.09M compared to the previously projected amount of $1.12M, which is a variance of $0.97M. This variance is due in part to design carryovers from 2022, the acceleration of 2024 project identification, adjustments to designs costs as a percentage of total project costs, and adjustments to original assumptions made during SPP development for estimating targeted mileage.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Distribution Pole Inspection & Replacement program?

A. FPUC's current actual/estimated 2023 expenditures is approximately $2.08M compared to the previously projected amount of $1.52M, which is a variance of $0.56M. This variance is due in part to being unable to complete the targeted number of replacements during 2022 and moving these pole replacements into 2023. It is also associated with the 2022 under recovery for this program as referenced in the testimony of Witness Waruszewski.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Transmission Inspection & Hardening program?

A. FPUC's current actual/estimated 2023 expenditures are approximately $0.92M compared to the previously projected amount of $0.62M, which is a variance of $0.30M. This variance is due, in part, to being unable to complete the targeted replacements during 2022 and reflecting the incomplete projects into 2023 and 2024.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Transmission & Distribution Vegetation Management program?

A. FPUC's current actual/estimated 2023 expenditures is approximately $1.20M compared to the previously projected amount of $1.20M which represents no variance. This is the first full calendar year of the transition from a three-year feeder trim cycle and six-year lateral trim cycle to a four-year trim cycle on all overhead primary transmission and distribution lines.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for the Storm Protection Plan Management program?

A. FPUC's current actual/estimated 2023 expenditures are $0.00M, as compared to the previously projected amount of $0.21M, which is a negative variance of $0.21M. This full time equivalent (FTE) position was approved in the Company's Storm Protection Plan; however, the appropriate candidate has not yet been identified or onboarded. Once completed, it is anticipated that SPP Management function costs will not be delineated separately but rather be included within the specific programs for which the work is being performed.

Q. Please describe how the 2023 current actual/estimated expenditures compare with the previously projected 2023 approved expenditures for FPUC's entire Storm Protection Plan program?

A. FPUC's current actual/estimated 2023 expenditures are $10.32M compared to the previously projected amount of $8.26M, which is a negative variance of $2.06M. As mentioned above, as well as in my earlier testimony filed as part of the prior year true-up portion of this Docket, FPUC experienced project carryovers from 2022, which shifted some costs into future years. Additionally, adjustments in initial cost estimating assumptions were performed as FPUC gained experience in executing these SPP projects. Assumption validation and adjustments are an on-going part of the active management of the SPP and are necessary to ensure the most up to date cost estimates are reflected.

Q. Does FPUC anticipate any future issues and what is being done to mitigate these?

A. Though difficult to say for certain what challenges may arise, thus far FPUC has realized that labor resources and supply chain issues have had a large impact on the accomplishment of goals within the SPP. FPUC is working towards building an accelerated backlog of engineering projects to get ahead of supply chain challenges in the market today.

IV. <u>2024 OVERVIEW OF THE PROJECTED SPP PROJECT COSTS AND VARIANCES</u>

Q. Under which SPP programs will FPUC incur costs during calendar year 2024?

A. The Company will incur costs associated with the Distribution Overhead Feeder Hardening, Distribution Overhead Lateral Hardening, Distribution Overhead Lateral Undergrounding, Distribution Pole Inspection & Replacement, Transmission Inspection& Hardening, and the Transmission & Distribution Vegetation Management Programs during 2024.

Q. Does FPUC anticipate any changes in the scope or projected cost for 2024 compared to what is discussed above for 2023?

A. No, FPUC anticipates that project scope for 2024 will be consistent with what will have occurred during 2023 and contained within the approved SPP. However, during 2024, FPUC is projecting total SPP expenditures of $13.62M compared to a projected expenditure in 2024 of $9.4M against original SPP projections included in Docket 20220049-EI. This variance is due in part to project engineering acceleration necessary to mitigate the supply chain challenges currently encountered in the market.

V. SUMMARY

Q. Are the programs included for 2023 and 2024 consistent with FPUC's approved SPP?

A. Yes. The programs and activities are consistent with FPUC's revised SPP which was approved by Order No. PSC-2022-0387-FOF-EI in Docket No. 20220049-EI. Associated cost estimates for each program are detailed in the table below.

2022-2024 Estimated and Actual SPP Costs by Program (In Millions)					
		2022 Estimated	2022 Actual	2023 Estimated	2024 Estimated
Distribution - OH Feeder Hardening	Capital	$ 0.29	$ 0.21	$ 3.41	$ 4.34
	O&M	$ 0.01	$ -	$ 0.10	$ 0.13
	Total	$ 0.30	$ 0.21	$ 3.51	$ 4.47
Distribution - OH Lateral Hardening	Capital	$ 0.06	$ 0.05	$ 0.51	$ 1.18
	O&M	$ 0.00	$ -	$ 0.02	$ 0.04
	Total	$ 0.06	$ 0.05	$ 0.52	$ 1.22
Distribution - OH Lateral Underground	Capital	$ 0.11	$ 0.06	$ 2.03	$ 3.73
	O&M	$ 0.00	$ -	$ 0.06	$ 0.11
	Total	$ 0.11	$ 0.06	$ 2.09	$ 3.85
Distribution - Pole Insp. & Replace	Capital	$ 0.71	$ -	$ 1.88	$ 1.67
	O&M	$ 0.10	$ 0.08	$ 0.19	$ 0.19
	Total	$ 0.81	$ 0.08	$ 2.08	$ 1.86
T&D - Vegetation Management	Capital	$ -		$ -	$ -
	O&M	$ 0.80	$ 1.04	$ 1.20	$ 1.20
	Total	$ 0.80	$ 1.04	$ 1.20	$ 1.20
Transmission - Inspection and Hardening	Capital	$ 0.40	$ -	$ 0.90	$ 0.90
	O&M	$ 0.01	$ -	$ 0.02	$ 0.12
	Total	$ 0.41	$ -	$ 0.92	$ 1.02
SPP Program Management	Capital	$ -	$ 0.06	$ -	$ -
	O&M	$ -	$ 0.01	$ -	$ -
	Total	$ -	$ 0.07	$ -	$ -
Totals	Capital	$ 1.57	$ 0.39	$ 8.73	$ 11.83
	O&M	$ 0.93	$ 1.13	$ 1.59	$ 1.79
	Total	$ 2.49	$ 1.52	$ 10.32	$ 13.62

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

A. Yes, it does.

(Whereupon, prefiled direct testimony of Michael Jarro was inserted.)

THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

FLORIDA POWER & LIGHT COMPANY

STORM PROTECTION PLAN COST RECOVERY CLAUSE FINAL TRUE-UP

FOR THE PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2022

DIRECT TESTIMONY OF

MICHAEL JARRO

Filed: April 3, 2023

C5-455

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, FL, 33478.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Vice President of Distribution Operations.

Q. Please describe your duties and responsibilities in that position.

A. My current responsibilities include the operation and maintenance of FPL's distribution infrastructure that safely, reliably, and efficiently deliver electricity to more than 5.8 million customers accounts representing more than half of our state's population. FPL's service area is divided into nineteen (19) distribution management areas with approximately 78,800 miles of distribution lines and 1.4 million distribution poles. The functions and operations within my area are quite diverse and include distribution operations, major projects and construction services, power quality, meteorology, and other operations that together help provide the highest level of service to FPL's customers.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Miami with a Bachelor of Science Degree in Mechanical Engineering and Florida International University with a Master of Business Administration. I joined FPL in 1997 and have held several leadership positions in distribution operations and customer service, including serving as distribution reliability manager, manager of distribution operations for the south Miami-Dade area, control center general manager, director of network operations, senior director of customer strategy and analytics, senior director of power delivery central maintenance and construction, and vice president of transmission and substations.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes, I have previously testified in FPL's Storm Protection Plan ("SPP") and Storm Protection Plan Cost Recovery Clause ("SPPCRC") dockets.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to: (1) present FPL's final actual SPP projects and costs for the period of January 2022 through December 2022; and (2) explain the variances between the actual 2022 SPP costs and the actual/estimated 2022 SPP costs presented and approved in Docket No. 20220010-EI.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2022; and
- Exhibit MJ-2 – List of Explanations of Drivers for Variances in Storm Protection Plan Programs and Projects.

II. THE STORM PROTECTION PLANS

Q. Please describe the SPPs that form the basis for the final actual 2022 SPP program and project costs that are the subject of this proceeding.

A. On April 10, 2020, FPL and the former Gulf Power Company ("Gulf") filed their 2020-2029 SPPs in Docket Nos. 20200071-EI and 20200070-EI, respectively. In Commission Order No. PSC-2020-0293-AS-EI issued on August 28, 2020, the Commission unanimously approved a Joint Motion for Approval of a Stipulation and

Settlement Agreement that resolved all issues raised in the Gulf and FPL SPP dockets, including the SPP programs and projects to be implemented in 2022 and their estimated costs that are the subject of this filing.

As part of FPL's Commission-approved 2021 Rate Case Settlement Agreement in Docket No. 20210015-EI, the operations, rates, and tariffs of the former Gulf and FPL were consolidated and unified, all former Gulf customers became FPL customers, and Gulf ceased to exist as a separate regulated entity effective January 1, 2022. Consistent therewith, the Commission approved consolidated FPL 2022 SPPCRC Factors in Docket No. 20210010-EI for the period January 1, 2022 through December 31, 2022, and the Commission approved consolidated FPL actual/estimated 2022 SPP projects and costs in Docket No. 20220010.

For purposes of implementing consolidated SPP programs and projects during 2022, FPL continued the programs and projects included in both FPL and Gulf's 2020-2029 SPPs approved by Commission Order No. PSC-2020-0293-AS-EI without any modification. During 2022, the programs and projects in the FPL 2020-2029 SPP were applied throughout the pre-consolidated FPL service area, and the programs and projects in the Gulf 2020-2029 SPP were applied throughout the former Gulf service area. Therefore, the actual 2022 SPP programs and projects included in this filing are based on the FPL and Gulf 2020-2029 SPPs, and the former Gulf 2022 SPP projects and associated costs are additive to or combined with the FPL 2022 SPP programs and projects consistent with the Commission-approved 2022 SPPCRC Factors.

C5-458

A complete copy of the Commission-approved FPL 2020-2029 SPP is available at: http://www.psc.state.fl.us/library/filings/2020/03757-2020/03757-2020.pdf. A complete copy of the Commission-approved Gulf 2020-2029 SPP is available at: http://www.psc.state.fl.us/library/filings/2020/01914-2020/01914-2020.pdf.

III. 2022 ACTUAL SPP PROJECT COSTS AND VARIANCES

Q. How did FPL manage the SPP projects during 2022?

A. During 2022, FPL managed the SPP projects at the program level in order to maximize efficiency while still achieving the overall objectives of the SPP programs. As a result, project schedules and completion dates changed based on the actual circumstances and conditions encountered or required for a specific work site to ensure that resources were being efficiently used. For example, an unanticipated condition on a jobsite or delay in obtaining a necessary permit may impede the ability to complete a scheduled project in that location. Rather than keeping a crew at that jobsite while the condition is addressed, FPL would temporarily suspend work on that project and move the crew to another jobsite to ensure that resources are being utilized appropriately and efficiently.

Q. Did FPL previously provide a description of the SPP costs and work that was projected to be performed in 2022?

A. Yes. On May 2, 2022, FPL submitted a petition, together with supporting testimony and exhibits in Docket No. 20220010-EI requesting approval of the 2022 actual/estimated true-up amounts and the projected 2023 SPPCRC Factors. Included with that filing were schedules that provided the FPL 2022 actual/estimated SPP projects and costs for the period January 1, 2022 through December 31, 2022. On December 12, 2022, the Commission issued Order No. PSC-2022-0418-FOF-EI, approving FPL's actual/estimated SPPCRC true-up amounts for the period January 1, 2022 through December 31, 2022.

