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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240019-PU

Proposed amendment of Rule 25-14.004,
F.A.C., Effect of Parent Debt on
Federal Corporate Income Tax.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 2

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

DATE: Tuesday, July 9, 2024

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN LA ROSA: Okay. We will move to Item
3 No. 2. We will let folks get set and settled here
4 for a few seconds.

5 Ms. Sapoznikoff, if you are ready, we are
6 ready for you.

7 MS. SAPOZNIKOFF: Thank you.

8 Good morning, Mr. Chairman, and Commissioners.
9 I am Susan Sapoznikoff with the Office of General
10 Counsel.

11 Item 2 is staff's recommendation providing
12 amendment of Florida Administrative Code Rule
13 25-14.004. The recommended amendments to the rule
14 reflect a change in policy regarding how to
15 calculate the total corporate income tax expense of
16 a regulated utility, and proceedings to establish
17 revenue requirements or to address overearnings.

18 Currently, when the regulated utility is a
19 subsidiary of one or more parent companies and
20 files a consolidated return with a parent company,
21 the rule adjusts the income tax expense of the
22 regulated utility to reflect the income tax benefit
23 of the parent -- excuse me -- of the parent debt
24 that may be invested in equity of the subsidiary.

25 Staff recommends amending the rule to

1 determine the income tax expense of a regulated
2 utility using only the income of that utility
3 regardless of any parent subsidiary relationship
4 that may exist. This policy it would be in accord
5 with current national standards and other
6 Commission practices in determining the cost of
7 service.

8 The recommended amendments to the rule will
9 ensure that rates are derived from a revenue
10 requirement that is based on tax benefits
11 associated with the debt that is both an expense of
12 the regulated utility and borne bring that
13 utility's customers.

14 Charles Rehwinkel of the Office of Public
15 Counsel would like to address the Commission
16 regarding the recommended amendment to the rule.
17 Staff is available to answer any questions.

18 Thank you.

19 CHAIRMAN LA ROSA: Thank you.

20 Mr. Rehwinkel, you are recognized.

21 MR. REHWINKEL: Thank you, Mr. Chairman and
22 Commissioners. My name is Charles Rehwinkel with
23 the Office of Public Counsel.

24 Commissioners, in March, when we last
25 discussed this matter, the OPC presented you with

1 estimates of the impact of this proposal would have
2 on customers of Tampa Electric Company and Duke
3 Energy Florida. Our numbers were based on
4 estimates derived from surveillance reports.

5 Better information arrived on April 2nd, 2024,
6 when both of those companies filed petitions,
7 testimony and MFRs setting out their views of the
8 impact of the parent debt adjustment, or PDA as I
9 may refer to it, in their filed cases.

10 DEF did not make an adjustment for the years
11 2025 through 2027. But for 2024, it calculated the
12 PDA at \$10.3 million jurisdictional retail revenue
13 requirements.

14 Tampa Electric calculated its PDA impact at
15 \$17.4 million revenue requirement for 2025. And I
16 would just like to read from the petition,
17 paragraphs 24 and 25, that the company filed.

18 Tampa Electric's proposed 2025 revenue
19 increase was calculated by making the parent debt
20 adjustment required by Rule 25-14.004, Florida
21 Administrative Code, which reduced the company's
22 requested 2025 revenue increase by \$17,381,381. As
23 of the filing of this petition, the Commission was
24 considering an amendment to Rule 25-14.004 that
25 would eliminate the required parent debt

1 adjustment. If the proposed amendment is adopted
2 while this proceeding is pending, Tampa Electric
3 requests that the income tax expense used to
4 calculate its proposed 2025 base rate increase be
5 calculated in accordance with Rule 25-14.004 as
6 amended, and without a parent debt adjustment.

7 Commissioners, as you may be aware by now, on
8 Monday, the Public Counsel and DEF filed a motion
9 that notified you of an agreement in principle that
10 the OPC and others have entered into with DEF. If
11 approved, a comprehensive agreement will address
12 the PDA issue within the overall context of the
13 case in that pending DEF case, and the OPC is okay
14 with this.

