BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa Electric Company	Docket No. 20240026 Filed: July 22, 2024

SIERRA CLUB'S PREHEARING STATEMENT

Sierra Club, through its undersigned counsel and pursuant to the Order Establishing Procedure for Docket No. 20240026-EI and Consolidating Dockets (Order No. PSC-2024-0096-PCO-EI), hereby submits this Prehearing Statement.

Appearances:

Nihal Shrinath
2101 Webster Street Suite 1300
Oakland, CA 94612
(415) 977-5566
(510) 208-3140 (fax)
nihal.shrinath@sierraclub.org

Sari Amiel
50 F St. NW, Eighth Floor
Washington, DC 20001
(301) 807-2223
sari.amiel@sierraclub.org

I. Witnesses:

Sierra Club intends to call the following witness:

Witness	Subject Matter	Issue Nos.
Devi Glick	Generation economics, environmental compliance costs, and reliability planning	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13

II. EXHIBITS:

Sierra Club intends to proffer the following pre-filed direct exhibits. Sierra Club reserves the right to use additional exhibits during the cross-examination of party witnesses.

Witness	Proffered By	Exhibit No.	Description	Issue Nos.
Devi Glick	Sierra Club	DG-1	Resume of Devi Glick	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13
Devi Glick	Sierra Club	DG-2	TECO response to Sierra Club 1st IRRs	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13
Devi Glick	Sierra Club	DG-3	TECO response to Sierra Club 2nd IRRs	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13
Devi Glick	Sierra Club	DG-4	TECO response to Sierra Club 3rd IRRs	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13
Devi Glick	Sierra Club	DG-5	TECO Ten-Year Site Plan, January 2024 – December 2033	24, 32, 43, 44, 45, 59, 97, 102, 116, SC-2, SC-5, SC-6, SC-12, SC-13
Devi Glick	Sierra Club	DG-6	U.S. Department of Energy and Tampa Electric Company. 2000. *The Tampa Electric Integrated Gasification Combined-Cycle Project: An Update*. Topical Report Number 19	SC-2, 43
Devi Glick	Sierra Club	DG-7	TECO response to SC IRR 1-8,	43, 44, 116

			Attachment (BS 28921) 2018 – 2023 GFP.xlsx	
Devi Glick	Sierra Club	DG-8	TECO response to SC IRR 31, Attachment (BS 28967) Sierra Club 1st Set 2024 - 2033 Firm Generators and RM IRR Q31	43, 44, 116
Devi Glick	Sierra Club	DG-9	EPA Memorandum, Steam Electric Rulemaking Record – EPA-HQ-OW-2009-0819. Unit-Level Costs and Loadings Estimates for the 2024 Final Rule (DCN SE11756A1), April 22, 2024	116, SC-5
Devi Glick	Sierra Club	DG-10	EPA Memorandum, Steam Electric Rulemaking Record – EPA-HQ-OW-2009-0819. Generating Unit-Level Costs and Loadings Estimates by Regulatory Option for the 2024 Final Rule (DCN SE11756), April 22, 2024	116, SC-5
Devi Glick	Sierra Club	DG-11	NERC, 2023 State of Reliability Technical Assessment, June 2023	43, 44, 116
Devi Glick	Sierra Club	DG-12	TECO response to SC IRR 8, Attachment (BS 28923) 2019 - 2023 Factor and Rates	43, 44, 116
Devi Glick	Sierra Club	DG-13	Schlissel, D. 2017. *Using Coal Gasification to Generate Electricity: A Multibillion-Dollar Failure*. Institute for Energy Economics and Financial Analysis	SC-2, 43
Devi Glick	Sierra Club	DG-14	U.S. EPA. 2024 Update to the 2023 Proposed Technology Review for the Coal- and Oil-Fired EGU Source Category (2024 Technical Memo), Attachment 1	43, 44, 116
Devi Glick	Sierra Club	DG-15	Duke Energy, "Appendix F: Coal Retirement Analysis," 2023 Carolinas Resources Plan	116, SC-12
Devi Glick	Sierra Club	DG-16	Institute for Energy Economics and	116, SC-12

			Financial Analysis, “Coal Use at U.S. Power Plants Continues Downward Spiral; Full Impact on Mines to be Felt in 2024,” Nov. 2, 2023	
Devi Glick	Sierra Club	DG-17	Earthjustice, “Toxic Coal Ash in Florida: Addressing Coal Plants’ Hazardous Legacy,” May 3, 2023	116
Devi Glick	Sierra Club	DG-18	U.S. Department of Energy, Loan Programs Office, Program Guidance for Title 17 Clean Energy Financing Program, May 19, 2023	116, SC-12
Devi Glick	Sierra Club	DG-19	C. Fong, D. Posner, and U. Veradarajan, “The Energy Infrastructure Reinvestment Program: Federal financing for an equitable, clean economy,” RMI, February 16, 2024	116, SC-12
Devi Glick	Sierra Club	DG-20	C. Fong, D. Posner, and U. Varadarajan, “Maximizing the value of the energy infrastructure reinvestment program for utility customers,” RMI, May 24, 2024	116, SC-12