Q. Has FPL provided the final actual 2022 SPP projects and costs?

A. Yes. The final project level detail and actual cost for the FPL 2022 SPP programs are provided in Exhibit MJ-1. This exhibit started with the FPL 2022 actual/estimated SPP projects and costs that were approved in Docket No. 20220010-EI, and then updated to reflect the final 2022 actual projects and costs. In addition, Exhibit MJ-1 provides the material variances between the 2022 actual/estimated and the final 2022 actual SPP projects and costs, along with explanations for each material variance.

Q. Please summarize the 2022 SPP project variances shown in Exhibit MJ-1.

A. FPL has determined that the SPP project variances for 2022 are typically the result of one or more of three occurrences: an acceleration of a project, a project delay, or change to a project estimate. Accordingly, Exhibit MJ-1 contains three general categories of project variances: "Project Acceleration," "Project Delayed," and "Project Estimate Change." Within each of these categories, FPL has identified specific drivers that cause projects to be accelerated, delayed, or changed. A detailed list and explanation of each of these drivers is provided in Exhibit MJ-2.

Q. Does the acceleration of a project impact the total overall project cost?

A. Generally, no. Accelerated projects result in a greater proportion of the overall project cost being incurred sooner rather than later, but the overall estimated cost for the project typically remains substantially the same. An accelerated project could result in greater costs being incurred for a project during an earlier year and less costs incurred in a later year. However, as demonstrated in Exhibit MJ-1, FPL effectively managed the 2022

SPP projects at the program level to ensure that the estimated total 2022 SPP program costs remained consistent with the costs projected in the Commission-approved SPPs.

Q. Does a project delay impact the overall project cost?

A. Generally, no. Delayed projects result in a proportion of the overall project cost being incurred later than originally estimated, but the overall estimated cost for the project typically remains substantially the same. A delayed project could result in less costs being incurred for a project during an earlier year and more costs incurred in a later year. However, as demonstrated in Exhibit MJ-1, FPL effectively managed the 2022 SPP projects at the program level to ensure that the estimated total 2022 SPP program costs remained consistent with the costs projected in the Commission-approved SPPs.

Q. Does a project estimate change impact the overall project cost?

A. Generally, yes. Unlike the drivers that result in a change in costs incurred during the year due to the timing of when the work is being completed (either being accelerated or delayed), changes to a project estimate may result in a change to the overall cost of a project cost. Any such changes are reflected in Exhibit MJ-1; however, FPL effectively managed its 2022 SPP projects at the program level to ensure that the estimated total 2022 SPP program costs remained consistent with the costs projected in the Commission-approved 2020-2029 SPPs.

Q. Are there any other drivers of the FPL 2022 SPP project schedule that you wish to discuss?

A. Yes. Florida remains the most hurricane-prone state in the nation, and FPL's consolidated service areas are susceptible to extreme weather events. Storms or other extreme weather events impacting the FPL service areas could have significant impacts to SPP programs and projects. Work on SPP projects is suspended during storms or other extreme weather events and may not be resumed until restoration following the extreme weather event is complete, which could result in project schedules being delayed. SPP projects could also be delayed due to resources working on SPP projects becoming unavailable as crews are assigned to restoration activities within the FPL service areas and/or to provide mutual assistance to other utilities impacted by extreme weather events. FPL cannot predict the impact that extreme weather events may have on the SPP activities that can be completed in any given year. SPP projects that are delayed due to impacts from extreme weather events may result in changes in the timing of when the costs are actually incurred.

Q. Are the FPL final actual SPP costs reasonable and prudent?

A. Yes. The actual SPP work completed in 2022 and related costs shown in Exhibit MJ-1 were based on competitive solicitations and other contractor and supplier negotiations to ensure that FPL selected the best qualified contactors and equipment suppliers at the lowest evaluated costs. Additionally, the actual SPP costs and projects completed during 2022 are consistent with the FPL and Gulf SPPs approved by the Commission in Docket Nos. 20200070-EI and 20200071-EI.

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

FLORIDA POWER & LIGHT COMPANY

ACTUAL/ESTIMATED 2023 STORM PROTECTION PLAN COST RECOVERY CLAUSE TRUE-UP AND PROJECTED 2024 STORM PROTECTION PLAN COST RECOVERY CLAUSE FACTORS

DIRECT TESTIMONY OF MICHAEL JARRO

Topics: **2023 Actual/Estimated SPP Costs, Variances for 2023 SPP Costs, and 2024 SPP Projects and Costs**

Filed May 2, 2023

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, Florida, 33478.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Vice President of Distribution Operations.

Q. Have you previously provided testimony in this docket?

A. Yes. On April 3, 2023, I submitted direct testimony in this docket, together with Exhibits MJ-1 and MJ-2, in support of FPL's Storm Protection Plan Cost Recovery Clause ("SPPCRC") final true-up amounts for the period January 1, 2022 through December 31, 2022.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to: (1) present FPL's 2023 actual/estimated costs associated with the FPL 2023-2032 SPP approved by Commission Order No. PSC-2022-0389-FOF-EI; (2) explain the variances between the actual/estimated 2023 SPP costs and the 2023 cost projections approved in Commission Order No. PSC-2022-0418-FOF-EI; and (3) describe FPL's 2024 SPP programs and projects and their associated cost projections and explain how those activities and costs are consistent with the FPL 2023-2032 SPP approved by Commission Order No. PSC-2022-0389-FOF-EI.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit MJ-3 – FPL Actual/Estimated Storm Protection Plan Work to be Completed in 2023; and
- Exhibit MJ-4 – FPL Storm Protection Plan Work Projected to be Completed in 2024.

I am also sponsoring Form 6P - Program Description and Progress Report ("Form 6P") that is included in FPL witness Richard Hume's Exhibit RLH-3.

II. THE STORM PROTECTION PLAN

Q. Please describe the SPP that forms the basis for the actual/estimated 2023 and projected 2024 SPP programs and projects that are the subject of this proceeding.

A. On April 11, 2022, FPL filed its 2023-2032 SPP in Docket No. 20220051-EI. The programs and projects included in the FPL 2023-2032 SPP were approved with certain modifications by Commission Order PSC-2022-0389-FOF-EI issued November 10, 2022. The actual/estimated 2023 and projected 2024 SPP programs and projects that are the subject of this proceeding are based on FPL's 2023-2032 SPP.[1]

Q. Has FPL provided details on the annual SPP programs and associated costs?

A. Yes. This information is provided in Form 6P provided in Exhibit RLH-3 attached to the direct testimony of FPL witness Hume. For each SPP program, Form 6P describes the program activities, identifies the fiscal expenditures incurred to date, reports on the progress for the current year, and provides a projection of work to be completed and the associated costs for the projected year.

---

[1] A true and correct copy of the final, approved FPL 2023-2032 SPP is available in Docket No. 20220051-EI at: https://www.floridapsc.com/pscfiles/library/filings/2022/11240-2022/11240-2022.pdf.

III. ACTUAL/ESTIMATED 2023 SPP PROJECTS

Q. Did FPL previously provide a description of the SPP costs and work projected to be performed in 2023?

A. Yes. On May 2, 2022, FPL submitted a petition in Docket No. 20220010-EI requesting approval of the projected 2023 SPPCRC Factors, which included a description of the costs and work projected to be performed for each SPP program during 2023. On December 12, 2022, the Commission issued Order No. PSC-2022-0418-FOF-EI approving FPL's projected 2023 SPPCRC Factors.

Q. Has FPL updated the 2023 SPP costs and work that were included in the projected 2023 SPPCRC Factors?

A. Yes. The updated actual/estimated 2023 SPP costs are provided in Form 6P and the updated project level detail and cost projections for the actual/estimated 2023 SPP programs are provided in Exhibit MJ-3. These exhibits started with the projected 2023 SPP project level detail and associated costs that were approved in Commission Order No. PSC-2022-0418-FOF-EI, and then updated the actual/estimated 2023 SPP projects and costs based on information that was available and known as of February 2023. In addition, Exhibit MJ-3 provides the variances between the projected 2023 SPP costs and the actual/estimated costs updated as of February 2023, along with explanations for each of the material variances provided therein.

Q. Please summarize the actual/estimated 2023 SPP project variances shown in Exhibit MJ-3.

A. FPL determined that each of its SPPCRC project variances are the result of one of three occurrences: an acceleration of a project, a project delay, or change to a project estimate. Accordingly, Exhibit MJ-3 contains three general categories of project variances: "Project Acceleration," "Project Delayed," and "Project Estimate Change." Within each of these categories, the Company has identified specific drivers that cause projects to be accelerated, delayed, or changed. A detailed list and explanation of each of these drivers is provided in Exhibit MJ-2, which was previously provided with my direct testimony submitted in this docket on April 3, 2023. Additionally, on pages 6-8 of my direct testimony submitted in this docket on April 3, 2023, I explained the impact that each of these drivers, as well as those related to extreme weather events, may have on the total overall cost of the SPP projects.

Q. How does FPL manage its SPP projects?

A. FPL manages its SPP projects at the program level in order to maximize efficiency while still achieving the overall objectives of the SPP program. As a result, project schedules and completion dates are subject to change based on the actual circumstances and conditions encountered or required for a specific work site to ensure that resources are being efficiently used. For example, an unanticipated condition on a jobsite or delay in obtaining a necessary permit may impede the ability to complete a scheduled project in that location. Rather than keeping a crew at that jobsite while the condition is addressed, FPL would temporarily suspend work on that project and move the crew to another jobsite to ensure that resources are being utilized appropriately and efficiently.

By managing the SPP projects at the program level, this allows FPL to initially target and plan to the estimated program budget set forth in the approved SPP while accommodating unexpected variances and conditions that impact individual SPP projects throughout the year. For example, as shown on Form 6P of Exhibit RLH-3, although FPL estimates an increase in the number of projects to be completed in 2023 for the Distribution Feeder Hardening Program, which increase is due primarily to carryover of 2022 projects as a result of the 2022 storm season, FPL will efficiently manage the overall Distribution Feeder Hardening Program to target the estimated 2023 budget set forth in the FPL 2023-2032 SPP.

Q. Are the FPL actual/estimated 2023 SPP projects and associated costs reasonable?

A. Yes. The actual/estimated SPP work to be completed in 2023 and related costs shown in Exhibit MJ-3 are based on competitive solicitations and other contractor and supplier negotiations to ensure that FPL selects the best qualified contractors and equipment suppliers at the lowest evaluated costs. Further, the actual/estimated SPP work to be completed in 2023 and related costs shown in Form 6P and Exhibit MJ-3 are consistent with the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI.

IV. PROJECTED 2024 SPP COSTS

Q. Has FPL provided a description of the work projected to be performed in 2024 for each SPP program?

A. Yes. Form 6P and Exhibit MJ-4 identify each of the SPP programs for which costs are projected to be incurred during 2024, as well as provide a description of the work projected to be performed for each SPP program during 2024. As explained above, the projected 2024 SPP programs and projects are based on the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI.

I note that FPL's distribution and transmission annual inspection and vegetation management programs do not have project components and, instead, are completed on a cycle-basis. As such, these SPP programs do not lend themselves to identification of specific or individual projects to be performed. Description of the distribution and transmission inspection and vegetation management programs projected for 2024 are provided in Form 6P. FPL has provided project level detail for the other 2024 SPP programs that have project components. However, the SPP projects that will actually be completed in 2024 could vary based on a number of factors, including, but not limited to: permitting; easement issues; change in scope; resource constraints (*i.e.*, labor & material); and/or extreme weather events. Any such variances will be addressed in the actual/estimated 2024 SPPCRC true-up filing to be submitted in 2024, and the final 2024 SPPCRC true-up filing to be submitted in 2025.

Q. Are the SPP activities and costs estimated for 2024 consistent with the FPL 2023-2032 SPP?

A. Yes. The SPP activities and costs estimated for each SPP program during 2024 are consistent with those described in the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI. However, as I previously stated, the number of SPP projects that will actually be completed in 2024, as well as the associated SPP costs, could vary based on a number of factors, but FPL will manage these project variances and conditions at the program level as explained above. For example, as shown in Form 6P of Exhibit RLH-3, although FPL currently estimates it will complete more projects in 2024 for the Distribution Lateral Hardening Program than as originally estimated in the 2023-2032 SPP, which increase is due to the number of laterals located on the feeders selected for 2024 under the Commission-approved prioritization method, FPL will efficiently manage the overall Distribution Lateral Hardening Program to target the 2024 budget set forth in the FPL 2023-2032 SPP. Further, the prudence of the actual 2024 SPP costs incurred during the projected period of January 1, 2024 through December 31, 2024, will be addressed in the subsequent SPPCRC true-up filings.