15 On the other hand, the Tampa Electric filing
16 speaks for itself. The harm to customers from the
17 proposed repeal is real, and tangible, and
18 material. Repeal would mean an increase of \$17.4
19 million, or \$52 million out of the customers'
20 pockets over the next three years.

21 Commissioners, we believe there is no reason
22 in law or logic or policy for this to occur.
23 Accordingly, our plea to you today on behalf of the
24 customers of Tampa Electric and other utilities is
25 simple. Please scrap this initiative for good.

1 This proposal is simply a solution looking for a
2 problem. And there is no problem except for high
3 bills getting higher. If you stood in the
4 customers shoes today, you would see that this
5 repeal effort would have to appear to be nothing
6 but anti-customer.

7 As we have noted before, the concept
8 initially, and then the rule, has been approved by
9 the Florida Supreme Court. It was included in and
10 withstood an investigation by the U.S. Treasury
11 Department and the IRS and the U.S. Congress more
12 than 30 years ago.

13 This rule has passed muster time and again.
14 It has kept telephone, electric, gas and water
15 utility rates in Florida lower for over 40 years by
16 hundreds of millions of dollars.

17 You have not been presented with any tangible
18 evidence that there is any meaningful or
19 quantifiable offset that would make customers
20 better off without the rule than with it. The only
21 evidence you have is that Florida customer rates
22 will be higher with the repeal of this bedrock
23 regulatory policy contained in this rule.

24 The OPC profoundly and vehemently disagrees
25 with the analysis that you are being presented some

1 30 to 40 years after the Supreme Court and federal
2 action occurred here today. We will not provide
3 that argument today. If this process goes forward,
4 there will be a better time to explore the factual
5 policy and legal aspects of the rules rule's
6 underpinnings, and the basis for the staff to bring
7 this forward at a time when DEF's and Tampa
8 Electric's rates are already increasing.

9 The customers ask you, please shut this down.
10 Let's let the rule continue to benefit customers.

11 Thank you.

12 CHAIRMAN LA ROSA: Commissioners, are there
13 questions? Questions or discussions on this item
14 of staff and/or of OPC?

15 Commissioner Fay, you are recognized.

16 COMMISSIONER FAY: Commissioner Clark, you are
17 senior here, if you would like to go first.

18 COMMISSIONER CLARK: Thank you, Commissioner
19 Fay. I will just make a couple of observations.

20 When we originally approached this rule back
21 in March, I had some of the same concerns. My
22 biggest concern was the affects on rate. From a
23 rulemaking perspective, and from a ratemaking
24 perspective, I certainly understand the need to get
25 it right. And I would not argue that from a

1 ratemaking perspective, this is probably a logical
2 conclusion.

3 I do have the concerns about the effects on
4 customers right now at this particular time. To
5 me, this is -- this is kind of an issue of timing
6 as much as it is anything. But I do have a couple
7 of questions, and I guess I will -- Mr. Cicchetti,
8 I will ask -- direct them toward you.

9 When it comes to effects on customers, are
10 there -- we understood right now specifically in
11 two of our utility cases it would most likely cause
12 an increase. I think that probably a couple of the
13 utilities, it would not -- applying the rule would
14 not have any application toward.

15 What about water utilities? Have we looked at
16 any of those? Are they going to be basically
17 coming under the same rule?

18 MR. CICHETTI: I believe Sunshine Water
19 Services would be subject to the rule.

20 COMMISSIONER CLARK: Okay.

21 MR. CICHETTI: But I would like to point out,
22 at the time you are setting rates, obviously
23 setting them at the cost of service would be more
24 -- require more revenue than not setting them at
25 the cost of service, but over time, that's not

1 true, because the goal is to keep utility within
2 their allowed range of return.

3 And so in the case of Tampa Electric, \$52
4 million over three years, at the end of three
5 years, that's \$52 million that they didn't collect
6 that would probably push them out of the allowed
7 range of return.

8 So what's going to result is not only are you
9 not setting rates at the cost of service, but you
10 are requiring the utility to come in more often to
11 keep them in the range. So over time, in order to
12 keep them in the range, you are just going to have
13 to have more rate cases to achieve the same goal.
14 So the customers really aren't saving money over
15 time.