III. Statement of Basic Position

TECO customers face some of the highest electricity rates in the country, in part due to TECO’s continued operation of uneconomic and obsolete fossil-fueled generating units. In particular, it is no longer reasonable for TECO’s ratepayers to shoulder the costs of maintaining outdated coal and petcoke combustion equipment at the Polk Unit 1 (“Polk 1”) and Big Bend Unit 4 (“Big Bend 4”) generating stations. Both plants have already been retrofitted such that they can run exclusively on gas, a lower-cost and less polluting fuel than coal and petcoke, yet TECO seeks to continue recovering operation and maintenance (“O&M”) costs to keep coal and petcoke equipment available, in addition to saddling TECO customers with the additional costs of fuel volatility and environmental compliance associated with coal production going forward. TECO should be required to retire all integrated gasification (“IG”) components at Polk 1 by 2024 and cease all coal combustion at Big Bend 4 by 2025.

Even once coal combustion is retired at those plants, it is still unreasonable for TECO customers to shoulder the financial risks of operating Polk 1 and Big Bend 4 past 2030, due to projected operation costs and the risk of high environmental compliance costs. TECO should be required to shift the Polk 1 and Big Bend 4 retirement dates to 2030. At the very least, TECO should be required to study different retirement scenarios for Polk 1 and Big Bend 4, as compared against the costs of alternative replacement resources, and TECO should be prevented from recovering capital and O&M costs for these units until it completes such analysis.

It would be unjust and unreasonable for customers to pay for costs associated with the proposed Polk 1 Flexibility project. Polk 1 is a 220-megawatt ("MW") dual-fuel plant that is capable of burning coal or petcoke using integrated gasification combined-cycle ("IGCC") technology, but has combusted only gas since 2018. Through the Polk 1 Flexibility project, TECO seeks to recover $80.5 million to convert Polk 1 into a simple-cycle combustion turbine ("CT"), while retaining IG technology to burn petcoke or coal in the event of a gas crisis. TECO has not justified incurring the steep costs of converting a relatively small unit with a low capacity factor from one gas combustion technology to another. Moreover, it has certainly not justified keeping IG components in long-term standby, with or without the CT conversion. And it has not justified the costs of keeping the IGCC steam turbine ("ST") and heat recovery steam generators ("HRSG") online after the CT conversion is completed. In fact, if TECO does convert Polk 1 to a CT, it would only be able to burn petcoke after an additional year-long upgrade. TECO is unable or unwilling to offer an estimate of the cost of that upgrade. Nor has TECO provided analysis demonstrating the reliability needs of a unit as small, expensive, and rarely utilized as Polk 1. Nonetheless, TECO unreasonably expects ratepayers to finance the ongoing O&M costs of obsolete coal- and petcoke-burning equipment, which it has not used since 2018. TECO further unreasonably expects ratepayers to finance an expensive conversion project without showing its cost-effectiveness compared to alternative replacement resources. If the Commission approves the Polk 1 Flexibility project, TECO should nonetheless be required to immediately retire the IG, ST, and HRSG components at Polk 1.

It would be unjust and unreasonable for TECO to recover the costs of burning coal at Big Bend 4 past 2025 and to recover the costs of keeping Big Bend 4 online past 2030. Big Bend 4 is a dual-fuel 486 MW generating unit that has historically burned both coal and gas, but which TECO plans to primarily power with gas due to coal's high fuel costs. For three of the past five years, Big Bend 4 has been uneconomic for TECO's ratepayers, with a net negative value. TECO's conservative projections illustrate that Big Bend 4 will continue to be uneconomic, as its costs will exceed its value to ratepayers over the period from 2024 to 2033, largely because the plant has high costs and a low utilization factor. These projections do not factor in the very real risk of additional environmental compliance costs stemming from federal regulations.