Q. Are the FPL projected 2024 SPP costs reasonable?

A. Yes. Just like the actual/estimated 2023 SPP work and costs, the projected SPP work to be completed in 2024 and related costs are based on competitive solicitations to ensure that FPL secures the lowest evaluated costs among the most qualified vendors for these projects. Further, the projected 2024 SPP work and related costs shown in Form 6P and Exhibit MJ-4 are consistent with the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI.

Q. Does this conclude your direct testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Richard Hume was inserted.)

THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

FLORIDA POWER & LIGHT COMPANY

STORM PROTECTION PLAN COST RECOVERY CLAUSE FINAL TRUE-UP

FOR THE PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2022

DIRECT TESTIMONY OF

RICHARD L. HUME

Filed: April 3, 2023

C6-576

Q. Please state your name and address.

A. My name is Richard L. Hume. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Regulatory Issues Manager, Regulatory & State Governmental Affairs.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Florida in 1991 with a Bachelor of Science degree in Business Administration with a Finance Major and earned a Master of Business Administration degree with a Finance Concentration from the University of Florida in 1995. I have 25 years of utility industry experience. In 1998, I was employed by New-Energy Associates, (which became a subsidiary of Siemens Power Generation), working in the areas of financial forecasting, budgeting, as well as cost of service and rate forecasting for both electric and gas utilities. In 2007, I joined Oglethorpe Power and was promoted to the position of Director of Financial Forecasting the following year. In that position, I was primarily responsible for the long-range financial forecast and resource planning along with new rate design. In 2012, I joined FPL managing a budgeting and data analytics team where my responsibilities included conducting analysis related to customer rates and bill impacts. In 2019, I joined Gulf Power Company ("Gulf") as a Regulatory Issues Manager, where my responsibilities included oversight of Gulf's Fuel and Purchased Power and Environmental cost recovery clauses, including calculation of cost recovery factors and the related regulatory filings. I am currently employed by FPL as a Regulatory Issues Manager where my responsibility and oversight includes support for FPL's cost recovery clause filings.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the FPL Storm Protection Plan Cost Recovery Clause ("SPPCRC") 2022 Final true-up amounts associated with the period January 1, 2022, through December 31, 2022.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes, I am sponsoring Exhibit RLH-1, which provides the data and information required on the following Commission-prescribed schedules and forms for the SPPCRC final true-up:

- Form 1A - Summary of Current Period Estimated True-up
- Form 2A - Calculation of True-up Amount
- Form 3A - Calculation of Interest Provision for True-up Amount
- Form 4A - Variance Report of Annual O&M Costs by Program
- Form 5A - Calculation of Annual Revenue Requirements for O&M Programs
- Form 6A - Variance Report of Annual Capital Investment Costs by Program
- Form 7A - Summary - Calculation of Annual Revenue Requirements for Capital Investment Programs
- Form 7A - Capital - Estimated Revenue Requirements by Program
- Form 8A - Approved Capital Structure and Cost Rates

Q. What is the source of the data presented in your testimony and/or exhibit?

A. The data presented in my testimony and supporting schedules is taken from FPL's books and records. The books and records are kept in the regular course of the Company's business in accordance with generally accepted accounting principles and practices, as well as the provisions of the Uniform System of Accounts as prescribed by this Commission. The data for the FPL 2022 Final True-up SPPCRC costs is provided in Exhibit MJ-1 attached to the testimony of FPL witness Jarro. The final 2022 SPPCRC costs are consistent with projections provided in the 2020-2029 Storm Protection Plans approved by the Commission in Docket Nos. 20200070-EI and 20200071-EI.

Q. Please explain the calculation of FPL's 2022 Final net true-up amount.

A. The Final net true-up amount for the period January 2022 through December 2022 is an under-recovery, including interest, of $5,171,245 (Exhibit RLH-1, Form 1A). The actual end-of-period under-recovery for the period January 2022 through December 2022 of $9,852,477 shown on line 4, minus the actual/estimated end of period under-recovery for the same period of $4,681,232 shown on line 9, results in the final net true-up under-recovery for the period January 2022 through December 2022 of $5,171,245 shown on line 10, which FPL requests be included in the calculation of the SPPCRC factors for the January 2024 through December 2024 period.

Q. How do the final capital program costs for January 2022 through December 2022 compare with Actual/Estimate projections for the same period?

A. Exhibit RLH-1, Form 6A shows that total 2022 capital program revenue requirements are $2,020,276 or 1.3% higher than estimated for FPL. Individual project capital costs and variances are explained by FPL witness Jarro and provided in Exhibit MJ-1.

Q. What is driving the variance in capital revenue requirements?

A. As explained by FPL witness Jarro and the exhibits attached to his testimony, the variance in program capital revenue requirements is largely due to changes in the timing of when the costs are incurred for each program and when plant goes in service.

Q. Please explain the variance in operations and maintenance ("O&M") and capital revenue requirements for the SPPCRC implementation costs for FPL.

A. Form 4A shows that the final 2022 O&M implementation costs are $53,367 or 41.6% higher than estimated for FPL. The variance in the implementation O&M costs is due to an increase in the support required to manage and track the SPPCRC and prepare and litigate the annual SPPCRC filings.

Form 6A (Exhibit RLH-1) shows that implementation capital revenue requirements are $2,132 or 0.8% higher than estimated for FPL. The variance in capital revenue requirements for FPL is due to the timing of when the implementation costs were incurred.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI

FLORIDA POWER & LIGHT COMPANY

ACTUAL/ESTIMATED 2023 STORM PROTECTION PLAN COST RECOVERY CLAUSE TRUE-UP AND PROJECTED 2024 STORM PROTECTION PLAN COST RECOVERY CLAUSE FACTORS

DIRECT TESTIMONY OF RICHARD L. HUME

Topics: Actual/Estimated 2023 SPPCRC True-Up, 2024 SPPCRC Factors

Filed May 2, 2023

I. INTRODUCTION

Q. Please state your name and address.

A. My name is Richard Hume. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Regulatory Issues Manager, Regulatory & State Governmental Affairs.

Q. Have you previously provided testimony in this docket?

A. Yes. On April 3, 2023, I submitted direct testimony in this docket, together with Exhibit RLH-1, in support of the Storm Protection Plan Cost Recovery Clause ("SPPCRC") final true-up for the period January 1, 2022 through December 31, 2022.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval the actual/estimated 2023 SPPCRC true-up amounts for the period January 1, 2023 through December 31, 2023; and the projected 2024 SPPCRC Factors to be applied to bills issued during the period of January 1, 2024 through December 31, 2024.

Q. Have you prepared or caused to be prepared under your direction, supervision, or control an exhibit in this proceeding?

A. Yes, I am sponsoring the forms contained in the following exhibits:

- <u>Exhibit RLH-2: FPL 2023 Actual/Estimated SPPCRC</u>
  - Form 1E - Summary of Current Period Estimated True-Up
  - Form 2E - Calculation of True-Up Amount
  - Form 3E - Calculation of Interest Provision for True-Up Amount

- Form 4E - Variance Report of Annual O&M Costs by Program
- Form 5E - Calculation of Annual Revenue Requirements for O&M Programs
- Form 6E - Variance Report of Annual Capital Investment Costs by Program
- Form 7E - Summary - Calculation of Annual Revenue Requirements for Capital Investment Programs
- Form 7E - Capital - Estimated Revenue Requirements by Program
- Form 8E - Approved Capital Structure and Cost Rates

• <u>Exhibit RLH-3: FPL 2024 Projections</u>
  - Form 1P - Summary of Projected Period Recovery Amount
  - Form 2P - Calculation of Annual Revenue Requirements for O&M Programs
  - Form 3P - Calculation of the Total Annual Revenue Requirements for Capital Investment Programs
  - Form 3P - Capital - Calculation of Annual Revenue Requirements for Capital Investment by Program
  - Form 4P - Calculation of the Energy & Demand Allocation % By Rate Class
  - Form 5P - Calculation of the Cost Recovery Factors by Rate Class
  - Form 7P - Approved Capital Structure and Cost Rates

• <u>Exhibit RLH-4: Retail Separation Factors</u>

Included in Exhibit RLH-3 is Form 6P - Program Description and Progress Report, which is sponsored by FPL witness Jarro. These Commission Forms were used to calculate the actual/estimated 2023 SPPCRC true-up amounts for the period January 1, 2023 through December 31, 2023, and FPL's proposed 2024 SPPCRC Factors for the period of January 1, 2024 through December 31, 2024.

Q. What is the source of the actual data presented in your testimony and/or exhibits?

A. The actual data presented in my testimony and supporting schedules is taken from FPL's books and records. The books and records are kept in the regular course of the Company's business in accordance with generally accepted accounting principles and practices, as well as the provisions of the Uniform System of Accounts as prescribed by this Commission. The actual/estimated 2023 and projected 2024 SPP programs and projects included in this filing are based on the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI issued in Docket No. 20220051-EI on November 10, 2022. The data for the FPL actual/estimated 2023 SPP costs is provided in Exhibit MJ-3 attached to the testimony of FPL witness Jarro and Form 6P provided in Exhibit RLH-3 attached to my testimony. The data for the FPL 2024 SPP costs is provided in Exhibit MJ-4 attached to the testimony of FPL witness Jarro and Form 6P provided in Exhibit RLH-3 attached to my testimony.

II. ACTUAL/ESTIMATED 2023 SPPCRC TRUE-UP

Q. Please explain the calculation of FPL's actual/estimated 2023 SPPCRC true-up amount.

A. The actual/estimated 2023 SPPCRC true-up amount is calculated on Form 2E of Exhibit RLH-2 by comparing actual data for January 2023 and February 2023 and revised estimates for March 2023 through December 2023 to original projections for the same period that were approved by Order No. PSC-2022-0418-FOF-EI in Docket No. 20220010-EI. The actual/estimated true-up amount for the period January 2023 through December 2023 is an under-recovery of $14,190,129 (shown on line 5) plus the interest provision of $670,841 (shown on line 6), which is calculated on Form 3E of Exhibit RLH-2. This results in a total under-recovery of $14,860,970, including interest, for the actual/estimated 2023 SPPCRC true-up amount as shown on Form 1E of Exhibit RLH-2.

Q. How do the actual/estimated program costs for January 2023 through December 2023 compare with original projections for the same period?

A. Form 6E of Exhibit RLH-2 shows that total capital program costs for FPL are $17,573,293 (6.2%) higher than originally projected. Form 4E of Exhibit RLH-2 shows that total operations and maintenance ("O&M") program costs are $79,578 (0.1%) higher than originally projected.

Q. Are any of the 2023 SPP costs included in the actual/estimated 2023 SPPCRC true-up being recovered through base rates or any other cost recovery mechanism?

A. No. As part of FPL's 2021 Rate Case in Docket No. 20210015-EI, FPL moved all O&M associated with the SPP programs and projects from base rates to the SPPCRC effective January 1, 2022, in order to align recovery of O&M program costs with their related capital expenditures. In addition, FPL moved all remaining SPP capital projects, and any related depreciation, not currently recovered through the SPPCRC from base rates to the SPPCRC effective January 1, 2022. Thus, effective January 1, 2022, all O&M and capital costs associated with the SPP programs, with the exception of the cost of removal and retirements for assets existing prior to 2021, have been and will be booked to and tracked through the SPPCRC. Stated differently, none of the 2023 SPP capital and O&M costs have been or will be booked to or recovered through base rates or any other clause mechanism. The cost of removal and retirements associated with the SPP programs for assets existing prior to 2021 will continue to be recovered through base rates.

