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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

Petition for rate increase  
by Tampa Electric Company.

DOCKET NO. 20240026-EI

\_\_\_\_\_ /

Petition for approval of 2023  
depreciation and dismantlement  
study, by Tampa Electric Company.

DOCKET NO. 20230139-EI

\_\_\_\_\_ /

In re: Petition to implement 2024  
generation base rate adjustment  
provisions in paragraph 4 of the  
2021 stipulation and settlement  
agreement, by Tampa Electric Company.

DOCKET NO. 20230090-EI

\_\_\_\_\_ /

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PROCEEDINGS: HEARING

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

DATE: Monday, August 26, 2024

TIME: Commenced: 1:00 p.m.  
Concluded: 7:54 p.m.

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

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

PREMIER REPORTING  
(850) 894-0828

1 APPEARANCES:

2 J. JEFFREY WAHLEN, MALCOLM N. MEANS and  
3 VIRGINIA PONDER, ESQUIRES, Tampa Electric Company, 123  
4 South Calhoun Street, Tallahassee, Florida 32301;  
5 appearing on behalf of Tampa Electric Company (TECO).

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

13 ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III,  
14 ESQUIRES, 1300 Thomaswood Drive, Tallahassee, Florida  
15 32308; appearing on behalf of Florida Retail Federation  
16 (FRF).

17 JON C. MOYLE and KAREN PUTNAL, ESQUIRES, Moyle  
18 Law Firm, 118 North Gadsden Street, Tallahassee, Florida  
19 32301; appearing on behalf of Florida Industrial Power  
20 Users Group (FIPUG).

21 NIHAL SHRINATH, ESQUIRE, 2101 Webster Street,  
22 Suite 1300, Oakland, California 94612; and SARI AMIEL,  
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24 Washington, DC 20001; appearing on behalf of Sierra Club  
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1 APPEARANCES CONTINUED:

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3 ESQUIRES, Earthjustice, 111 S. Martin Luther King Jr.  
4 Boulevard, Tallahassee, Florida 32301; and HEMA LOCHAN,  
5 ESQUIRE, Earthjustice, 48 Wall Street, 15th Floor, New  
6 York, New York 10005; appearing on behalf of Florida  
7 Rising (Florida Rising) and League of United Latin  
8 American Citizens of Florida (LULAC).

9 CAPTAIN ASHLEY GEORGE and CAPTAIN MICHAEL  
10 RIVERA, ESQUIRES, 139 Barnes Drive, Suite 1, Tyndall  
11 AFB, Florida 32403; appearing on behalf of the Federal  
12 Executive Agencies (FEA).

13 FLOYD SELF and RUTH VAFEK, ESQUIRES, Berger  
14 Singerman Law Firm, 313 North Monroe Street, Suite 301,  
15 Tallahassee, Florida 32301; on behalf of Americans for  
16 Affordable Clean Energy, Circle K, RaceTrac and Wawa,  
17 (FUEL RETAILERS).

18 STEPHANIE U. EATON, ESQUIRE, Spilman Thomas &  
19 Battle, PLLC, 110 Oakwood Drive, Suite 500,  
20 Winston-Salem, North Carolina 27103; STEVEN W. LEE,  
21 ESQUIRE, Spilman, Thomas & Battle, PLLC, 1100 Bent Creek  
22 Boulevard, Suite 101, Mechanicsburg, Pennsylvania 17050;  
23 appearing on behalf of Walmart, Inc. (Walmart).

24

25

1 APPEARANCES CONTINUED:

2                   TIMOTHY SPARKS, CARLOS MARQUEZ and ADRIA  
3 HARPER, ESQUIRES, FPSC General Counsel's Office, 2540  
4 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,  
5 appearing on behalf of the Florida Public Service  
6 Commission (Staff).

7                   KEITH HETRICK, GENERAL COUNSEL; MARY ANNE  
8 HELTON, DEPUTY GENERAL COUNSEL; SAMANTHA CIBULA,  
9 ESQUIRE, Florida Public Service Commission, 2540 Shumard  
10 Oak Boulevard, Tallahassee, Florida 32399-0850, Advisor  
11 to the Florida Public Service Commission.