Retiring Polk 1 and Big Bend 4 early would enable TECO to avoid the significant and unaffordable risk of incurring costs to comply with the U.S. Environmental Protection Agency ("EPA")'s Section 111 greenhouse gas, Mercury and Air Toxics Standards ("MATS"), Effluent

Limitation Guidelines ("ELG"), and Coal Combustion Residuals ("CCR") rules, each of which were finalized earlier this year. As an illustration, EPA projects that, to comply with the federal ELG guidelines, which require zero discharges of coal combustion wastewaters by 2028, TECO could incur $129 million in capital costs at Big Bend 4 and $9 million in capital costs at Polk 1. TECO claims it can avoid these costs by utilizing deep injection wells, but it has not confirmed with EPA that such a plan is legally compliant, nor has it disclosed the costs of operating those wells or the risks and associated costs of leakage or other forms of well failure. EPA's recently finalized Section 111 greenhouse gas standards may impose additional costs and restrictions on the operation and flexibility of Polk 1 and Big Bend 4. These rules require co-firing with gas at least 40% of the time by 2030 or installing prohibitively expensive carbon capture and storage technology if plants operate past 2032.

Last, TECO is not only saddling customers with unjust and unreasonable costs from uneconomic coal units; it has also has failed to capitalize on billions of dollars available under the federal Energy Infrastructure Reinvestment ("EIR") program. The EIR, administered by the U.S. Department of Energy's Loan Programs Office, could assist TECO in financing additional clean energy resources in lieu of Polk 1 and Big Bend 4. EIR funds take the form of long-duration, low-cost loans for retiring fossil assets—which can assist utilities in financing the undepreciated capital costs of a plant—coupled with investments in clean renewable energy resources.

In sum, Sierra Club urges the Commission to reject the recovery of O&M costs associated with Polk 1's IG components and to require TECO to retire those components by 2024. The Commission should further reject recovery of the Polk 1 Flexibility project unless TECO demonstrates that the $80.5 million price tag to convert this unit to a simple cycle is lower-cost than replacing it with clean energy. And even if the Flexibility project is approved, the Commission should require TECO to immediately retire the IG, ST, and HSRG components at Polk 1. The Commission should similarly reject recovery of any spending on coal operations at Big Bend 4 and require TECO to cease coal combustion at Big Bend 4 by 2025. Finally, the Commission should direct TECO to apply for EIR funding to retire Polk 1 and Big Bend 4, study clean replacement resources, and replace their capacity with clean energy resources by 2030.

IV. Statement of Issues and Position

Below are Sierra Club's positions on the specific issues identified in the issues list, as well as contested issues. Because discovery has not been completed and the evidentiary hearing has not occurred, the below positions are subject to change as additional evidence is produced.

2025 TEST PERIOD AND FORECASTING

ISSUE 1: Is TECO's projected test period for the twelve months ending December 31, 2025, appropriate?

POSITION: Sierra Club has no position on this issue.

ISSUE 2: Are TECO's forecasts of customers, KWH, and KW by revenue and rate class, appropriate?

POSITION: Sierra Club has no position on this issue.

ISSUE 3: What are the inflation, customer growth, and other trend factors that should be approved for use in forecasting the test year budget?

POSITION: Sierra Club has no position on this issue.

QUALITY OF SERVICE

ISSUE 4: Is the quality of electric service provided by TECO adequate?

POSITION: Sierra Club has no position on this issue.

DEPRECIATION AND DISMANTLEMENT STUDY

ISSUE 5: Should currently prescribed depreciation rates and provision for dismantlement of TECO be revised?

POSITION: Sierra Club has no position on this issue.

ISSUE 6: What should be the implementation date for new depreciation rates and the provision for dismantlement?

POSITION: Sierra Club has no position on this issue.

ISSUE 7: What depreciation parameters and resulting depreciation rates for each depreciable plant account should be approved?

POSITION: Depreciation parameters and rates should be adjusted to reflect the 2024 retirement of IG technology at Polk 1, along with 2030 retirement dates for Polk 1 and Big Bend 4.

ISSUE 8: Based on the application of the depreciation parameters and resulting depreciation rates that the Commission approves, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

POSITION: Sierra Club has no position on this issue.

ISSUE 9: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 8?

POSITION: Sierra Club has no position on this issue.

ISSUE 10: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates?

POSITION: Sierra Club has no position on this issue.

ISSUE 11: What annual accrual for dismantlement should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 12: What, if any, corrective dismantlement reserve measures should be approved?

POSITION: Sierra Club has no position on this issue.

2025 RATE BASE

ISSUE 13: Has TECO made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

ISSUE 14: Should TECO's proposed Future Environmental Compliance Project be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

ISSUE 15: Should TECO's proposed Research and Development Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

ISSUE 16: Should TECO's proposed Customer Experience Enhancement Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 17</u>: Should TECO's proposed Information Technology Capital Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 18</u>: Should TECO's proposed Solar Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club supports the inclusion of TECO's proposed Solar Projects in the 2025 projected test year.