III. PROJECTED 2024 SPPCRC FACTORS

Q. Please explain how the costs for the FPL projected 2024 SPPCRC Factors were determined.

A. The 2024 capital and O&M costs included in the FPL 2023-2032 SPP approved by Commission Order PSC-2022-0389-FOF-EI were used for purposes of calculating the 2024 SPP costs to be included in the projected 2024 SPPCRC Factors. This data is provided in Form 6P of Exhibit RLH-3 attached to my testimony and Exhibit MJ-4 attached to the testimony of FPL witness Jarro.

Q. Will any of the 2024 SPP costs included in the 2024 SPPCRC projections be recovered through base rates or any other cost recovery mechanism?

A. No. Again, all O&M and capital costs associated with the 2024 SPP programs, with the exception of cost of removal and retirements, will be separately booked to and tracked through the SPPCRC. As provided in Form 6P, the cost of removal and retirements associated with the SPP programs for assets existing prior to 2021 will continue to be recovered through base rates.

Q. Please explain the calculation of the 2024 SPPCRC revenue requirements.

A. The calculation of the 2024 SPPCRC revenue requirements is provided in Exhibit RLH-3. Form 2P titled "Calculation of Annual Revenue Requirements for O&M Programs" shows the monthly O&M for the projected period January 2024 through December 2024. Form 3P titled "Calculation of Annual Revenue Requirements for Capital Investment Programs" shows the calculation of the monthly revenue requirements for the capital expenditures projected to be incurred during the period January 2024 through December 2024. The monthly capital revenue requirements include the debt and equity return grossed up for income taxes on the average monthly net investment (including construction work in progress), and depreciation and amortization expense. The identified recoverable costs are then allocated to retail customers using the appropriate separation factors provided in Exhibit RLH-4.

Q. Have you provided a schedule showing the calculation of projected SPPCRC revenue requirements being requested for recovery for the period January 2024 through December 2024?

A. Yes. Page 1 of Form 1P of Exhibit RLH-3 provides a summary of projected SPPCRC revenue requirements being requested for recovery for the period January 2024 through December 2024. Total jurisdictional revenue requirements including true-up amounts, are $533,887,956 (page 1, line 4). This amount includes: (a) $513,855,741 of costs associated with the SPP programs projected to be incurred between January 1, 2024 and December 31, 2024 (page 1, line 1e); (b) FPL's actual/estimated true-up under-recovery of $14,860,970, including interest, for the period of January 2023 through December 2023 (page 1, line 2); and (c) the total net final true-up under-recovery amount of $5,171,245, including interest, for the period January 2022 through December 2022 (page 1, line 3).[1] The detailed calculations supporting the 2022 final true-up and the 2023 actual/estimated true-up are provided in Exhibits RLH-1 and RLH-2, respectively.

IV. WACC CALCULATION

Q. Has FPL calculated the Weighted Average Cost of Capital ("WACC") in accordance with Commission Order No. PSC-2020-0165-PAA-EU ("WACC Order")?

A. Yes. The resulting after-tax WACC to be applied to the actual period of January 2023 through February 2023 for SPPCRC capital investments is 6.68% and for the estimated period of March 2023 through December 2023 is 6.87%, which is based on FPL's 2023 Forecasted Earnings Surveillance Report and currently approved midpoint return on equity ("ROE") of 10.80%. The calculation of the WACC for 2023 is provided on pages 1-2 of Form 8E included in Exhibit RLH-2. The resulting after-tax WACC to be applied to the 2024 projected SPPCRC capital investments is 6.90%, which is based on FPL's 2024 forecast and currently approved midpoint ROE of 10.80%. The calculation of the WACC for 2024 is provided in Form 7P included in Exhibit RLH-3.

Q. Does this conclude your direct testimony?

A. Yes.

[1] On April 3, 2023, FPL filed its Petition and supporting testimony, exhibits, and schedules seeking approval of the actual net final true-up of the 2022 SPPCRC costs.

(Whereupon, prefiled direct testimony of Richard A. Menendez was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20230010-EI
DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

APRIL 3, 2023

Q. Please state your name and business address.

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

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director of Rates and Regulatory Planning.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for the Company's regulatory planning and cost recovery, including the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filing.

Q. Please describe your educational background and professional experience.

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

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, DEF's actual true-up costs for the period January 2022 through December 2022 associated with DEF's Storm Protection Plan ("SPP") and recovered through the SPPCRC.

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

A. Yes. I am sponsoring Exhibit No. __ (CAM-1) attached to my direct testimony. This exhibit is true and accurate to the best of my knowledge and belief. Portions of that exhibit are being co-sponsored by Witnesses Robert E. Brong and Brian M. Lloyd (as identified in their respective testimonies).

Q. What is the source of the data that you will present in testimony and exhibits in this proceeding?

A. The actual data is taken from the books and records of DEF. The books and records are kept in the regular course of DEF's business in accordance with generally accepted accounting principles and practices, provisions of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission, and any accounting rules and orders established by this Commission. The Company relies on the information included in this testimony and exhibits in the conduct of its affairs.

Q. What is the final true-up amount DEF is requesting for the period January 2022 - December 2022?

A. DEF requests approval of an actual over-recovery amount of $15,840,366 for the year ending December 31, 2022. This amount is shown on Form 1A, Line 4.

Q. What is the net true-up amount DEF is requesting for the period January 2022 - December 2022 to be applied in the calculation of the SPPCRC factors to be refunded/recovered in the next projection period?

A. DEF requests approval of an adjusted net true-up over-recovery amount of $10,715,993 for the period January 2022 - December 2022, as reflected on Form 1A, Line 6. This amount is the difference between an actual over-recovery amount of $15,840,366 and an actual/estimated over-recovery of $5,124,373 for the period January 2022 - December 2022, as approved in Order No. PSC-2022-0418-FOF-EI.

Q. How did actual O&M expenditures for January 2022 - December 2022 compare with DEF's actual/estimated projections as presented in previous testimony and exhibits?

A. Form 4A shows a total O&M Program variance of $6.2M or 8.7% lower than projected. Individual O&M project amounts are shown on Form 5A-Projects. Explanations associated with material variances for Distribution and Transmission costs are contained in the direct testimonies of witnesses Lloyd and Brong, respectively. The $149K variance in SPP Implementation costs, shown on Form 4A, Line 4, was due to lower actual Consultant costs than projected in 2022 for the 2023 SPP filing (Docket No. 20220050-EI, filed April 2022).

Q. How did actual capital recoverable expenditures for January 2022 - December 2022 compare with DEF's estimated/actual projections as presented in previous testimony and exhibits?

A. Form 6A shows a total capital investment recoverable Program cost variance of $6.1M or 25.3% lower than projected. Individual project costs are on Form 7A-Projects. Return on capital investment, depreciation, and property taxes for each project for the period are provided on Form 7A-Details. Explanations associated with material variances for Distribution and Transmission costs are contained in the direct testimonies of witnesses Lloyd and Brong, respectively.

Q. What capital structure, components and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2022 through December 2022?

A. DEF used the capital structure and cost rates consistent with the language in Order No. PSC-2020-0165-PAA-EU. The capital structure, components and cost rates relied on to calculate the revenue requirement rate of return for the period January 2022 through December 2022 are shown on Form 9A in Exhibit No. __ (CAM-1). This form includes the derivation of debt and equity components used in the Return on Average Net Investment, lines 7 (a) and (b), on Form 7A-Detail. Form 9A (pages 120 and 121) also cites the source and includes the rationale for using the particular capital structure and cost rates.

Q. Does that conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20230010-EI

MAY 1, 2023

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

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

Q. By whom are you employed and what is your position?

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

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for the Company's regulatory planning and cost recovery, including the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC") filing.

Q. Please describe your educational background and professional experience.

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

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, DEF's calculation of revenue requirements and SPPCRC factors for customer billings for the period January 2024 through December 2024 as permitted by Rule 25-6.031, F.A.C. My testimony also addresses implementation activities, their associated capital and O&M costs.

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

A. Yes. I am sponsoring Exhibit No. __ (CAM-2) and Exhibit No. __ (CAM-3) attached to my direct testimony. These exhibits are true and accurate to the best of my knowledge and belief.

Q. Please summarize your testimony.

A. My testimony supports the approval of an average SPPCRC billing factor of 0.437 cents per kWh which includes projected jurisdictional capital and O&M revenue requirements for the period January 2024 through December 2024 of approximately $173 million associated with the Storm Protection Plan ("SPP") Programs, as shown on Form 1P line 4 of Exhibit No. __(CAM-3) and that the projected SPP expenditures for 2024 are appropriate for recovery through the SPPCRC. I will also present, for Commission approval, DEF's actual/estimated true-up costs associated with the SPPCRC activities for the period January 2023 through December 2023, as presented in Exhibit No. _ (CAM-2). Finally, my testimony presents a summary of the projected costs associated with the SPP Programs and activities. Details explaining the Company's 2023 actual/estimated variances and regarding the Company's projected 2024 SPP work are provided in the testimony of Witnesses Brong and Lloyd.

<u>2023 Actual/Estimated Filing:</u>

Q. What is the actual/estimated true-up amount for which DEF is requesting recovery for the period January 2023 through December 2023?

A. The 2023 actual/estimated true-up is an over-recovery, including interest, of $17,788,390 as shown on Line 4 on Form 1E (pages 1 of 135) in Exhibit No. (CAM-2).

Q. What capital structure, components and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2023 through December 2023?

A. DEF used the capital structure and cost rates consistent with the language in Order No. PSC-2020-0165-PAA-EU. The capital structure, components and cost rates relied on to calculate the revenue requirement rate of return for the period January 2023 through December 2023 are shown on Form 9E (page 135 of 135) in Exhibit No. (CAM-2). This form includes the derivation of debt and equity components used in the Return on Average Net Investment, lines 7 (a) and (b), on Form 7E. Form 9E also cites the source and includes the rationale for using the particular capital structure and cost rates.

Q. How do actual/estimated O&M expenditures for January 2023 through December 2023 compare with original projections?

A. Form 4E in Exhibit No. (CAM-2) shows that total O&M project costs are estimated to be $73,666,054. This is $1,571,990 or 2.2% lower than originally projected. This form also lists individual O&M program variances.

Q. How do actual/estimated capital recoverable costs for January 2023 through December 2023 compare with DEF's original projections?

A. Form 6E in Exhibit No. __(CAM-2) shows that total recoverable capital costs are estimated to be $61,710,680. This is $18,280,012, or 22.9%, lower than originally projected. This form also lists individual project variances. The return on investment, depreciation expense and property taxes for each project for the actual/estimated period are provided on Form 7E (pages 56 through 117 of 135). Explanations for these variances are included in the direct testimonies of Witnesses Lloyd and Brong.

2024 Projection Filing:

Q. Are the Programs and activities included in the Company's SPPCRC consistent with DEF's latest SPP filing?

A. Yes, the planned activities are consistent with the Programs described in detail in DEF's 2023 SPP, specifically Exhibit No. __ (BLM-1) in Docket No. 20220050-EI, filed on April 11, 2022.

Q. Have you prepared schedules showing the calculation of the SPPCRC recoverable O&M project costs for 2024?

A. Yes. Form 2P of Exhibit No. __ (CAM-3) summarizes recoverable jurisdictional O&M cost estimates for these projects of approximately $75.1 million, shown on Line 11.

Q. Has DEF included any cost estimates related to administrative costs associated with the SPP and/or SPPCRC filings?

A. No. However, it is likely that DEF will incur some level of incremental costs related to increased workload in areas such as IT, billing, legal, regulatory, and accounting in the future but it is hard to quantify these costs at this time. As such, rather than speculating, DEF will record those costs to the deferred account for SPPCRC and will submit those costs in future filings.

Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2024?

A. Yes. Form 3P of Exhibit No. __ (CAM-3) summarizes recoverable jurisdictional capital cost estimates for these projects of approximately $126.2 million, shown on Line 5b. Form 4P (pages 42-103 of 106) show detailed calculations of these costs.

Q. What are the total projected jurisdictional costs for SPPCRC recovery for the year 2024 including true-up activity from prior periods?

A. The total jurisdictional capital and O&M costs to be recovered through the SPPCRC in 2023 are approximately $172.9 million, shown on Form 1P line 4 of Exhibit No. __ (CAM-3).