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

2 CHAIRMAN LA ROSA: Good morning, everyone.  
3 Today is August 26, 2024. We are here at the TECO  
4 rate case hearing. This meeting is officially  
5 called to order.

6 Staff, let's go ahead and read the notice.

7 MR. SPARKS: Pursuant to notice, this time and  
8 place has been set for a hearing in Docket No.  
9 Number 20240026-EI, 20230139-EI and 20230090-EI,  
10 regarding a petition for rate increase by Tampa  
11 Electric Company. The purpose of the hearing is  
12 set out more fully in the notice.

13 CHAIRMAN LA ROSA: Thank you, staff.

14 Before we take appearances, I'd like to lay  
15 out the week for everybody. Obviously, we've got a  
16 lot before us. Our staff is prepared to come early  
17 and stay late. I truly appreciate them.

18 We will finish this hearing this week. We  
19 will try to make this process as efficient as  
20 possible. Obviously, that depends on those that  
21 are before us. So let's just kind of be mindful  
22 and just try to be as efficient as we can  
23 throughout this -- throughout this meeting --  
24 throughout this hearing.

25 Let's go ahead and let's start with

1 appearances, starting with TECO.

2 MR. WAHLEN: Good afternoon, Commissioners. I  
3 am Jeff Wahlen of the Ausley McMullen Law Firm,  
4 appearing with Malcolm Means and Virginia Ponder,  
5 on behalf of Tampa Electric Company.

6 CHAIRMAN LA ROSA: Thank you.

7 MR. SELF: Good afternoon, Commissioners.  
8 Floyd Self and Ruth Vafek, on behalf of the Fuel  
9 Retailers.

10 MR. MOYLE: Good afternoon. Jon Moyle with  
11 the Moyle Law Firm, appearing on behalf of the  
12 Florida Industrial Power Users Group, commonly  
13 known as FIPUG. And I would like to enter an  
14 appearance also for Karen Putnal with our firm.

15 CAPTAIN GEORGE: Good afternoon,  
16 Commissioners. Captain Ashley George, along with  
17 my co-counsel, Captain Michael Rivera, on behalf of  
18 the Federal Executive Agencies.

19 MR. WRIGHT: Good afternoon, Mr. Chairman and  
20 Commissioners. Robert Scheffel Wright with the  
21 Gardner Bist Law Firm, appearing on behalf of the  
22 Florida Retail Federation. I would also like to  
23 enter an appearance for my law partner, John T.  
24 LaVia, III. He goes by Jay. He will be sitting up  
25 here for part of the hearing this week.



1 Thank you very much.

2 CHAIRMAN LA ROSA: Thank you.

3 MR. SHRINATH: Good afternoon, Mr. Chairman  
4 and Commissioners. Nihal Shrinath on behalf of  
5 Sierra Club. I'm here with my colleague, Sari  
6 Amiel, also on behalf of Sierra Club.

7 CHAIRMAN LA ROSA: Thank you.

8 MS. EATON: Good afternoon, Mr. Chairman. My  
9 name is Stephanie Eaton. I'm here on behalf of  
10 Walmart, Inc. And I would also like to enter an  
11 appearance for Steven Lee, who is a partner with me  
12 at the law firm of Spilman, Thomas & Battle.

13 Thank you.

14 MR. MARSHALL: Good afternoon. Bradley  
15 Marshall, Jordan Luebkekmann and Hema Lochan on  
16 behalf of Florida Rising and the League of United  
17 Latin American Citizens of Florida, better known as  
18 LULAC.

19 MR. REHWINKEL: Good afternoon, Mr. Chairman.  
20 Charles Rehwinkel with the Office of Public Counsel  
21 on behalf of the customers of Tampa Electric  
22 Company. I would also like to enter an appearance  
23 for the Public Counsel, Walt Trierweiler, and for  
24 Patty Christensen, Ali Wessling, Octavio Ponce and  
25 Austin Watrous.