<u>ISSUE 19</u>: Should TECO's proposed Grid Reliability and Resilience Projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 20</u>: Should TECO's proposed Energy Storage projects be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club supports the inclusion of TECO's proposed Energy Storage Projects in the 2025 projected test year.

<u>ISSUE 21</u>: Should TECO's proposed Corporate Headquarters project be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 22</u>: Should TECO's proposed South Tampa Resilience project be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 23</u>: Should TECO's proposed Bearss Operations Center project be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 24</u>: Should TECO's proposed Polk 1 Flexibility project be included in the 2025 projected test year? What, if any, adjustments should be made?

POSITION: Sierra Club opposes the inclusion of the costs of the Polk 1 Flexibility project in the 2025 projected test year. The Commission should disallow recovery unless TECO provides an analysis demonstrating the CT conversion is lower cost than retiring the unit and replacing it with alternative resources by 2030 or another date. If the Commission approves costs associated with converting Polk 1 to a CT, it should still require that TECO immediately retire its IG, ST, and HRSG components.

ISSUE 25: What amount of Plant in Service for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 26: What amount of Accumulated Depreciation for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 27: What amount of Construction Work in Progress for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 28: What amount of level of Property Held for Future Use for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 29: What amount of unfunded Other Post-retirement Employee Benefit (OPEB) liability and any associated expense should be included in rate base?

POSITION: Sierra Club has no position on this issue.

ISSUE 30: What level of TECO's fuel inventories should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 31: What amount of Working Capital for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 32: What amount of rate base for the 2025 projected test year should be approved?

POSITION: TECO's customers experience higher energy burdens than the national average, and their electricity rates can be reduced by removing spending on coal combustion at Polk 1 and Big Bend 4 from the rate base. Moreover, the Polk 1 Flexibility project should not be included in the rate base for the 2025 projected test year unless TECO can provide an analysis showing that its cost is lower than the costs of retiring Polk 1 and replacing its capacity with alternative sources of clean generation. Last, Sierra Club supports corporate cost, return on equity, and reserve margin oversight arguments put forth by intervenors that would reduce the 2025 test year rate base and provide relief for energy burdened customers.

2025 COST OF CAPITAL

ISSUE 33: What amount of accumulated deferred taxes should be approved for inclusion in the capital structure for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 34: What amount and cost rate of the unamortized investment tax credits should be approved for inclusion in the capital structure for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 35: What amount and cost rate for customer deposits should be approved for inclusion in the capital structure for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 36: What amount and cost rate for short-term debt should be approved for inclusion in the capital structure for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 37: What amount and cost rate for long-term debt should be approved for inclusion in the capital structure for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 38: What equity ratio should be approved for use in the capital structure for ratemaking purposes for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 39: What authorized return on equity (ROE) should be approved for use in establishing TECO's revenue requirement for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 40: What capital structure and weighted average cost of capital should be approved for use in establishing TECO's revenue requirement for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

2025 NET OPERATING INCOME

ISSUE 41: Has TECO correctly calculated the revenues at current rates for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 42: What amount of Total Operating Revenues should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 43: What amount of O&M expense associated with Polk Unit 1 has TECO included in the 2025 projected test year? Should this amount be approved and what, if any, adjustments should be made?

POSITION: Sierra Club does not support the inclusion of any O&M expenses at Polk 1 that cover the procurement or combustion of coal or petcoke. This includes the O&M expenses of keeping Polk 1's IGCC equipment—including its IG, ST, and HRSG technologies—in service.

ISSUE 44: What amount of O&M expense associated with Big Bend Unit 4 has TECO included in the 2025 projected test year? Should this amount be approved and what, if any, adjustments should be made?

POSITION: Sierra Club urges the Commission to reject the inclusion of any and all O&M expenses associated with coal combustion at Big Bend 4 for the 2025 projected test year, including fuel costs, maintenance costs, operating costs, and environmental compliance costs, among others.

ISSUE 45: What amount of generation O&M expense should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue, except that generation O&M expenses approved for Polk 1 and Big Bend 4 should be modified to reflect no coal or petcoke-related costs.

ISSUE 46: What amount of transmission O&M expense should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 47: What amount of distribution O&M expense should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 48</u>: Has TECO made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 49</u>: Has TECO made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 50</u>: Has TECO made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 51</u>: Has TECO made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 52</u>: Has TECO made the appropriate test year adjustments to remove all storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 53</u>: What amount of salaries and benefits, including incentive compensation, should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 54:</u> Does TECO's pension and OPEB expense properly reflect capitalization credits in the 2025 projected test year? If not, what adjustments, if any should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 55</u>: What cost allocation methodologies and what amount of allocated costs and charges with TECO's affiliated companies should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 56: What amount of Directors and Officers Liability Insurance expense for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 57: What amount of Economic Development expense for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 58: What amount and amortization period for TECO's rate case expense for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 59: What amount of O&M Expense for the 2025 projected test year should be approved?