Q. Please describe how the proposed SPPCRC factors are developed.

A. The SPPCRC factors are calculated on Forms 5P and 6P of Exhibit No. __(CAM-3). The demand component of class allocation factors is calculated by determining the percentage each rate class contributes to monthly system peaks adjusted for losses for each rate class which is obtained from DEF's load research study filed with the Commission in July 2021. The energy allocation factors are calculated by determining the percentage each rate class contributes to total kilowatt-hour sales adjusted for losses for each rate class. Form 6P presents the calculation of the proposed SPPCRC billing factors by rate class.

Q. When is DEF requesting that the proposed SPPCRC billing factors be effective?

A. DEF is requesting that its proposed SPPCRC billing factors be effective with the first bill group for January 2024 and continue through the last bill group for December 2024.

Q. What capital structure and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2024 through December 2024?

A. DEF used the capital structure and cost rates consistent with the language in Order No. PSC-2020-0165-PAA-EU. As such, DEF used the projected mid-point ROE 13-month average Weighted Average Cost of Capital for 2024 and applied a proration adjustment to the depreciation-related accumulated deferred federal income tax (ADFIT). These calculations are shown on Form 7P, Exhibit No. ___(CAM-3). Form 7P includes the derivation of debt and equity components used in the Return on Average Net Investment, Form 4P lines 7a and b.

Q. Does that conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Brian Lloyd was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20230010-EI

DIRECT TESTIMONY OF BRIAN LLOYD

APRIL 3, 2023

Q. Please state your name and business address.

A. My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek Road, Lake Buena Vista, FL 32830.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as General Manager, Florida Major Projects.

Q. What are your responsibilities as General Manager, Florida Major Projects?

A. My duties and responsibilities include planning for grid upgrades, system planning, and overall Distribution asset management strategy across DEF, as well as the Project Management for executing the work identified.

Q. Please summarize your educational background and work experience.

A. I have a Bachelor of Science degree in Mechanical Engineering from Clemson University and am a registered Professional Engineer in the state of Florida. Throughout my 17 years at Duke Energy, I have held various positions within Distribution ranging from Engineer to General Manager focusing on Asset Management, Asset Planning, Distribution Design and Project Management. My current position as General Manager of Region Major Projects began in January 2020.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Distribution-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony will focus on SPP Distribution programs with material variances between 2022 actual incurred costs and the previously filed actual/estimated program expenditures.

Q. Do you have any exhibits to your testimony as it relates to January 2022 through December 2022 Distribution investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-1). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 5A (Pages 6-19 of 121), the Distribution-related Capital Projects on

Form 7A (Pages 27-38 and 40 of 121), the Program Description and Progress Reports on Form 8A (Pages 103-111 of 121), and the cost portions of:

- Form 5A (Page 5 of 121, Lines 1 through 1b, 3.1 and 4 through 4b),
- Form 7A (Pages 46-67, 85-98 and 100 of 121, Lines 1a and 1b)

Q. Please summarize your testimony.

A. In 2022, DEF incurred costs in Distribution Feeder Hardening, Distribution Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation Programs, and Distribution Vegetation Management; these SPP implementation costs related to the engineering and construction costs associated with hardening 42 distribution circuits and automating 272 distribution circuits, as well as continuing DEF's Vegetation Management program. Additionally, DEF incurred costs associated with planning and engineering projects scheduled for 2023 within all Distribution programs.

DEF incurred these costs implementing its Commission-approved SPP. These costs are not being recovered through base rates or any other clause mechanism, and as such, they should be approved for recovery through the SPPCRC.

Q. How did the 2022 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Distribution Feeder Hardening program?

A. DEF had planned to complete approximately 93 miles of feeder hardening on 42 distribution circuits but completed 38 miles on these 42 circuits in 2022. The reason for this variance, as well as other SPP related variances, is explained later in my testimony. DEF's 2022 Feeder Hardening scope is planned to be completed as filed but completion will not be until 2023. DEF was able to complete the full distribution wood pole inspection plan. DEF replaced 457 of the 1,228 rejected poles, however DEF plans to complete the balance of replacement candidates in 2023.

DEF's actual 2022 Feeder Hardening capital spend was approximately $61.4M compared to the forecasted spend of $92.7M; the O&M expenditures were $1.5M compared to the forecasted $2.6M, driven by lower unit costs for pole inspections and work shifted into 2023.

Q. How did the 2022 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Distribution Lateral Hardening program?

A. DEF had planned to complete approximately 136 miles of overhead lateral hardening on 28 distribution circuits but completed 54 miles on these 28 circuits in 2022 and plans to complete the balance in 2023. DEF had planned to convert approximately 79 existing overhead miles of lateral lines on 25 distribution circuits but completed 9 miles on these 25 circuits in 2022. DEF plans to complete portions already under construction in 2023 and the remaining work plan in 2024.

DEF completed the full lateral pole inspection plan and replaced 2,113 of the 6,403 rejected poles.

DEF's actual 2022 Lateral Hardening capital spend was approximately $112.0M compared to the previously filed estimated spend of $202.1M; the O&M expenditures were $3.4M compared to the forecasted $6.3M, driven by lower unit costs for pole inspections and work shifted into later years.

Q. How did the 2022 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Self-Optimizing Grid ("SOG") program?

A. DEF had planned to complete installation of 632 automated switching devices but completed 238 units in 2022. DEF anticipates completing the remaining 2022 SOG scope in 2023.

DEF's actual 2022 SOG capital spend was approximately $43.2M compared to the planned filed spend of $71.9M; the O&M expenditures were $0.7M compared to the forecasted $1.9M.

Q. How did the 2022 scope and actual expenditures compare to the actual/estimated scope and expenditures for the SPP Underground Flood Mitigation program?

A. DEF had planned to complete 49 units on 3 distribution circuits, but only completed engineering on these 3 circuits in 2022. DEF's 2022 Underground Flood Mitigation scope remains as filed; however DEF will complete construction in 2023.

DEF's actual 2022 Underground Flood Mitigation capital spend was approximately $0.3M compared to the planned filed spend of $0.8M.

Q. What prevented DEF from completing its planned 2022 SPP projects?

A. While all projects encountered a mixture of typical execution challenges, such as but not limited to, scope adjustments in the field, permitting delays, and resource availability, the primary impediments that DEF encountered in 2022 were the inability to obtain easements from customers for Lateral Hardening underground projects and material availability. While customers desire the benefits of undergrounding, it can be a struggle to obtain easements from them either due to owners of the property not directly benefiting from the system improvements (e.g., rental properties) or resistance to having utility assets being placed in front of their homes or facilities. Factors that caused scarcity in the needed materials included increased demand from both within and outside the utility industry, lack of availability of the raw materials needed to manufacture the assets (wood, steel, chemicals, etc.), and resource constraints at the manufacturing facilities.

Q. Does this conclude your testimony?

A. Yes, it does.

C8-1066

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DIRECT TESTIMONY OF BRIAN LLOYD

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20230010-EI

MAY 1, 2023

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek Road, Lake Buena Vista, FL 32830.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as General Manager, Florida Major Projects.

Q. What are your responsibilities as General Manager, Florida Major Projects?

A. My duties and responsibilities include planning for grid upgrades, system planning, and overall Distribution asset management strategy across Duke Energy Florida and the Project Management for executing the work identified.

Q. Please summarize your educational background and work experience.

A. I have a Bachelor of Science degree in Mechanical Engineering from Clemson University and am a registered Professional Engineer in the state of Florida. Throughout my 17 years at Duke Energy, I have held various positions within distribution ranging from Engineer to General Manager focusing on Asset Management, Asset Planning, Distribution Design and Project Management. My current position as General Manager of Region Major Projects began in January 2020.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Distribution-related costs associated with implementing DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony supports the Company's actual SPP costs incurred year to date in 2023, estimated costs through the remainder of 2023, projected costs for 2024, and explains how those activities and costs are reasonable and consistent with DEF's SPP 2023-2032 ("SPP 2023") as approved by the Commission in Docket No. 20220050-EI.

Q. Do you have any exhibits to your testimony as it relates to January 2023 through December 2023 Distribution investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-2). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 5E (Pages 6-23, and 25-26 of 135), the Distribution-related Capital Projects on Form 7E (Pages 33-50 and 52-53 of 135), the Program Description and Progress Report on Form 8E (Pages 118-125 and 134 of 135), and the cost portions of:

- Form 5E (Page 5 of 135, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- Form 7E (Pages 56-79, 97-111, and 115 of 135, Lines 1a and 1b).

Q. Do you have any exhibits to your testimony as it relates to January 2024 through December 2024 Distribution investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-3). Specifically, I am sponsoring the Distribution-related O&M project level information shown on Schedule Form 2P (Pages 3-15 and 17-18 of 106), the Distribution-related Capital Projects on Form 3P (Pages 24-36 and 38-39 of 106), and the cost portions of:

- Form 2P (Page 2 of 106, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- Form 4P (Pages 42-65, 83-97 and 101 of 106, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2023 and 2024, consistent with DEF's SPP 2023, DEF has incurred or will incur engineering, material acquisition, and construction costs associated with projects and work within its Distribution Feeder Hardening, Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation and Vegetation Management Programs. These reasonable SPP-implementation costs are not being recovered through base rates or any other clause mechanism, as such, they should be approved for recovery through the SPPCRC.

Q. Are DEF's 2023 and 2024 SPP program expenditures reasonable and consistent with the SPP 2023 approved by the Commission?

A. Yes, DEF's 2023 and 2024 program expenditures in the Distribution Feeder Hardening, Lateral Hardening, Self-Optimizing Grid, Underground Flood Mitigation, and Vegetation Management Programs are reasonable and consistent with the SPP 2023. Moreover, from an execution standpoint, these programs are being implemented in a reasonable manner and consistent with the Commission-approved SPP 2023 and the current actual/estimated program costs are consistent with projections provided in Docket No. 20220010-EI, with the minor exceptions explained below and shown on Exhibit Nos. __(CAM-2) and (CAM-3).

III. OVERVIEW OF 2023 SPP PROGRAM ACTIVITIES FOR CURRENT COST RECOVERY

Q. Does DEF anticipate any impediments to completing the 2023 and 2024 distribution related work included in SPP 2023 and if so, what steps are being taken to mitigate the issues?

A. As discussed in my 2022 true-up testimony filed April 3rd in Docket No. 20230010-EI, DEF experienced material and labor constraints that inhibited full execution of our 2022 work plan. DEF does see a continued risk of material availability in 2023 and potentially 2024. Labor availability has improved but may continue to be constrained. DEF has looked to anticipate total material demand for our 2023 and 2024 workplans and has implemented a forward purchase strategy, preordering and setting long term need timelines with our vendors to work to mitigate material availability. Where material availability continues to present obstacles, DEF has transitioned to alternatives where possible while continuing to actively manage costs; for example, within the Feeder Hardening and Self-Optimizing Grid programs, DEF is transitioning to spun concrete poles. In both the Underground Flood Mitigation and Lateral Hardening programs, DEF has made temporal adjustments to account for material availability. In addition, easement acquisition for the Lateral Hardening Undergrounding projects continues to be a challenge, so DEF has implemented placing assets in the right of way in certain situations to reduce the need to obtain easements on undergrounding projects.

Q. Does DEF anticipate variances to the 2023 actual/estimated program costs compared to what was previously projected?

A. Yes, DEF anticipates a variance to the Underground Flood Mitigation program but does not currently anticipate material variances to the Feeder Hardening, Lateral Hardening, Self-Optimizing Grid, or Vegetation Management programs.

Q. How does DEF's 2023 current actual/estimated program costs compare with the previously projected costs for the Distribution Underground Flood Mitigation program?

A. DEF's current actual/estimated 2023 capital spend is approximately $0.5M, which is roughly $0.5M lower than the previously estimated investment of $1.0M. This variance is primarily due to delays in acquiring materials needed to complete construction due to increased demand both inside and outside the utility industry.