1 Thank you.

2 MR. SPARKS: Good afternoon. Timothy Sparks  
3 on behalf of staff. And I would also like to enter  
4 an appearance for Carlos Marquez and Adria Harper,  
5 my co-counsels.

6 MS. HELTON: And finally, Mary Anne Helton is  
7 here as your Advisor. I'd also like to enter an  
8 appearance for Samantha Cibula. She will also be  
9 filling in this week as an Advisor to you, as well  
10 as your General Counsel, Keith Hetrick.

11 CHAIRMAN LA ROSA: Thank you all.

12 Staff, are there any preliminary matters that  
13 we need to address before we move on to the  
14 exhibits?

15 MR. SPARKS: Yes, a few things, Mr. Chair.

16 First, we have some factual stipulations that  
17 have been filed in this case jointly by Florida  
18 Rising and LULAC and FRF. Staff suggests that the  
19 Commission vote on these stipulations today. The  
20 proposed stipulations can then be entered into the  
21 record during the exhibits portion of the hearing.

22 Does the Commission wish to take a vote on the  
23 stip -- on these stipulations now?

24 CHAIRMAN LA ROSA: Commissioners, are there  
25 any questions on the stipulations?

1 I think we're prepared to take a quick vote.  
2 I'll just look to my right and to my left. Is  
3 there objection?

4 Seeing no objection. Show that, then, the  
5 stipulations are approved.

6 MR. SPARKS: Staff notes that the Commission  
7 has approved FRF's stipulations at this time. The  
8 stipulations will be moved into the record, and  
9 staff notes that FRF witness Steve W. Chriss is  
10 excused from the hearing, and his prefiled  
11 testimony and exhibits will be entered into the  
12 record according to the Preparing Order.

13 Additionally, the parties have stipulated to  
14 the prefiled testimony and exhibits of FEA  
15 witnesses Christopher C. Walters and Brian C.  
16 Andrews, and Sierra Club witness Devi Glick. Staff  
17 has conferred with each Commissioner's office and  
18 confirmed that they have no questions for these  
19 witnesses, and that they may be excused from the  
20 hearing.

21 Staff recommends that their prefiled testimony  
22 and corresponding prefiled exhibits should be  
23 entered into the record in order of their  
24 appearance per the Prehearing Order.

25 Next, staff would like to turn to the order of

1 witnesses. According to the Prehearing Order, the  
2 utility will be presenting both direct and rebuttal  
3 testimony at the same time, except for their  
4 witnesses Chronister and Williams.

5 Additional -- additionally, multiple parties  
6 have requested that the Commission provide a time  
7 certain for witnesses to testify. In order to  
8 ensure all witnesses are examined, staff suggests  
9 that certain witnesses be taken out of the order  
10 that was set forth in the OEP.

11 To that end, staff requests that staff  
12 witnesses Calhoun and Kopelovich be taken out of  
13 order and go immediately following the TECO  
14 witnesses.

15 CHAIRMAN LA ROSA: Thank you.

16 This hearing, obviously, has been scheduled  
17 for five days, starting today, of course. While  
18 we're trying to accommodate the witness order  
19 request to the best that we can, I've emphasized  
20 before, we need to conduct this hearing as timely,  
21 and, of course, as efficiently as possible.

22 To that end, it was made clear by the  
23 Prehearing Officer, and I want to reiterate on  
24 behalf of the Commission, that even though we're  
25 trying to accommodate witnesses for Thursday and

1 for Friday, if we reach a point where the hearing  
2 -- where we need to ultimately move forward, we're  
3 going to do so. So that means the witnesses that  
4 aren't present, that is done at your own risk.

5 Staff, can we go ahead and move on to the next  
6 preliminary issues?

7 MR. SPARKS: TECO filed updated revenue  
8 requirement documents on August 22nd, and staff  
9 recommends entering those into the record during  
10 the discussion of the exhibits.

11 And finally, we would like to address two  
12 pending motions.

13 OPC filed a motion requesting that the  
14 Commission take official recognition of the written  
15 customer comments submitted in this docket, and the  
16 customer complaints submitted to the Commission  
17 since January 1, 2022.