16 COMMISSIONER CLARK: Are there --

17 MS. CIBULA: And I would like to just jump in
18 -- Samantha here -- to point out that OPC mentioned
19 the existing rate cases. It's legal staff's
20 position that this would not apply to the existing
21 rate cases pending before us at this time, because
22 the rule is not in effect. So this would only
23 affect future rate cases after the rule goes into
24 effect. So I just wanted to make that clear.

25 COMMISSIONER CLARK: So they would be bound

1 for the entire term of the agreement to the rule as
2 it was written when they filed the case, is that
3 what you are saying?

4 MS. CIBULA: The Commission's decision would
5 be bound by the -- when the petition was filed and
6 the rule that was in effect at that time. And so
7 this would only apply to future petitions, because
8 the rule is not in effect at this point. So the
9 existing rule would apply right to those rate
10 cases.

11 MR. HETRICK: Commissioner Clark, the answer
12 to your question is yes.

13 COMMISSIONER CLARK: Thank you.

14 Okay. I guess that -- are there any cases
15 where, Mr. Cicchetti, that this would actually
16 decrease customers rates? Are there any instances
17 or -- I realize this has to do with debt and
18 interest expense associated with debt. But are
19 there any reverse scenarios that could occur where
20 actual rates could go down as a result of this
21 rule?

22 MR. CICHETTI: Not that I am aware of. But
23 again, over time, it's not going to save customers
24 money, because you will have to have more frequent
25 rate cases in order to keep the utility in its

1 authorized range of return. And the rule is based
2 on a flawed and discredited premise that the
3 allowed return on equity is a function of the cost
4 of the source of funds; when, in reality, the
5 required return on equity is a function of the risk
6 that the capital is exposed to.

7 For example, if you took out a second mortgage
8 on your home to invest in a risky venture, your
9 required and expected return on that risky venture
10 would be commensurate with the risk of that
11 investment. And if someone told you, well, we are
12 going to limit your return to the cost of your
13 second mortgage because that's the cost of the
14 source of the funds, that would be wrong and
15 contrary to financial theory. And that's what
16 underpins this parent debt rule.

17 And we know that, because that's what Public
18 Counsel said at the March 5th Agenda. Public
19 Counsel said, and I quote: The parent debt rule is
20 not really based on an income tax issue. It is a
21 protection from affiliate transportation abuse
22 transaction abuse. It keeps customers forced to
23 subsidize the parent's income tax expenses by
24 having to pay a taxable equity return on the amount
25 of debt that makes up the parent and grandparent

1 investment in the equity recorded on the regulated
2 subsidiary's books.

3 So they are saying they are fine if the parent
4 company issues stock in order to invest in the
5 equity of the utility, but if they issue stock and
6 debt, then the allowed return on equity should be
7 reduced because the debt is less expensive. And
8 that whole theory has been discredited.

9 COMMISSIONER CLARK: Are there any other
10 advantages to us taking this rule -- or accepting
11 this rule right now, I mean, other than, quote,
12 getting it right? And I realized that's the goal
13 here. And I certainly support the concept and the
14 idea of making sure that the ratemaking process is
15 done correctly. But is there any other real
16 advantage to us supporting the passing this rule
17 amendment other than it just gets rate setting
18 right, even though it does have initially a
19 negative impact on customers?

20 MR. CICCHETTI: Yes, there are -- there are
21 advantages, because the rule provides a perverse
22 incentive, as Public Counsel claimed, that the
23 issuing debt at the parent level to invest in the
24 utility is affiliate transaction abuse, it's not.
25 There can be times when it's vital to the public

1 interest for the parents company to invest -- to
2 issue debt in invest in the utility.

3 For example, if some utilities were building
4 nuclear to provide a carbon free generation to
5 support all the other generation being renewable
6 and they ran into problems, we would hope that the
7 parent company could issue debt to invest in the
8 equity of the utility. That would be in the public
9 interest. Or if, God forbid, there was a nuclear
10 accident, and the utility was having financial
11 problems, if the parent company issued debt to
12 invest in the utility's equity, that would be
13 penalized under the parent debt rule.