Q. Why is DEF making a transition to spun concrete poles for the Feeder Hardening and Self-Optimizing Grid programs?

A. The larger poles needed to meet the extreme wind standards are becoming more difficult to find and acquire in the traditional wood variety due to both utility and non-utility demand for wood, thus requiring the use of wood alternatives. Spun concrete poles offer similar characteristics to the wood variety, do not require decades to grow, and offer long term benefits to Florida residents by requiring less ongoing maintenance compared to the wood equivalent. This transition to spun concrete poles will drive an increase in unit cost for the Feeder Hardening and Self-Optimizing Grid programs due to the higher costs for the material and labor to install, DEF will continue to look for operational efficiencies to manage costs and is committed to executing the overall Plan in a way that is consistent with provided estimates.

C8-1072

Q. Does DEF anticipate variances to any specific programs' scope when compared to what was previously approved in SPP 2023?

A. Yes, DEF currently expects variances to annual scope for the Feeder and Lateral Hardening programs. These temporal variations, while consistent with the overall 10-year SPP, are driven by carryover of projects from 2022 and reprioritization of work based on the external factors discussed above. Timing for projects within Feeder Hardening and Lateral Hardening Overhead were brought forward while projects within Lateral Hardening Underground were shifted out for completion in later periods. These adjustments will allow DEF to continue valuable grid hardening projects for the benefit of our customers, while allowing Lateral Hardening Underground engineering and planning to continue while DEF works to manage the external factors previously discussed.

This prioritization adjustment is reasonable and consistent with SPP 2023's systematic approach to achieving reductions in restoration costs and outage times associated with extreme weather events while enhancing reliability.

IV. OVERVIEW OF 2024 SPP PROGRAMS PROJECTED COSTS FOR RECOVERY

Q. Are the activities for Feeder Hardening in 2024 consistent with SPP 2023?

A. Yes, the 2024 activities for Feeder Hardening are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 42-56 of 106) (Line 1a) and Schedule Form 2P (Page 2 of 106) (Lines 1.1-1.2) in Exhibit No. __(CAM-3).

Q. Are the activities for Lateral Hardening in 2024 consistent with SPP 2023?

A. Yes, the 2024 activities for Lateral Hardening are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 57-65 and 83 of 106) (Line 1a) and Schedule Form 2P (Page 2 of 106) (Lines 1.3-1.4 and 4.2) in Exhibit No. __(CAM-3).

Q. Are the activities for Self-Optimizing Grid in 2024 consistent with SPP 2023?

A. Yes, the 2024 activities for Self-Optimizing Grid are consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 84-96 of 106) (Line 1a) and Schedule Form 2P (Page 2 of 106) (Line 1.5) in Exhibit No. __(CAM-3).

Q. Are the activities for Underground Flood Mitigation in 2024 consistent with SPP 2023?

A. Yes, the 2024 activities for Underground Flood Mitigation are consistent with SPP 2023. Please refer to Schedule Form 4P (Page 97 of 106) (Line 1a) and Schedule Form 2P (Page 2 of 106) (Line 4.1) in Exhibit No. __(CAM-3).

Q. Are the activities for Distribution Vegetation Management in 2024 consistent with SPP 2023?

A. Yes, the 2024 activities for Distribution Vegetation Management are consistent with SPP 2023. Please refer to Schedule Form 4P (Page 101 of 106) (Line 1a) and Schedule Form 2P (Page 2 of 106) (Line 3.1) in Exhibit No. __(CAM-3).

Q. Does DEF project any variances from SPP 2023 to program scope and/or projected costs for the activities planned for 2024?

A. Yes, DEF anticipates variances within the Feeder Hardening and Underground Flood Mitigation programs. The Feeder Hardening capital variance is estimated to be $14.6M or 11% higher than the original forecast and is primarily driven by the previously discussed transition to spun concrete poles and the costs associated with the installation of these assets. The Underground Flood Mitigation variance is estimated to be a reduction of $0.4M and is driven by a reduction in scope that aligns with expected material availability.

V. SUMMARY

Q. Are the Programs and activities discussed above consistent with DEF's SPP?

A. Yes, the 2023 and 2024 activities are consistent with the Programs described in DEF's SPP 2023, specifically Exhibit No._ (BML-1), approved by the Commission in Docket No. 20220050-EI.

Q. Would you please provide a summary of the costs associated with the Programs and activities discussed above?

A. Yes, the tables below represent the estimated SPP investments for 2023 and 2024.

($ Millions) **SPP Program**	**2023 Capital**	**2023 O&M**	**2023 Total**
Feeder Hardening	$158.9	$4.8	$163.7
Lateral Hardening	$194.3	$6.5	$200.8
Self-Optimizing Grid	$81.8	$2.3	$84.1
Underground Flood Mitigation	$0.5	$0.0	$0.5
D - Vegetation Management	$2.0	$45.5	$47.5
Total	**$437.5**	**$59.1**	**$496.6**

C8-1075

($ Millions) SPP Program	2024 Capital	2024 O&M	2024 Total
Feeder Hardening	$159.0	$4.9	$163.9
Lateral Hardening	$227.3	$7.3	$234.5
Self-Optimizing Grid	$141.1	$4.2	$145.2
Underground Flood Mitigation	$1.1	$0.0	$1.2
D - Vegetation Management	$2.0	$46.9	$48.9
Total	**$530.5**	**$63.3**	**$593.8**

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Robert Brong was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DOCKET NO. 20230010-EI

DIRECT TESTIMONY OF ROBERT BRONG

APRIL 3, 2023

Q. Please state your name and business address.

A. My name is Robert E. Brong. My current business address is 3300 Exchange Place, Lake Mary, FL 32746.

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

A. I am employed by Duke Energy Florida, LLC ("DEF") as Director, Transmission Resources and Project Management.

Q. What are your responsibilities as Director, Transmission Resources and Project Management?

A. My duties and responsibilities include the execution of capital projects for grid upgrades, system planning, and Transmission asset management across DEF.

Q. Please summarize your educational background and work experience.

A. I have an undergraduate degree from the University of Pittsburgh, and a master's degree in Business Administration from the University of Central Florida. Throughout my 20 years at Duke Energy, I have held various positions within distribution and transmission ranging from Manager, Sr. Project Manager, Director, focusing on the planning and execution of transmission capital projects. My current position as Director of Transmission Projects began in September 2020.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC") and to explain material variances between actual and actual/estimated program expenditures. I am also presenting the results of the company's Transmission Vegetation Management program.

Q. Do you have any exhibits to your testimony as it relates to January 2022 through December 2022 Transmission investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-1). Specifically, I am sponsoring the 2022 Transmission-related O&M project level information shown on Schedule Form 5A (pages 18 and 20-24 of 121), the Transmission-related

Capital Projects on Form 7A (pages 39 and 41-45 of 121), the Program Description and Progress Report on Form 8A (pages 112-119 of 121), and the cost portions of:

- Form 5A (Page 5 of 121, Lines 1.6, 2 through 2b and 3.2), and
- Form 7A (Pages 39, 41-45, 68-84, 99, and 101-102 of 121, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2022, DEF incurred costs to implement its Commission-approved Transmission-related SPP Programs: the Transmission Structure Hardening Program, which includes Wood to non-Wood pole replacements, Tower replacements, Cathodic Protection, Drone Inspections, Structure Inspections, Overhead Ground Wires, and GOAB Automation; the Substation Flood Mitigation Program; the Substation Hardening Program, which includes the Breaker Replacements and Electromechanical Relays sub-program activities; and the Transmission Vegetation Management Program. Additionally, DEF incurred costs to procure material and equipment, and perform analytical and engineering work in preparation for 2023 SPP projects. My testimony provides explanations for material variances in transmission program expenditures or implementation versus previous filings.

DEF's 2022 Transmission-related SPP costs are not being recovered through base rates or any other clause mechanism, and as such, they should be approved for recovery through the SPPCRC.

Q. How did DEF's 2022 actual spend amounts compare with the previously filed 2022 actual/estimated spend for the Transmission Substation Hardening Program?

A. DEF Transmission's actual 2022 capital spend was approximately $3.3M, which is roughly $4.5M lower than the actual/estimated spend of $7.8M. This variance is primarily due to DEF's successful planning and execution of the 2022 program work. DEF took advantage of the most favorable grid conditions resulting in efficiency gains in the breaker and electromechanical relay replacement sub-programs. The $3.3M of spend is shown on Exhibit No. __ (CAM-1), Schedule Form 7A, (page 99 of 121) (Line 1a).

Q. How did DEF's 2022 actual Transmission Vegetation Management miles trimmed compare to actual/estimated projected mileage?

A. DEF completed approximately 501 miles of vegetation work, exceeding the actual/estimate projection of 426 miles. Efficiencies found with work methods throughout the year allowed for the increased productivity while remaining consistent with the previously estimated program budget.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE

DIRECT TESTIMONY OF ROBERT BRONG

ON BEHALF OF DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20230010-EI

MAY 1, 2023

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Robert E Brong. My current business address is 3300 Exchange Place, Lake Mary, FL 32746.

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

A. I am employed by Duke Energy Florida, LLC ("DEF") as Director, Transmission Resources and Project Management.

Q. What are your responsibilities as Director, Transmission Resources and Project Management?

A. My duties and responsibilities include the execution of capital projects for grid upgrades, system planning, and Transmission asset management across Duke Energy Florida.

Q. Please summarize your educational background and work experience.

A. I have an undergraduate degree from the University of Pittsburgh and a master's degree in Business Administration from the University of Central Florida. Throughout my 20 years at Duke Energy, I have held various positions within Distribution and Transmission ranging from Manager, Sr. Project Manager, Director focusing on the planning and execution of transmission capital projects. My current position as Director of Transmission Projects began in September 2020.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to support the Company's request for recovery of Transmission-related costs associated with DEF's Storm Protection Plan ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). My testimony supports the Company's actual SPP costs incurred year to date in 2023, estimated costs through the remainder of 2023, projected costs through 2024, and demonstrates how those activities and costs are consistent with DEF's SPP 2023 – 2032 approved by the Commission in Docket No. 20220050-EI (herein referred to as "DEF's SPP 2023").

Q. Do you have any exhibits to your testimony as it relates to January 2023 through December 2023 Transmission investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-2). Specifically, I am sponsoring the Transmission-related O&M project level information shown on Schedule Form 5E (Line 1.6 on Page 24 of 135, and Pages 27-30 of 135), the Transmission-related Capital Projects on Form 7E (Line 1.6 on Page 51 of 135, and Pages 54-55 of 135), the Program Description and Progress Report on Form 8E (Pages 126-133 of 135), and the cost portions of:

- Form 5E (Page 5 of 135, Lines 1.6 and 2 through 2b, and 3.2), and
- Form 7E (Pages 80-96, 112-114, and 116-117 of 135, Lines 1a and 1b).

Q. Do you have any exhibits to your testimony as it relates to January 2024 through December 2024 Transmission investments?

A. No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's direct testimony, included as part of Exhibit No. __(CAM-3). Specifically, I am sponsoring the Transmission-related O&M project level information shown on Schedule Form 2P (Line 1.6 on Page 16 of 106, and Pages 19-22 of 106), the Transmission-related Capital Projects on Form 3P (Line 1.6 on Page 37, and Pages 40-41 of 106), and the cost portions of:

- Form 2P (Page 2 of 106, Lines 1.6, 2 through 2b, and 3.2), and
- Form 4P (Pages 66-82, 98-100, and 102-103 of 106, Lines 1a and 1b).

Q. Please summarize your testimony.

A. In 2023 and 2024, consistent with DEF's SPP 2023, DEF has incurred or will incur costs to implement the Commission-approved Transmission-related SPP Programs: the Transmission Structure Hardening Program, which includes Wood to Non-Wood Pole Replacements, GOAB Automation, Tower Upgrades, Tower Cathodic Protection, Overhead Ground Wires, Drone Inspections, and Structure Inspections (O&M) activities; the Substation Hardening Program, which includes Breaker Replacements and Electromechanical Relays sub-program activities; and the Transmission Vegetation Management Program. As explained below, DEF does not anticipate incurring any costs related to the substation flood mitigation program in 2023 or 2024. Additionally, DEF will incur costs to procure material and equipment, and perform analytical and engineering work in preparation for 2024 and 2025 SPP projects. My testimony provides explanations for notable projected variances in the Transmission program expenditures or implementation versus DEF's SPP 2023. These costs are not being recovered through base rates or any other clause mechanism, as such, they should be approved for recovery through the SPPCRC.