18 TECO filed a response stating that it does not  
19 object to the motion as to the customer comments,  
20 but as to the customer complaints, the company will  
21 not object on the condition that excerpts from the  
22 December 2022, December 2023 and June 2024 Consumer  
23 Affairs Reports are also officially recognized, and  
24 noted that OPC did not object to the request.

25 In order to resolve these motions, staff

1 recommends labeling these documents as Exhibits  
2 832, 833 and 834, respectively, on the CEL, and  
3 that they be placed on the CEL. If there is no  
4 objection, these exhibits can be entered into the  
5 record when we take up the exhibits in the exhibit  
6 portion of the hearing.

7 Staff believes this will render the motions  
8 moot, and provide the best procedure for  
9 accomplishing the goal of getting these documents  
10 into the record.

11 This is all the preliminary matters staff had  
12 earmarked.

13 CHAIRMAN LA ROSA: Okay. Does any other party  
14 have any preliminary matters that we need to  
15 address?

16 MR. REHWINKEL: Yes.

17 CHAIRMAN LA ROSA: Okay. Let's go to OPC and  
18 I'll come back to you.

19 OPC.

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

21 The Office of Public Counsel would like to  
22 make a statement for the record to preserve issues  
23 that we have raised previously.

24 The Public Counsel's office renews and  
25 continues its objections contained in the Office of

1 Public Counsel's motion for expedited scheduling  
2 conference filed on March 8th, 2024, which was  
3 denied on April 16, 2024, in Order No.  
4 PSC-2024-0096-FOF-EI; OPC's motion for  
5 reconsideration, or in the alternative, motion for  
6 continuance filed on April 22nd, 2024, which was  
7 denied in Order No. PSC-2024-0189-FOF-EI, issued  
8 June 11, 2024; and OPC's motion for additional  
9 customer service hearings filed on May 6, 2024, and  
10 denied by Commission Order PSC-2024-0160-PCO-EI, on  
11 May 30, 2024.

12 The Public Counsel renews and continues its  
13 objections to the case schedule as being inadequate  
14 to protect the property interest of the customers  
15 of Tampa Electric Company.

16 The Commission has chosen this rate case for  
17 the full rollout of its digital document platform,  
18 Case Center, and in doing so, required parties to  
19 carve out well more than an extra 12 days for -- of  
20 preparation time that they would otherwise have had  
21 to fully dedicate to hearing preparation to ours  
22 and our clients' detriment.

23 The Office of Public Counsel renews and  
24 continues its objection to the amount of time  
25 allocated for this hearing. We contend that the

1 case schedule and the hearing time were determined  
2 well in advance of the time when the scope -- or  
3 before the scope of the case and the number of  
4 parties was publicly known, and we believe it is  
5 inadequate.

6 The Office of Public Counsel renews and  
7 continues its objection to the Commission forcing  
8 the delivery of documents in the form of  
9 cross-examination exhibits already in the  
10 possession of the company, ostensibly for the  
11 purpose of exchanging in advance of  
12 cross-examination in a manner that discloses  
13 privileged work product, mental impressions and  
14 legal strategy, and this harms interests of our  
15 clients.

16 Mr. Chairman, I had another issue to raise  
17 based on some remarks that Mr. Thomson of Thomson  
18 Reuters made on February 20, 2024, at Internal  
19 Affairs, where he indicated that they -- that  
20 Thomson Reuters had spent money to provision Case  
21 Center with artificial intelligence that would  
22 allow the Commission to take summaries of the  
23 documents that were provided. Mr. Trierweiler had  
24 a discussion with staff, and I followed up on that,  
25 and we understand that the Commission did not



1 purchase that option of Case Center.

2 I was prepared to ask that any such summaries  
3 be provided to the parties so that we could verify  
4 the accuracy of them. But to the extent that the  
5 Commission has not ordered this version of Case  
6 Center, and is not in use, and no such documents  
7 are being produced, I would not make that request.