14 And so these utilities have gotten much larger
15 than they were when this rule was passed, so the
16 parent debt effects of the rule are becoming
17 larger. And so I would suggest that, going
18 forward, it would be in customers' best interest to
19 not penalize parent companies for investing debt in
20 the utility's equity when that is necessary.

21 MR. REHWINKEL: Mr. Chairman?

22 CHAIRMAN LA ROSA: Yes, you are recognized.

23 MR. REHWINKEL: Yeah, just since my comments
24 have been banded about, I just wanted to say I am
25 going to stick to my commitment not to debate the

1 rule here. If this goes forward, obviously, we
2 will ask for a hearing, and obviously, we will
3 present evidence at that hearing. So I am not
4 going to get into addressing that. I have serious
5 disagreements with what's been said already.

6 And I will say, despite what your legal staff
7 has said, Tampa Electric has said that they want
8 rates to be higher if the rule is repealed. And
9 whether your staff is legally right, or the company
10 is legally right, and how the Supreme Court would
11 see it if you disregarded what they asked for, I
12 don't know. Can't speculate. But we don't think
13 the risk is worth it.

14 Thank you.

15 CHAIRMAN LA ROSA: Understood.

16 Commissioner Clark.

17 COMMISSIONER CLARK: Two more quick questions,
18 and I guess I will direct this to Ms. Cibula in
19 terms of the proposed, or potential proposed
20 agreement that OPC and Duke have reached.

21 Are there -- can there be contemplations in
22 this agreement that would take this item into
23 consideration in the terms of the agreement that
24 would allow them to carry it forward even though
25 it's not technically allowed under the rule? Does

1 that make any sense whatsoever?

2 MS. CIBULA: I am not really sure the answer
3 to that question right now because I don't know
4 what the agreement looks like, but --

5 COMMISSIONER CLARK: Right, and sometimes
6 we --

7 MS. CIBULA: -- in -- I guess there are --
8 people can agree to stuff in settlement agreements
9 that might be outside of what the rule
10 contemplates. As long as it's within our
11 jurisdiction, we could make determinations on that.
12 So I can't really comment object what --

13 COMMISSIONER CLARK: Okay.

14 MS. CIBULA: -- you know, what's going to be
15 in this agreement and what the Commission's
16 position would be on that.

17 COMMISSIONER CLARK: That might have been too
18 much of a loaded question.

19 So and the second part, addressing Mr.
20 Rehwinkel's observation there, if we approve this
21 proposal, the next step in the process would be the
22 hearing. And at that point in time, the Commission
23 would have the right to weigh in, and before the
24 final rule is adopted, we would have some
25 opportunities, or are we proposing a final rule

1 here? Help me with the question.

2 MS. CIBULA: Yeah. We will proposal a rule,
3 and then affected persons have 21 days to request a
4 rule hearing in front of the Commission. And at
5 the rule hearing, the subject matter of that
6 hearing is whether we should make changes to the
7 rule based on evidence that is presented at the
8 hearing.

9 So the rule is a final proposed rule by the
10 Commission. And then someone has to come in with
11 evidence to say this is why we want to make a
12 change to the rule. And then the Commissioners
13 will decide whether or not to make changes to the
14 rule based on the record evidence from the rule
15 hearing.

16 COMMISSIONER CLARK: That kind of gives us a
17 little more time to look into and dive into this a
18 little bit deeper, based on the evidence presented.

19 MS. CIBULA: Correct.

20 COMMISSIONER CLARK: Thank you, Mr. Chairman.

21 CHAIRMAN LA ROSA: Commissioner Fay, you are
22 recognized.

23 COMMISSIONER FAY: Thank you, Mr. Chairman.

24 Commissioner Clark actually touched on some of
25 my questions. I mean, it does appear to me, based

1 on what Mr. Cicchetti is saying, that this is very
2 much a timing issue, and some component of this is
3 paid at one time or another.