III. OVERVIEW OF SPP 2023 AND 2024 PROGRAM ACTIVITIES FOR COST RECOVERY

Q. Does DEF anticipate variances to the 2023 and 2024 annual program investments compared to what was previously approved in DEF's SPP 2023?

A. Yes, DEF does anticipate a variance with the Substation Flood Mitigation program investment but does not currently anticipate any notable cost variances for the Structure Hardening, Substation Hardening, or Vegetation Management programs.

Q. Does DEF anticipate variances to the 2023 annual scope by program compared to the previously filed DEF's SPP 2023?

A. Yes, DEF does anticipate variances to the 2023 annual scope in the Structure Hardening, Substation Flood Mitigation, and Substation Hardening programs, but does not currently anticipate any notable variances for the Vegetation Management program.

Q. Does DEF anticipate variances to the 2024 annual scope by program compared to the previously filed DEF's SPP 2023?

A. Yes, DEF does anticipate variances to the 2024 annual scope in the Structure Hardening, and Substation Flood Mitigation programs, but does not currently anticipate any notable variances for the Substation Hardening, and the Vegetation Management programs.

Q. Can you elaborate on what is driving the scope variance in the Structure Hardening program?

A. Consistent with DEF's SPP 2023, DEF plans to invest approximately $139.2 million of capital in 2023 and $150.2 million of capital in 2024, for the Structure Hardening program. Please refer to Schedule Form 7E, (Pages 80-96 of 135) (Line

C9-1085

1a) in Exhibit No. __(CAM-2) for 2023, and Schedule Form 4P (Pages 66-82 of 106) (Line 1a) in Exhibit No. __(CAM-3) for the 2024 Structure Hardening capital costs.

DEF plans to complete 382 Cathodic Protection measures (units) on its transmission structures in 2023. This differs from DEF's SPP 2023, in which DEF estimated 262 units. The difference is driven by the structures DEF has targeted in 2023; that is, the 2023 projects include a greater number of 2-legged versus 4-legged structures than originally projected. As each tower leg receives a unit of cathodic protection, this results in installation of more units at approximately the same cost. At this time, DEF is not anticipating any material change to the 2024 Cathodic Protection sub-program scope.

DEF's Structure Hardening – Gang-Operated Air-Break (GOAB) Automation subprogram assumed a blend of moderate and high complexity scopes in DEF's SPP 2023. However, during project development, it was determined that the majority of projects are high in complexity requiring additional land acquisitions. DEF is also experiencing difficulties with sourcing materials. Both the land acquisitions and longer material lead times are resulting in longer project durations. Therefore, with the challenges outlined, DEF currently expects to install 4 GOAB switches (units) on its system in 2023 and projects to complete 6 units in 2024. This differs from DEF's SPP 2023, in which DEF estimated 5 completed units in 2023 and 18 completed units in 2024.

Q. Can you elaborate on what is driving the 2023 scope variance in the Substation Hardening program?

A. Consistent with DEF's SPP 2023, DEF plans to invest approximately $9.5 million of capital, as shown on Schedule Form 7E (Pages 112-114 of 135) (Line 1a) in Exhibit No. __(CAM-2), for the Substation Hardening program.

DEF plans to install 8 Breaker and Electromechanical Relay replacement measures ("units") on its transmission system in 2023. This differs from DEF's SPP 2023, in which DEF estimated 16 completed units. The difference in unit completion is driven by longer material lead times, which has extended completion of the other 8 units into 2024. The impact of the longer lead times effects DEF's timeline for completion, but at this time DEF is not anticipating a material change to overall program cost.

Q. Can you elaborate on what is driving the 2023 and 2024 variances for the Transmission Substation Flood Mitigation program?

A. Due to recent FEMA map updates, DEF is reevaluating the targeted locations and methods of the Transmission Substation Flood Mitigation program in 2023 and 2024. Therefore, DEF does not anticipate undertaking or completing any Transmission Substation Flood mitigation projects in 2023 or 2024, although DEF may have an opportunity to undertake work on the program in 2024 pending the results of the reevaluation mentioned above.

C9-1087

Q. Other than the program-specific issues discussed herein, are there any other overall reasons you would expect to see variances or adjustments in the currently planned projects for either 2023 or 2024?

A: Yes, DEF expects that there will certainly be adjustments to the current plan as the normal project development process continues. Just to give one example, much of the work included in the plan requires outages to be taken to perform the work safely and cost-effectively. While outages can be planned, there is the potential for exigent circumstances (emergent work, etc.) to make an outage at a specific location impractical at a given time. In such a circumstance, DEF would adjust the project prioritization to allow for work to continue while the necessary outage can be rescheduled. Again, this is one example of a situation that could require a shuffling of projects and given that we are attempting to provide project level schedules for not only the remainder of 2023 but also all of 2024, changes should be expected.

Q. Does DEF anticipate any impediments to meeting DEF's SPP 2023 plan? If so, what steps are being taken to mitigate the issue?

A. DEF experienced material and labor constraints that impacted our 2022 work plan. DEF does see a continued risk of material shortages in 2023, and potentially 2024. Labor availability may continue to be constrained, and DEF is continuing to monitor that availability for 2024. DEF continues work to anticipate total material demand for our 2023 and 2024 workplans and is evaluating long-term strategies to mitigate material availability.

V. SUMMARY

Q. Are the Programs and activities discussed above consistent with DEF's SPP?

A. Yes, the 2023 and 2024 activities are consistent with the Programs described in DEF's SPP 2023, specifically Exhibit No._ (BML-1), approved by the Commission in Docket No. 20220050-EI.

Q. Would you please provide a summary of the costs associated with the Programs and activities discussed above?

A. Yes, the tables below represent the estimated SPP investments for 2023 and 2024.

($ Millions)	**2023**	**2023**	**2023**
SPP Program	**Capital**	**O&M**	**Total**
Structure Hardening	$ 139.2	$ 3.3	$ 142.5
Substation Flood Mitigation	$ -	$ -	$ -
Substation Hardening	$ 9.5	$ -	$ 9.5
T -Vegetation Management	$ 10.1	$ 11.3	$ 21.3
Total	**$ 158.8**	**$ 14.6**	**$ 173.3**

($ Millions)	**2024**	**2024**	**2024**
SPP Program	**Capital**	**O&M**	**Total**
Structure Hardening	$ 150.2	$ 3.4	$ 153.6
Substation Hardening	$ 11.5	$ -	$ 11.5
Substation Flood Mitigation	$ -	$ -	$ -
T -Vegetation Management	$ 12.1	$ 12.9	$ 25.0
Total	**$ 173.8**	**$ 16.3**	**$ 190.0**

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Hymavathi Vedula was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF HYMAVATHI VEDULA

DOCKET NO. 20230010-EI

JULY 12, 2023

Q. Please state your name and business address.

A. My name is Hymavathi Vedula. My business address is 2540 Shumard Oak Blvd.; Tallahassee, FL 32399.

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

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst Supervisor. I have been employed by the Commission since January 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Andhra University in India in 1995 with a Bachelor of Commerce (Accounting). In 1998, I received my Masters in Commerce (Accounting) from Andhra University in India. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing's Compliance Section within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits. I also supervise, manage and track audit staff's handling of confidential utility documents obtained during audits.

C10-1090

Q. Have you previously presented testimony before this Commission?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Duke Energy Florida, LLC, which addresses the Utility's filing in Docket No. 20230010-EI. An Auditor's Report was issued in the docket on June 26, 2023. This report is filed with my testimony and is identified as Exhibit HV-1.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared by me.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit HV-1, pages 4 through 5

Q. Were there any audit findings in this audit report.

A. There were no audit findings.

Q. Does that conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF HYMAVATHI VEDULA

DOCKET NO. 20230010-EI

JULY 12, 2023

Q. Please state your name and business address.

A. My name is Hymavathi Vedula. My business address is 2540 Shumard Oak Blvd.; Tallahassee, FL 32399.

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

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst Supervisor. I have been employed by the Commission since January 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Andhra University in India in 1995 with a Bachelor of Commerce (Accounting). In 1998, I received my Masters in Commerce (Accounting) from Andhra University in India. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing's Compliance Section within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits. I also supervise, manage and track audit staff's handling of confidential utility documents obtained during audits.

Q. Have you previously presented testimony before this Commission?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Florida Public Utilities Company, which addresses the Utility's filing in Docket No. 20230010-EI. An Auditor's Report was issued in the docket on June 26, 2023. This report is filed with my testimony and is identified as Exhibit HV-2.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared by me.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit HV-2, pages 4 through 5.

Q. Were there any audit findings in this audit report.

A. There were no audit findings.

Q. Does that conclude your testimony?

A. Yes.

C10-1101

(Whereupon, prefiled direct testimony of Donna Brown was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF DONNA D. BROWN

DOCKET NO. 20230010-EI

JULY 12, 2023

Q. Please state your name and business address.

A. My name is Donna D. Brown. My business address is 2540 Shumard Oak Blvd.; Tallahassee, FL 32399.

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

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst Supervisor. I have been employed by the Commission since February 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree in Accounting. In 2018, I received my Masters in Business Administration from Troy University. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing's Financial Review Section within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits, to ensure utility compliance with FPSC rules, policies and procedures.

Q. Have you previously presented testimony before this Commission?

A. Yes. I have presented testimony in numerous dockets before this Commission. Those dockets include Dockets 20110001-EI; 20160186-EI; 20160001-EI; 20160251-EI; 20180001-EI, and 20230023-GU.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor the Auditor's Report of Florida Power & Light Company (FPL or Utility), which addresses the Utility's filing in Docket No. 20230010-EI. An Auditor's Report was issued in the docket on July 12, 2023. This report is filed with my testimony and is identified as Exhibit DDB-1.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared under my direction.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit DDB-1, pages 4 and 5.

Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-1) which address the schedules prepared by the Utility in support of its filing in Docket No. 20230010-EI?

A. No.

Q. Does that conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION STAFF

DIRECT TESTIMONY OF DONNA D. BROWN

DOCKET NO. 20230010-EI

JULY 12, 2023

Q. Please state your name and business address.

A. My name is Donna D. Brown. My business address is 2540 Shumard Oak Blvd.; Tallahassee, FL 32399.

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

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Regulatory Analyst Supervisor. I have been employed by the Commission since February 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree in Accounting. In 2018, I received my Masters in Business Administration from Troy University. I have worked for the FPSC for 15 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. I currently manage the Bureau of Auditing's Financial Review Section within the FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of performing audits, as well as supervising staff during audits, to ensure utility compliance with FPSC rules, policies and procedures.

Q. Have you previously presented testimony before this Commission?

A. Yes. I have presented testimony in numerous dockets before this Commission. Those dockets include Dockets 20110001-EI; 20160186-EI; 20160001-EI; 20160251-EI; 20180001-EI, and 20230023-GU.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor staff's Auditor Report of Tampa Electric Company, Inc. (TECO or Utility), which addresses the Utility's filing in Docket No. 20230010-EI. An Auditor's Report was issued in the docket on July 12, 2023. This report is filed with my testimony and is identified as Exhibit DDB-2.

Q. Was this audit prepared by you or under your direction?

A. Yes. It was prepared under my direction.

Q. Please describe the objectives of the audit and the procedures performed during the audit?

A. The objectives and procedures are listed in the Objectives and Procedures section of the attached Exhibit DDB-2, pages 4 through 6.

Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-2) which address the schedules prepared by the Utility in support of its filing in Docket No. 20230010-EI?

A. Yes. There was one finding presented in the audit. The finding can be found in the attached Exhibit DDB-2 on page 7, and it is summarized below:

Finding 1 – Revenue Expansion Factor

Audit staff determined that the Utility's revenue expansion factor applied to capital investment projects, inappropriately includes a component for uncollectible accounts or bad debt expense. The appropriate recovery mechanism for uncollectible accounts is base rates and not the storm clause.