8 To the extent that artificial intelligence and  
9 machine learning generated summaries of the  
10 documents that we have provided are being provided  
11 to the Commission, we would ask that we be provided  
12 with them, but I do think that is moot.

13 Thank you.

14 CHAIRMAN LA ROSA: Thank you.

15 I'm going to go to -- can I go to the Fuel  
16 Retailers first? Mr. Self.

17 MR. SELF: Thank you, Mr. Chairman.

18 Tampa Electric and the Fuel Retailers have  
19 worked out an additional stipulation, which I  
20 emailed to the parties this morning. I've not  
21 received any objections from any of the parties to  
22 that.

23 We are currently in the process of getting  
24 that filed with the Commission, and I've been  
25 advised by staff that we will bring that up later,

1           once it has been filed and we can get you copies to  
2           look at.

3           CHAIRMAN LA ROSA: All right. Thank you.

4           MR. MARSHALL: I just want to say that Florida  
5           Rising and LULAC join the Office of Public  
6           Counsel's objection.

7           Thank you.

8           CHAIRMAN LA ROSA: Okay. Thank you. Maybe I  
9           should have taken you right afterwards, I guess.

10          CAPTAIN GEORGE: Mr. Chairman.

11          CHAIRMAN LA ROSA: Yes.

12          CAPTAIN GEORGE: Thank you.

13                 I just want to just make sure -- get  
14                 clarification in regards to our witness that was  
15                 excused. We filed an errata to his testimony on  
16                 Friday, and just want to make sure that's also been  
17                 included into the record.

18          CHAIRMAN LA ROSA: I'll look to staff for  
19                 that.

20          MR. SPARKS: I believe it has, and we'll make  
21                 sure.

22          CAPTAIN GEORGE: Thank you.

23          CHAIRMAN LA ROSA: Thank you.

24                 And if there are any other stipulated issues  
25                 that do arise throughout today or the week, please

1 bring it to our attention, and I'm happy to  
2 alternate the schedule accordingly, as stated.  
3 Obviously, I want to make sure we're as efficient  
4 as we can be.

5 TECO.

6 MR. WAHLEN: Just one question. Did the staff  
7 assign an exhibit number to the August 22nd revenue  
8 requirement update?

9 MR. SPARKS: I don't think I mentioned one out  
10 loud, but we will when we are marking and entering  
11 exhibits.

12 MR. WAHLEN: Okay. Very well. Thank you.

13 CHAIRMAN LA ROSA: All right. Seeing no other  
14 preliminary matters, staff, let's go to exhibits.

15 MR. SPARKS: Thank you, Mr. Chair.

16 Staff has compiled a Comprehensive Exhibit  
17 List, or CEL. Item 1 on the CEL is the CEL itself.  
18 Item No. 2 are pictures of a utility poll submitted  
19 by a customer at one of the customer service  
20 hearings.

21 The MFRs and prefiled exhibits attached to the  
22 witnesses' testimony are labeled Nos. 3 through  
23 152. And staff's hearing exhibits are Nos. 153  
24 through 223.

25 The list has been provided to the parties, the

1 Commissioners, and the court reporter.

2 Staff requests that the CEL be marked for  
3 identification purposes as Exhibit No. 1, and that  
4 the other exhibits listed on the CEL be marked for  
5 identification as set forth in the CEL.

6 CHAIRMAN LA ROSA: The exhibits are so marked.

7 (Whereupon, Exhibit Nos. 1 - 220 were marked  
8 for identification.)

9 MR. SPARKS: At this time, staff would ask  
10 that the CEL, marked as Exhibit No. 1 be entered  
11 into the record.

12 CHAIRMAN LA ROSA: Are there any objections?

13 SPEAKER 1: No objection.

14 CHAIRMAN LA ROSA: Hearing none, Exhibit 1 is  
15 entered.

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

18 MR. SPARKS: The prefiled exhibits will be  
19 moved at the conclusion of each witnesses'  
20 cross-examination.

21 Staff asks that Exhibit Nos. 2 through 223 be  
22 moved into the record as set forth in the CEL.

23 CHAIRMAN LA ROSA: Have all the parties had an  
24 opportunity to review the Comprehensive Exhibit  
25 List?

1           Are there any objections? Entry -- excuse me  
2           -- 2 through 223.

3           MR. WAHLEN: No objection.

4           CHAIRMAN LA ROSA: All right. Then show those  
5           entered into the record.

6           MR. SPARKS: In regard to the pending motions  
7           for official recognition, staff suggests entering  
8           these into the record as Exhibits numbered 832, 833  
9           and 834, respectively.