POSITION: Sierra Club supports modifying O&M Expense for the 2025 projected test year to reflect no coal combustion at Polk 1 and Big Bend 4.

ISSUE 60: What amount of depreciation and dismantlement expense for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 61: What amount of Taxes Other Than Income Taxes for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 62: What amount of Parent Debt Adjustment is required by Rule 25-14.004, Florida Administrative Code, for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

ISSUE 63: What amount of Production Tax Credits should be approved and what is the proper accounting treatment for the 2025 projected test year?

POSITION: Sierra Club takes no position on this issue, beyond supporting TECO maximizing its eligibility for production tax credits and passing on the savings from those tax credits to residential customers, who face the highest energy burdens from TECO's high bills.

<u>ISSUE 64:</u> What treatment, amounts, and amortization period for the Production Tax Credits that were deferred in 2022-2024 should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 65:</u> What treatment and amount of the Investment Tax Credits pursuant to the Inflation Reduction Act should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 66</u>: What amount of Income Tax expense should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 67</u>: What amount of Net Operating Income should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>2025 REVENUE REQUIREMENTS</u>

<u>ISSUE 68</u>: What revenue expansion factor and net operating income multiplier, including the appropriate elements and rates, should be approved for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 69</u>: What amount of annual operating revenue increase for the 2025 projected test year should be approved?

POSITION: Sierra Club has no position on this issue.

<u>2025 COST OF SERVICE AND RATES</u>

<u>ISSUE 70</u>: Is TECO's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

POSITION: For each of the issues in this category, Sierra Club has no position beyond generally supporting intervenor proposals to reduce energy burdens for residential customers.

<u>ISSUE 71</u>: What is the appropriate methodology to allocate production costs to the rate classes?

POSITION: See Issue 70.

<u>ISSUE 72</u>: What is the appropriate methodology to allocate transmission costs to the rate classes?

POSITION: See Issue 70.

<u>ISSUE 73:</u> What is the appropriate methodology to allocate distribution costs to the rate classes?

POSITION: See Issue 70.

<u>ISSUE 74</u>: How should any change in the revenue requirement approved by the Commission be allocated among the customer classes?

POSITION: See Issue 70.

<u>ISSUE 75</u>: Should the proposed modifications to the delivery voltage credit be approved?

POSITION: See Issue 70.

<u>ISSUE 76</u>: What are the appropriate service charges (initial connection, reconnect for nonpayment, connection of existing account, field visit, temporary overhead and underground, meter tampering)?

POSITION: See Issue 70.

<u>ISSUE 77</u>: Should the modifications to the emergency relay power supply charge be approved?

POSITION: See Issue 70.

<u>ISSUE 78</u>: What are the appropriate basic service charges?

POSITION: See Issue 70.

<u>ISSUE 79</u>: What are the appropriate demand charges?

POSITION: See Issue 70.

<u>ISSUE 80</u>: What are the appropriate energy charges?

POSITION: See Issue 70.

<u>ISSUE 81</u>: What are the appropriate Lighting Service rate schedule charges?

POSITION: See Issue 70.

ISSUE 82: What are the appropriate Standby Services (SS-1, SS-2, SS-3) rate schedule charges?

POSITION: See Issue 70.

ISSUE 83: Should the proposed modifications to the time-of-day periods be approved?

POSITION: See Issue 70.

ISSUE 84: Should the proposed modifications to the Non-Standard Meter Rider tariff (Tariff Sheet No. 3.280) be approved?

POSITION: See Issue 70.

ISSUE 85: Should the proposed tariff modifications to the Budget Billing Program (Fifth Revised Tariff Sheet No. 3.020) be approved?

POSITION: See Issue 70.

ISSUE 86: Should the proposed tariff modifications regarding general liability and customer responsibilities (Fifth Revised Tariff Sheet No. 5.070 and Original Tariff Sheet No. 5.081) be approved?

POSITION: See Issue 70.

ISSUE 87: Should the proposed tariff modifications to Contribution in Aid of Construction (Fifth Revised Tariff Sheet No. 5.105) be approved?

POSITION: See Issue 70.

ISSUE 88: Should the proposed tariff modifications to the Economic Development Rider (Third Revised Tariff Sheet Nos. 6.720, 6.725, 6.730) be approved?

POSITION: See Issue 70.

ISSUE 89: Should the proposed modifications to LS-1 (Eleventh Revised Tariff Sheet No. 6.809) regarding lighting wattage variance be approved?