Q. Does that conclude your testimony?

A. Yes, it does.

C11-1122

CHAIRMAN FAY: All right. Next we will move to opening statements. Each party will have three minutes if they choose to make an opening statement in this docket.

We will start with -- well, actually we will follow the similar order that we did for appearances, so we will start with TECO.

MR. MEANS: Thank you, Mr. Chairman. Good morning, Commissioners.

Today, Tampa Electric seeks approval of the company's proposed storm protection cost recovery clause factors for 2024. The costs for which the company seeks recovery through this proceeding are consistent with the company's Commission-approved 2022 storm protection plan. The company's filings were also prepared in accordance with Sections 366.96 of the Florida Statutes, and Rule 25-6.031 of the Florida Administrative Code.

Pursuant to Rule 25-6.031, the issues in this docket are limited to three topics; determining the reasonableness of projected SPP costs, determining the prudent prudence of actual incurred SPP costs and establishing cost recovery factors. Tampa Electric has met its burden of proof on each of these issues, and believes that the Commission should approve the proposed 2024 clause factors as filed.

Indeed, Public Counsel has stated that they will not propose the proposed stipulations on Issues 1 through 4 in this docket. These issues address Tampa Electric's final 2022 true-up, the estimated costs for 2023, the projected costs for 2024, and the total jurisdictional revenue requirement to be included in the 2024 cost recovery factors.

Consequently, there are pending stipulations that will resolve the substantive issues this commission is required to consider by Rule 25-6.031. Your approval of these stipulation also allow the company to continue the important work of hardening Tampa Electric's system against the impacts of extreme weather.

Thank you.

CHAIRMAN FAY: Great. Thank you, Mr. Means.

Next we will move to Florida Public Utilities. Ms. Keating.

MS. KEATING: Thank you, Mr. Chairman.

Commissioners, consistent with Rule 25-6.031, the record will reflect that FPUC submitted the testimony of Mark Cutshaw and the adopted testimony and exhibits of Jason Bennett, along with the appropriate schedules, which reflect FPUC's prudently incurred costs associated with implementation of its revised storm protection plan.

The testimony of FPUC's witness Cutshaw includes a description of the work actually performed to implement the plans under the project, along with the description of any variances from its original projections. The company has already supported the reasonableness of its projected costs for future implementation of projects under its plan.

In addition, FPUC submitted the required A schedules, as well as schedules E and P, and has provided detailed responses to discovery requests served on the company by Commission staff.

The adopted testimony of witness Bennett also describes the allocation adjuster included consistent with FPUC's approved stipulation with Walmart in last year's proceeding. The factors themselves are the subject of a Type 2 Stipulation.

The record supports that FPUC's incurred costs are prudent, its projected costs are reasonable, and the costs are consistent with actions taken by the company to implement its approved storm protection plan. Thus, a Commission decision to approve FPUC's true-up and proposed SPP/CRC factors for 2024 would be consistent with Section 366.967 Florida Statutes and Rule 25-6.031. The company, therefore, respectfully requests that the Commission approve the company's proposed 2024 factors.

Thank you.

CHAIRMAN FAY: All right. Great. Thank you, Ms. Keating.

Next we will move to Florida Power & Light, Mr. Wright.

MR. WRIGHT: Thank you, Chairman and commissioners.

The purpose of this hearing today is for the Commission to evaluate the 2022, 2023 and 2024 projects and associated costs included in the company's SPP/CRC filings. Subsection (3) of Rule 25-6.031 provides that this hearing is limited to determining the prudence of the actual projects and associated costs, determining the reasonableness of the projected projects and associated costs, and to establish the SPP/CRC factors.

This is not the appropriate time to challenge

Section 366.96, or the requirements of Rule 25.6-030, or Rule 25-6.031, or the previously approved storm protection plans or the orders approving those plans. Such challenges are legally inappropriate and beyond the scope of this proceeding.

The record in this proceeding will demonstrate that FPL has provided project level detail and explanation for approximately 11,000 individual projects, as well as for its annual inspection and vegetation management programs for this commission to review and determine whether the projects and associated costs are reasonable and prudent.

FPL's projects and costs are consistent with the Commission-approved storm protection plan, fully comply with requirements of Rule 25-6.031, and fully comply with this commission's prescribed schedules and forms.

Notably, no party has challenged a single project, or otherwise asserted it is not reasonable or prudent. For these reasons, FPL respectfully requests that this commission approve the 2022, 2023 and 2024 projects, costs, true-ups and factors as set forth in FPL's unrefuted testimony and exhibits.

Thank you.

CHAIRMAN FAY: All right. Great. Thank you, Mr. Wright.

All right. Next we will move to Duke.

MR. BERNIER: Thank you, Mr. Chairman. Good morning again, Commissioners.

The purpose of this proceeding is limited and as set forth in the SPP/CRC rule. As it's been cited multiple times already today, I won't repeat it.

The testimony and exhibits of DEF's witnesses Lloyd, Brong and Menendez, satisfy DEF's burden of proof to establish the reasonableness and prudence of DEF's SPP implementation costs and the appropriateness of the 2024 SPC -- SPP/CRC recovery factor, and no party has challenged any specific expenditure as either unreasonable or imprudent. Therefore, we urge the Commission's approval of DEF's filings and our proposed 2024 factors.

Thank you.

CHAIRMAN FAY: Okay. Great. Thank you, Mr. Bernier.

Next we will move to Office of Public Counsel, Ms. Christensen.

MS. CHRISTENSEN: Good morning, Commissioners.

Patricia Christensen with the Office of Public Counsel.

We are here this morning to address the storm protection plan cost recovery clause, which is the portion of the SPP ratemaking process that sets the factors that will result in the SPP portion of the customers rates.

Working in cooperation with the OPC, the companies have provided stipulated responses to our proffered cross-examination questions to facilitate the excusal of witnesses from this proceeding. The proffered cross-examination questions, responses and objections are included as part of the stipulated exhibit to the comprehensive exhibit list.

With the responses to our questions in the record, OPC has agreed to enable Type 2 Stipulations on the factors, and will only provide a written brief regarding our remaining concerns in this proceeding, which is the lack of an up-front prudence review of the storm protection plans themselves, including the overall cost.

No matter how affected the proposed measure might be, OPC respectfully asserts that this is -- that it is incumbent upon the Commission to always weigh the affordability and cost impacts of these measures before proving them, and that to review the costs only after they have been implemented to too late.

The Commission has an obligation, pursuant to Section 366.06(1), Florida Statutes, to determine that the money honestly and prudently invested by the utility and property is used and useful in services the public.

This requirement that the Commission evaluate the prudence of investments in all ratemaking requests is embedded in the Commission's legislative mandate to regulate and supervise each public utility with respect to its rates and service under Section 366.041, Florida Statutes.

Further, Section 366.06(1), Florida Statutes, does not specify nor limit the Commission's consideration of prudent investments to base rate cases, cost recovery dockets or other specified type of rate setting cases before the Commission.

If the Commission is setting rates, or taking action that will impact rates, it must consider the prudence of making the investment at issue, which includes the decision behind the timing, amount and location of the investments regardless of whether that requirement is explicitly stated in other provisions of Chapter 366, Florida Statutes, or the Commission's rule.

Section 366.96, Florida Statutes, provides the process for review and approval of an implementation of the prudent cost for the SPP. Section 366.6 -- or 96(c) -- or (2)(c) defines transmission and distribution storm -- storm protection plan costs as the reasonable and prudent costs to implement an improved transmission and distribution storm protection plans.

Clearly the cost implemented in SPP can only be reasonable and prudent if the overall storm protection plan is prudent in its timing of the projects and programs, and the amount to implement the projects and programs and the location of said investments.

Even if the Commission said the SPP is in the public interest, without an initial prudence inquiry by the Commission of the proposed SPP, the Commission will have failed to carry out its duties with respect to Florida Statutes 366.06(1), and no evidentiary assumption under 366.96(7) should apply.

Moreover, the Commission -- the consideration of affordability, the bang for the buck, should be done prior to the utility implementing the SPP measures when they seek review of the SPP plans every three years. Absent these prudence inquiries under Section 366.06 and 366.96, Florida Statutes, the Commission has failed to ensure that the rates are fair, just and reasonable, or in the public interest.

Thank you.

CHAIRMAN FAY: Okay. Thank you, Ms. Christensen.

Next we will move to FIPUG, Mr. Moyle.

MR. MOYLE: Just some brief comments, Mr. Chair.

The Legislature has tasked you with determining appropriate expenditures with respect to storm preparation. They put in place a statute that said, we are going to have a clause to look at these issues, and we are here on the clause proceeding. It's a rather, in my view, complex process, where the proceedings are bifurcated. You review the plans and then, like today, you come back and look at the costs.

I think the chief concern that you are hearing from consumers, Office of Public Counsel and FIPUG, would echo is for a determination prudence and reasonableness, it should not be -- you should look at it in toto. Not in a way where you are looking at the plan without a rigorous detailed review of costs, and then today, you are looking at the detailed costs that, as you heard all of the utilities say today here, we are just looking at the costs.

It kind of reminds me of a situation, if I had a, you know, a deal with my kids that said, I will pay for your gas, bring me your receipts, it's akin to looking at a receipt and say, oh, yeah, you paid 3.60 for gas, that's reasonable, and not $36 for gas in terms of what is before you today to make sure the expenditures were done in a reasonable way.

The analogy that comes to my mind is something that if someone was building a house, I don't think you would go to an architect and a contractor and tell them, here's the kind of house I want, without also, when they provide you information about the house, asking them, I need to know how much this is going to cost. I mean, those two, the house and the costs should be considered in tandem at the same time.

And I think largely the concern that's being voiced is, is that the current statutory setup does not appear to provide a robust process for those two key components in determining impacts on ratepayers being considered fully and robustly at the same point in time.

So that was just a comment that we wanted to provide for you and for the record. Thank you.

CHAIRMAN FAY: Okay. Great. Thank you, Mr. Moyle.

Next, Mr. Brew, PCS Phosphate.

MR. BREW: Just very briefly, Mr. Chairman.

The objectives under the statute are to make investments and take actions to reduce restoration costs and outage times to provide benefits to consumers. The plans that you approve estimated the benefits for each of the programs. And PCS agrees with the positions of OPC, because I think we need to see in these filings some demonstration that we are actually realizing the benefits that are promised.

Thank you.

CHAIRMAN FAY: Okay. Thank you, Mr. Brew.

Next Nucor.

MR. BRISCAR: Thank you, Mr. Chairman. We waive our opening statement. Thank you.

CHAIRMAN FAY: Okay. All right. With that, staff, before we move into any sort of concluding briefing, do you have any other matters that we need to take up?

MR. DOSE: This matter is in a procedural posture that would allow for a bench vote, should the Commission wish to do so, provided the parties are willing to waive briefs. However, it's staff's understanding that all of the parties are not willing to waive briefs.

CHAIRMAN FAY: Okay. And it's -- from OPC's comments, they are not waiving briefs is not a position of any parties not waiving, if no one is waiving brief on the item, we do need to set up a time -- and is that correct, Ms. Christensen? I didn't want to paraphrase what you said.

MS. CHRISTENSEN: That's correct. We are not waiving briefing. We would -- we intend to brief.

CHAIRMAN FAY: Okay. Great. So we need to set a -- some parameters for the briefing itself.

We will set a brief deadline of October 13th. And then, staff, I guess, any other concluding matters or additional parameters that we would set on the word limit or pages?

MR. DOSE: Briefs should be no longer than 40 pages, and position summaries should be no more thank 75 words offset with asterisks.

CHAIRMAN FAY: Okay. Does that work for the parties?

Okay. Great. Any other parties have any other matters that we would take up at this time on this docket?

Okay. All right. Commissioners, with that, then we will be adjourning this docket.

I have 11:45 on my clock here. Why don't we do, 1:15 we will be back for the Peoples Gas hearing.

With that, this hearing is adjourned. Thank you.

(Proceedings concluded.)

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 25th day of September, 2023.

Debbie R Krick

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