4 I will say that I -- I -- you know I am not
5 necessarily persuaded by this idea that everybody
6 else is doing it, so FERC and all these other
7 commissions have changed structure, I am not sure I
8 find that persuasive in itself. But it does appear
9 that the gap of these adjustments is getting bigger
10 and bigger as the spin gets bigger and bigger, and
11 so I think that probably does call for some review.
12 And I think this addresses that to a certain
13 extent, in that the costs will likely align better
14 with what they actually are in these scenarios.

15 So I think OPC has stated that they are
16 looking forward to the next process of this, and
17 will engage at that level, and I think that is
18 appropriate in rulemaking. I think that's the
19 nature of the beast.

20 And I really do think this is unique in the
21 way that it does really touch on every utility, so
22 water, electric, gas, and it's -- a lot of times
23 with this rulemaking, we see these sections and
24 they speak to just one industry.

25 I asked the same question Commissioner Clark

1 asked in a briefing, we look at the larger
2 utilities, and those are what were brought up
3 today, but what about a parent subsidiary water,
4 what does this mean for them? How does this impact
5 them? And could it potentially have a negative
6 effect on what they would do, or how it would
7 impact those customers? So I think those are all
8 fair questions, and we should, you know, take this
9 decision very seriously.

10 With all of is that said, I am comfortable
11 with the rule change as proposed. And I think that
12 it does address some of the issues that I found
13 viable. And I can see where OPC is coming from
14 from a consumer protection angle. So when I looked
15 through the precedent and the legal components that
16 apply to this, I don't have any heartburn as far as
17 the change, but I do want to be clear that that's
18 not based on the idea that, you know, everybody
19 else is doing it. It's based on the principles
20 that are built into this, that the adjustment will
21 align better with what the cost spend is for these
22 components, and then the need for adjustment down
23 the road would cause less of a, maybe a jolt at
24 that time when the adjustment would need to be
25 trued up in some format.

1 So with that, Mr. Chairman, I do support the
2 recommendation in front of me. I am prepared to
3 make a motion on it, but if anybody else -- any of
4 my colleagues want to weigh in, I am happy to wait.

5 CHAIRMAN LA ROSA: I am going to go back to
6 Mr. Rehwinkel, I see his light on indicating, so --

7 MR. REHWINKEL: Thank you, Mr. Chairman.

8 And I would have -- put a simple request to
9 the Commission if you decide to go forward and have
10 a hearing, is it would be our request -- as you
11 know we are embroiled in two major rate cases at
12 this time. If we go to a hearing, you have heard a
13 lot of serious assertions about regulatory policy.
14 We would certainly like to be able to put on a
15 hearing and have plenty of time to do it, to bring
16 an expert, for example, to do that.

17 So I would just ask that this not be rushed
18 into, you know, as fast as it can be done. I would
19 just ask that if you go forward, that we be given
20 adequate time to be -- this issue is so big. It
21 has been around for so long. It should be taken
22 seriously if there is a hearing.

23 Thank you.

24 CHAIRMAN LA ROSA: Thank you. I don't
25 disagree with the intent of that, that this, you

1 know, if considered, needs to be considered deeply,
2 and the timing is key. I think, you know, both my
3 colleagues mentioned that not just in the timing of
4 what's happening, but within the PSC, and what we
5 are considering, and what's before us, but also
6 what's happening in the world and in the economy
7 here in the state.

8 I want to throw a question back to staff.
9 What would -- would anything preclude us to have a
10 more in-depth presentation, or maybe, you know,
11 digging deeper to understand kind of what the gap
12 is, and the utilities that would be affected, and
13 how, I guess how deep they would be affected before
14 we took a vote on this?

15 And I guess what I am saying is would there be
16 any -- would it make sense for us to defer -- would
17 there be an advantage, is a better way stating
18 that, would there be an advantage for us to defer
19 this and have staff present to us maybe kind of
20 what some of the questions that we've had already
21 today?

22 MS. CIBULA: Well, the advantage would be it
23 would be more like a rule workshop. So it would be
24 getting the information before you make your
25 decision to propose. Because once you propose,

1 that is your -- the rule that you proposed. And
2 the hearing that comes after the proposal is just
3 weather to make changes to that rule based on
4 evidence that -- as deduced from the hearing.