POSITION: See Issue 70.

ISSUE 90: Should the proposed LS-2 Monthly Rental Factors (Original Tariff Sheet No. 6.845) be approved?

POSITION: See Issue 70.

<u>ISSUE 91</u>: Should the proposed termination factors for long-term facilities (Fifth Revised Tariff Sheet No. 7.765) be approved?

POSITION: See Issue 70.

<u>ISSUE 92</u>: Should the non-rate related tariff modifications be approved?

POSITION: See Issue 70.

<u>ISSUE 93</u>: Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges?

POSITION: See Issue 70.

<u>2026 AND 2027 SUBSEQUENT YEAR ADJUSTMENTS (SYA)</u>

<u>ISSUE 94:</u> What are the considerations or factors that the Commission should evaluate in determining whether an SYA should be approved?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 95</u>: Should the Commission approve the inclusion of TECO's proposed Solar Projects in the 2026 and 2027 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 96:</u> Should the Commission approve the inclusion of TECO's proposed Grid Reliability and Resilience Projects in the 2026 and 2027 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 97</u>: Should the Commission approve the inclusion of TECO's proposed Polk 1 Flexibility Project in the 2026 SYA? What, if any, adjustments should be made?

POSITION: For the reasons outlined in the Statement of Basic Position above, the Polk 1 Flexibility Project should not be included in the 2026 SYA.

<u>ISSUE 98</u>: Should the Commission approve the inclusion of TECO's proposed Energy Storage Projects in the 2026 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 99</u>: Should the Commission approve the inclusion of TECO's proposed Bearss Operations Center Project in the 2026 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 100</u>: Should the Commission approve the inclusion of TECO's proposed Corporate Headquarters Project in the 2026 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 101</u>: Should the Commission approve the inclusion of TECO's proposed South Tampa Resilience Project in the 2026 and 2027 SYA? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 102:</u> Should the Commission approve the inclusion of TECO's proposed Polk Fuel Diversity Project in the 2026 and 2027 SYA? What, if any, adjustments should be made?

POSTIION: The Polk Fuel Diversity Project should not be included in the 2026 SYA.

<u>ISSUE 103</u>: What overall rate of return should be used to calculate the 2026 and 2027 SYA?

POSITION: Sierra Club supports Florida Rising and the League of United Latin American Citizens ("LULAC")'s proposed rate of return in order to provide rate relief to energy burdened residential customers.

<u>ISSUE 104:</u> Should the SYA for 2026 and 2027 reflect additional revenues due to customer growth? What, if any, adjustments should be made?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 105:</u> Should the Commission approve the inclusion of TECO's proposed incremental O&M expense associated with the SYA projects in the 2026 and 2027 SYA?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 106:</u> Should the depreciation expense and Investment Tax Credits amortization used to calculate the proposed 2026 and 2027 SYA be adjusted to reflect the Commission's decisions on depreciation rates and ITC amortization for the 2025 projected test year?

POSITION: Sierra Club has no position on this issue.

<u>ISSUE 107</u>: What annual amount of incremental revenues should be approved for recovery through the 2026 and 2027 SYA?

POSITION: Sierra Club has no position on this issue.

ISSUE 108: What rate design approach should be used to develop customer rates for the 2026 and 2027 SYA?

POSITION: Sierra Club has no position on this issue.

ISSUE 109: When should the 2026 and 2027 SYA become effective?

POSITION: Sierra Club has no position on this issue.

ISSUE 110: Should TECO be required to file its proposed 2026 and 2027 SYA rates for Commission approval in September 2026 and 2027, respectively, reflecting then current billing determinants?

POSITION: Sierra Club has no position on this issue.

OTHER

ISSUE 111: Should TECO's proposed Corporate Income Tax Change Provision be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 112: Should TECO's proposed Storm Cost Recovery Provision be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 113: Should TECO's proposed Asset Optimization Mechanism be approved, and what, if any, modifications should be made?

POSITION: Sierra Club has no position on this issue.

ISSUE 114: What are the appropriate updated Clean Energy Transition Mechanism factors and when should they become effective?

POSITION: Sierra Club has no position on this issue.

ISSUE 115: Should the proposed Senior Care Program (Original Tariff Sheet No. 3.310) and associated cost recovery be approved?

POSITION: Sierra Club has no position on this issue.

ISSUE 116: Should TECO be required to perform any studies or analysis relating to the retirement of Polk Unit 1 and/or Big Bend Unit 4, including early retirement dates, environmental compliance costs, and/or procurement of alternative resources?