10          CHAIRMAN LA ROSA: Have all the parties had a  
11          chance to read those Exhibits 832, 833 and 834?

12          All right. Seeing --

13          MS. EATON: Can you please restate them again,  
14          just so we're sure we know what they are?

15          Thank you.

16          CHAIRMAN LA ROSA: These three in particular,  
17          832, 833 and 834, staff.

18          MS. CHRISTENSEN: Commissioner, this is Patty  
19          Christensen with the Office of Public Counsel. Can  
20          I ask for clarification?

21          Generally speaking, we add, or we enter in the  
22          witness exhibits, attach their prefiled testimony  
23          as those witnesses come up and are taking the  
24          stand. Are we diverting from that and entering  
25          those into the record now?

1 CHAIRMAN LA ROSA: No.

2 MS. CHRISTENSEN: Okay. So you're just  
3 entering 153 through staff's Comprehensive Exhibit  
4 List? I just -- I'm sorry, I thought I may have  
5 misheard the numbering.

6 MR. SPARKS: I think the intention is to  
7 continue the prior practice and to enter the  
8 exhibits related to the witness's testimony at the  
9 time the testimony is entered into the record. I  
10 may have included some additional exhibit numbers  
11 previously.

12 CHAIRMAN LA ROSA: Does that clarify that?

13 MS. CHRISTENSEN: Yes. I just wanted to  
14 clarify that staff was attempting to move in  
15 staff's stipulated Exhibits 153 through 223?

16 MR. SPARKS: Yes. That's correct.

17 MS. CHRISTENSEN: Thank you.

18 MR. MARSHALL: I'm sorry. Now it's my turn to  
19 be confused.

20 On the CEL that I have, and that's on Case  
21 Center, it just shows 221 through 223 as being  
22 Tampa Electric Company cross-examination exhibits,  
23 and staff only going up to 220 on the CEL.

24 MR. SPARKS: We're taking a quick look. I  
25 believe the correct numbers are 153 to 220.

1           CHAIRMAN LA ROSA: All right. So now it's my  
2 time to ask a question, I guess. So do I need to  
3 go back to what we just entered in?

4           MR. SPARKS: I believe there was also a  
5 pending question regarding the additional exhibits  
6 for -- regarding the motion -- motions for official  
7 recognition. These are just the documents that  
8 were included as attachments to those motions, but  
9 I can describe them again.

10           It would be the written customer comments  
11 submitted in this docket. It would also be the  
12 customer complaints that have been submitted to the  
13 Commission. And then it's been the excerpts from  
14 the December 2022, December 2023 and June 2024  
15 Consumer Affairs Reports that were included as  
16 attachments in TECO's response to the motion.

17           CHAIRMAN LA ROSA: Go ahead, you are  
18 recognized.

19           MR. MARSHALL: So just for clarification,  
20 then, the exhibits that we are moving in now are  
21 153 through 220, and 832 through 834?

22           MR. SPARKS: That's correct.

23           MR. MARSHALL: All right. Thank you.

24           (Whereupon, Exhibit Nos. 832-834 were marked  
25 for identification.)

1           CHAIRMAN LA ROSA: Okay. So I'll restate the  
2 question.

3           Have all the parties had an opportunity to  
4 review the exhibits, now that they've been  
5 adjusted, 153 through 220, 832, 833, 834?

6           MR. WAHLEN: No objection.

7           CHAIRMAN LA ROSA: No objection, show that  
8 they are entered into the record.

9           (Whereupon, Exhibit Nos. 2-220 and 832-834  
10 were received into evidence.)