5 And you can have different types of hearings.
6 You can have just a rule hearing like we have done
7 in the past couple of years. But there is also the
8 option to have a 120.569 hearing as well, which is
9 more in-depth, which we haven't done that in, like,
10 20 years, but that is an option for the rule
11 hearing portion of it.

12 But the advantage would be, to defer it now,
13 would be it would be more like a workshop, or more
14 informal to gather the information to make a
15 decision as to what rule you want to propose now.
16 So it's just more like information gathering
17 compared to you have made a decision on what rule
18 you want to propose, and then it becomes more
19 limited for the hearing process to just whether or
20 not to make changes to the rule that you proposed.

21 CHAIRMAN LA ROSA: Okay. If we didn't approve
22 this item today, what would, in fact, happen?
23 Would there anything -- would there be anything
24 stopping us from bringing this item up, or a
25 similar item to a rule change later down the road?

1 MS. CIBULA: No, there wouldn't be a limit to
2 that. And we -- I guess we could decide whether we
3 wanted to have another workshop, or whether we want
4 to do something more informal, like maybe send out
5 some sort of written ask -- you know, asking about
6 written comments, or staff, itself, could do some
7 sort of informal investigation to see what affect
8 the rule would have based on what questions the
9 Commissioners have.

10 CHAIRMAN LA ROSA: Okay. Commissioners, any
11 other thoughts?

12 Commissioner Clark, you are recognized.

13 COMMISSIONER CLARK: I would just kind of add
14 on to where you at, it seems like where you are at,
15 Mr. Chairman, is extending this a little bit.
16 Giving us some time to do a little more analysis.

17 And I appreciate staff's work on this. Y'all
18 have done a tremendous job. And I know you have
19 been working on it for quite a long time. But if
20 we did have an opportunity to do a workshop,
21 specifically my interest is in exactly the
22 potential effect on the customers.

23 Mr. Rehwinkel gave us some numbers, I know
24 staff had asked -- has asked -- has been asked
25 about some potential numbers related to the

1 utilities, exactly it's going to cost the customers
2 on a monthly basis. I mean, that's what it boils
3 down for me, is how is this going to affect the
4 consumer.

5 But getting some samples from the different
6 affected utilities, I am really interested -- and I
7 am glad you mentioned there is only one water
8 company that's potentially affected. But I would
9 certainly like to see some of the potential numbers
10 from some of the water companies that are going to
11 be affected on how this will affect their
12 consumers.

13 You know, we deal a lot with electric rates,
14 but water -- water regulation is just as important,
15 and those customers deserve to have the same type
16 of protections that all of our other customers do.
17 So I want to make sure that we are evaluating that
18 very closely.

19 But if we have that workshop, and we agree
20 that we do want to go forward and then move into, I
21 certainly would support a hearing. I am not
22 familiar with the extended hearing, deeper hearing.
23 But whatever is necessary, I think that that
24 certainly would be an opportune time. If we had a
25 workshop and then -- and looked at the proposed

1 rule, and then went into the hearing, I think that
2 also gets us beyond the two rate cases that we are
3 currently in right now. We will have some more of
4 an idea on what final rates are going to look like
5 for both of those utilities at that time. And that
6 might give us a little bit more lead way into
7 making a final decision on the rule, Mr. Chairman,
8 just my suggestion.

9 CHAIRMAN LA ROSA: Thank you. And I will
10 clarify, and that is -- I am asking those questions
11 because that is -- I am curious, and that is kind
12 of where I am leaning. I mean, my biggest concerns
13 are customer impact and the impact of future rate
14 cases. So in a similar manner, I appreciate a more
15 informal process in the sense of considering
16 everything that's before us now.

17 And I know that there is not necessarily a
18 statutory timeline as far as what happens after
19 today if this was approved. But I think that gives
20 us a little bit more to chew on and can, frankly,
21 maybe answer better questions.