POSITION: As outlined in the Statement of Basic Position above, TECO should, at a minimum, provide its energy burdened customers with rate relief by ceasing coal operations at Polk 1 and Big Bend 4 as soon as possible. Polk 1 and Big Bend 4's coal combustion equipment should be retired in 2024 and 2025, respectively.

In addition, Sierra Club recommends completely retiring both plants by 2030. If the Commission does not require these 2030 retirements, TECO should be required to study earlier retirement dates for Polk 1 and Big Bend 4, including retirements by 2030 and 2032, by measuring the cost-effectiveness of retiring each unit early against the cost of acquiring replacement resources. TECO should additionally be required to study the economic impacts of complying with EPA's 2024 rules affecting fossil-fueled power plants, which are listed in the Statement of Basic Position above, and TECO should include those projected costs in its retirement scenarios. In the event that the Commission calls for a retirement study rather than retirement commitments, these scenarios and studies should be published in a formal report to the Commission no later than the end of 2025. In that event, the Commission should also require TECO to apply for EIR funding to fund clean replacement resources for Polk 1 and Big Bend 4 by the end of 2025. TECO should be required to submit to the Commission a plan to take advantage of such funding based on the results of the retirement studies.

ISSUE 117: What is the appropriate effective date for TECO's revised 2025 rates and charges?

POSITION: Sierra Club has no position on this issue.

ISSUE 118: Has the Commission considered TECO's performance pursuant to Sections 366.80–366.83 and 403.519, Florida Statutes, when establishing rates?

POSITION: Sierra Club has no position on this issue.

ISSUE 119: Should TECO be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

POSITION: Sierra Club has no position on this issue.

ISSUE 120: Should this docket be closed?

POSITION: Sierra Club has no position on this issue.

Contested Issues

<u>SC-2:</u> **Should TECO recover O&M expense associated with keeping integrated gasification, steam turbine, and/or heat recovery steam generator components at Polk Unit 1 in long-term standby, and what adjustments should be made?**

POSITION: Sierra Club opposes the recovery of any O&M expenses associated with the IG component at Polk 1. If the Commission approves the Polk 1 Flexibility project, Sierra Club does not support the recovery of any O&M expenses associated with the IG, ST, or HSRG components at Polk 1, each of which should be retired immediately, for the reasons outlined in the Statement of Basic Position above.

<u>SC-5:</u> **Should TECO recover O&M expense associated with injecting wastewater into deep wells at Polk Unit 1 and Big Bend Unit 4, and what adjustments should be made?**

POSITION: Sierra Club opposes the recovery of O&M expenses associated with the injection of coal combustion wastewaters into deep injection wells at Polk 1 and Big Bend 4 for the projected test year, to the extent these expenses are related to coal combustion at Polk 1 and Big Bend 4. This is because TECO has not provided information about the components or magnitude of these costs, nor has it identified how these costs relate to obligations to comply with the federal ELG Rule at Polk 1 or Big Bend 4.

<u>SC-6:</u> **Should TECO recover any O&M expense associated with coal or petcoke combustion at Polk Unit 1 and/or Big Bend Unit 4, and what adjustments should be made?**

POSITION: For the reasons outlined in the Statement of Basic Position, Sierra Club opposes the recovery of O&M expenses associated with coal or petcoke combustion at Polk 1 and Big Bend 4 for the projected test year.

<u>SC-12:</u> **Should TECO be required to apply for the U.S. Department of Energy's Energy Infrastructure Reinvestment Program for Polk Unit 1 and/or Big Bend Unit 4?**

POSITION: The Commission should require TECO to apply for EIR funding, by the September 2026 application deadline, to fund clean replacement resources for Polk 1 and Big Bend 4. TECO should be required to submit to the Commission a plan to take advantage of such funding based on the results of the retirement studies detailed in Issue 116.

<u>SC-13:</u> **Should TECO be required to cease all coal combustion at Polk Unit 1 by 2024 and Big Bend Unit 4 by 2025?**

POSITION: TECO should be required to cease all coal combustion at Polk 1 immediately and at Big Bend 4 by the end of 2025 or when its current coal supply is exhausted, whichever occurs sooner.

<u>OPC-1:</u> What considerations should the Commission give the affordability of customer bills in this proceeding?

POSITION: Sierra Club is deeply concerned that TECO customers face the third-highest electricity bills in the nation. Accordingly, the Commission should favor measures to reduce ratepayers' bills when facing policy choices in weighing the recovery of TECO's proposed expenses. Wherever the Commission can reduce costs to ratepayers, the Commission should favor such proposals. Finally, the Commission should scrutinize TECO's reserve margin and reliability planning assumptions with an eye toward reducing overbuild and costs to ratepayers.