22 That's where I am leaning today, but I don't
23 want to close out the item.

24 Commissioner Fay, you recognized.

25 COMMISSIONER FAY: Thank you, Mr. Chairman.

1 I will just say that I understand sort of the
2 impact numbers, and maybe looking at this more
3 based on the theory and the discussion of how this
4 would be applied one way or another. I feel that I
5 am comfortable with my understanding of it and my
6 position of it.

7 With that said, I absolutely respect my
8 colleagues as Commissioners. And anytime somebody
9 would like more time to work on something to make
10 sure we get it right, especially when it impacts
11 all across sectors of a utility rule, then I
12 absolutely respect that and would support that
13 deferral.

14 And I am open to looking at that record and
15 everything that's proposed, which may influence my
16 decision. At the end of the day, I am not
17 foreclosing that information. I just am
18 comfortable at this time moving forward, but
19 respect the process that might give more
20 information to everybody.

21 CHAIRMAN LA ROSA: Thank you.

22 Commissioner Passidomo.

23 COMMISSIONER PASSIDOMO: Thank you, Mr.

24 Chairman.

25 I had just a few brief comments. Mostly

1 echoing Commissioner Fay. I wanted to make it
2 clear that I was also -- felt more prepared to
3 push, you know, I -- I -- the way I looked at this
4 was, again, it was not from the perspective of
5 following, you know, the status quo of other states
6 or FERC. It was more about, you know, when we move
7 into the next round of rate cases that we are
8 working with the most up-to-date and true data.

9 So it seems like, you know, why we are here is
10 basically on that premise of the regulatory
11 compact, meaning that, like, the utilities are
12 afforded an opportunity to earn a fair return on
13 their investments commensurate with the risk of
14 investing in the utility. And if we are not
15 working with the adequate -- the accurate data with
16 that, it would distort those numbers.

17 I absolutely agree and am okay with moving
18 into maybe a more -- like, into a Commission
19 workshop instead of, like, the previous staff
20 workshops that have been going on if we have a
21 formal Commission workshop, where one or more of us
22 is present.

23 The thing that I would kind of want to look at
24 is when we say in the staff rec, it's been kind of
25 reiterated several times about lessening the

1 frequency of rate cases. I am obviously in favor
2 of that. I think customers would be in favor of
3 that. There is a lot of expense that goes into it.
4 Rate certainty is really important.

5 So if we can find a way to be able to have
6 some concrete numbers than just the should lessen
7 the frequency. If there is a way that we could
8 actually compute that and, you know, figure out,
9 okay, well, what would be the difference between
10 sticking with the current rule and moving forward
11 with this proposed rule, then what that would --
12 how that would actually -- if there is a way to
13 compare those two. I know that might be kind of
14 difficult to work through, but looking at how the
15 difference how other states, when they made that
16 switch, something like that. That's something that
17 I would be interested in if we move forward with a
18 Commission workshop.

19 Thank you.

20 CHAIRMAN LA ROSA: Thank you.

21 Any further Commissioners?

22 Okay, so seeing none, so I am going to look to
23 staff on this. I would like to defer this item.

24 Do I need to take a formal vote on this?

25 MS. CIBULA: Not for a deferral.

1 CHAIRMAN LA ROSA: Okay. So I am going to
2 offer a deferral. Just for the record, I don't see
3 any opposition. I think the comments are public,
4 and request that we do have a formal workshop in
5 the sense that Commissioners are present, and we
6 can flesh out some of our thoughts and questions in
7 more detail. So thank you.

8 MR. REHWINKEL: Thank you.

9 CHAIRMAN LA ROSA: No, thank you.

10 And I do really appreciate staff's time and
11 energy on this, and it's certainly presented well,
12 and I understand that there is kind of a lot of
13 moving parts within it, so thank you.

14 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

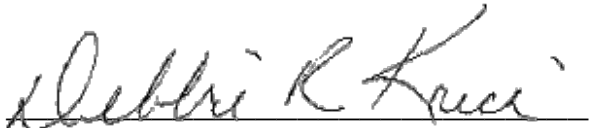
STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
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financially interested in the action.

DATED this 22nd day of July, 2024.


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