<u>OPC-2:</u> What impact will TECO's rate increase have on rate payers?

POSITION: Sierra Club is concerned that this rate increase will have a substantial harmful impact on already-overburdened electricity customers. TECO's rate increase could lead to customers facing unacceptable choices regarding basic necessities. Customers may have to choose whether to pay for food or pay TECO to run their air conditioning. With such high bills, more customers will be vulnerable to going into debt or arrearage.

<u>OPC-3:</u> Should TECO continue to operate as the *de facto* centralized service provider, and if so, what additional measures should be taken, if any, to facilitate its operation as the centralized service provider?

POSITION: Sierra Club has no position on this issue.

V. Stipulated Issues

Sierra Club has none at this time.

VI. Pending Motions or Other Matters

Sierra Club has none at this time.

VII. Pending Request or Claims for Confidentiality

Sierra Club has none at this time.

VIII. Objections to Witness' Qualifications as an Expert

Sierra Club has none at this time.

IX. Request for Sequestration of Witnesses

Sierra Club has none at this time.

X. Compliance with Order Establishing Procedure

Sierra Club has complied with all applicable requirements of the order establishing procedure in this docket.

RESPECTFULLY SUBMITTED this 22nd day of July, 2024.

___*/s/ Nihal Shrinath*____

Nihal Shrinath
2101 Webster Street Suite 1300
Oakland, CA 94612
(415) 977-5566
(510) 208-3140 (fax)
nihal.shrinath@sierraclub.org

Sari Amiel
50 F St. NW, Eighth Floor
Washington, DC 20001
(301) 807-2223
sari.amiel@sierraclub.org

Qualified Representatives for
Sierra Club

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been furnished by electronic mail on this 22nd day of July, 2024, to the following:

Florida Public Service Commission/OGC
Adria Harper
Carlos Marquez
Timothy Sparks
Daniel Dose
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
aharper@psc.state.fl.us
cmarquez@psc.state.fl.us
tsparks@psc.state.fl.us
ddose@psc.state.fl.us

Tampa Electric Company
Ms. Paula K. Brown
Regulatory Affairs
Tampa FL 33601-0111
(813) 228-1444
(813) 228-1770
regdept@tecoenergy.com

Office of Public Counsel
Walt Trierweiler/Patricia A. Christensen
c/o The Florida Legislature
Tallahassee FL 32399-1400
(850) 488-9330
christensen.patty@leg.state.fl.us
trierweiler.walt@leg.state.fl.us

Gardner Law Firm
Robert Scheffel Wright/John T. LaVia, III
1300 Thomaswood Drive
Tallahassee FL 32308
(850) 385-0070
(850) 385-5416
jlavia@gbwlegal.com
schef@gbwlegal.com

Florida Industrial Power Users Group
Jon C. Moyle, Jr./Karen A. Putnal
c/o Moyle Law Firm
Tallahassee FL 32301
(850) 681-3828
(850) 681-8788
jmoyle@moylelaw.com
kputnal@moylelaw.com

Federal Executive Agencies
L. Newton/A. George/T. Jernigan/E. Payton
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
(850) 283-6347
ebony.payton.ctr@us.af.mil
thomas.jernigan.3@us.af.mil
Leslie.Newton.1@us.af.mil
Ashley.George.4@us.af.mil

Earthjustice
Bradley Marshall/Jordan Luebkemann
111 S. Martin Luther King Jr. Blvd.
Tallahassee FL 32301
(850) 681-0031
(850) 681-0020
bmarshall@earthjustice.org
jluebkemann@earthjustice.org
hlochan@earthjustice.org
flcaseupdates@earthjustice.org

Ausley Law Firm
J. Wahlen/V. Ponder/M. Means
P.O. Box 391
Tallahassee FL 32302
(850) 224-9115
(850) 222-7952
jwahlen@ausley.com
mmeans@ausley.com
vponder@ausley.com

Southern Alliance for Clean Energy
William C. Garner
3425 Bannerman Rd. Unit 105, No. 414
Tallahassee FL 32312
(850) 320-1701
(850) 792-6011
bgarner@wcglawoffice.com

AARP Florida
Chante' Jones
(850) 272-0551
cejjones@aarp.org

Lewis Law Firm
F.L. Aschauer, Jr./A.J. Charles/L. Killinger
106 East College Ave., Suite. 1500
Tallahassee FL 32301
(850) 222-5702
Faschauer@llw-law.com
Acharles@llw-law.com
Lkillinger@llw-law.com

/s/ Drew Mammel
Drew Mammel
Sierra Club
50 F St. NW, Eighth Floor
Washington, DC 20001
(202) 650-6075
drew.mammel@sierraclub.org