11          CHAIRMAN LA ROSA: Staff.

12          MR. SPARKS: In regard to the updated revenue  
13 requirement documents, staff suggests entering  
14 these into the record as Exhibit No. 835.

15          (Whereupon, Exhibit No. 835 was marked for  
16 identification.)

17          CHAIRMAN LA ROSA: Have all the parties had an  
18 opportunity to review 835?

19          Are there any objections?

20          Seeing no objections to 835, show it as  
21 entered into the record.

22          (Whereupon, Exhibit No. 835 was received into  
23 evidence.)

24          MR. SPARKS: Finally, in regard to the factual  
25 stipulations proposed by Florida Rising, LULAC and



1 the FRF, staff suggests entering these into the  
2 record as Exhibit No. 836.

3 (Whereupon, Exhibit No. 836 was marked for  
4 identification.)

5 CHAIRMAN LA ROSA: Any objections to 836?

6 Seeing no objections to 836, show that entered  
7 into the record.

8 (Whereupon, Exhibit No. 836 was received into  
9 evidence.)

10 CHAIRMAN LA ROSA: Okay. So I think we're  
11 good on that.

12 We're going to go ahead and move to opening  
13 statements at this time. Again, per the Prehearing  
14 Order, each party will have five minutes to make  
15 their opening statement. I will call upon you, and  
16 we will go a little bit out of order from how we  
17 are all sitting up here today, but we will start  
18 with -- we will start with TECO.

19 MR. WAHLEN: Good afternoon, Commissioners.

20 Tampa Electric is required by Florida law to  
21 provide reasonably sufficient, adequate and  
22 efficient electric service to customers. Florida's  
23 recently revised energy policy speaks of adequate,  
24 reliable and cost-effective supplies of energy. It  
25 uses terms like secure, resilient, reliable,

1 cost-effective, affordable, diverse, safe and  
2 economic growth. It reflects concerns about  
3 natural and manmade threats to security and  
4 reliability of Florida's energy supply. It  
5 mentions affordable once, but cost-effective and  
6 reliable four times each.

7 Tampa Electric must balance these factors and  
8 others, like energy conservation and financial  
9 integrity, for both current and future customers.  
10 It's responsible and accountable for keeping the  
11 lights on and getting them back on when they go  
12 out.

13 By statute, Public Counsel's advocacy in this  
14 case is constrained only by what he believes is in  
15 the public interest. We disagree with Public  
16 Counsel on a number of issues, but are encouraged  
17 by the Prehearing Order, which shows that Public  
18 Counsel is not challenging the prudence,  
19 cost-effectiveness or need for the company's future  
20 solar, energy storage, Polk 1 flexibility,  
21 corporate headquarters, operations center or future  
22 environmental compliance projects.

23 The rest of the interveners are not  
24 constrained or obliged to balance anything. They  
25 may advocate for their own specific interests, and

1 do. In this case, one intervener opposes all rate  
2 increases at all, or alternatively, opposes all  
3 rate base additions except solar and energy  
4 storage.

5 Another wants the company to retire its coal  
6 combustion assets. Some argue that none of the  
7 company's solar energy storage, IT and customer  
8 experience investments should be added into rate  
9 base.

10 One opposes the company's decision to move its  
11 aging corporate headquarters out of a flood zone.  
12 Some disagree on the cost-of-service methodologies  
13 to be used in this case.

14 Some, including the Office of Public Counsel,  
15 want to flow through the investment tax credit on  
16 energy storage devices over three years, even  
17 though future customers will be paying the cost of  
18 that storage over the life of the assets, which we  
19 agree is 20 years.

20 One party apparently thinks the company should  
21 not have any spare medium trans -- voltage  
22 transformers, even though the lead time for  
23 purchasing them is about 18 months.

24 The interveners in this case may be interested  
25 in Tampa Electric's service, but they are not

1 responsible or accountable for keeping the lights  
2 on, or putting them back on when they go out.

3 You will, this week, have a chance to talk to  
4 15 people who are. The company's 15 employee  
5 witnesses live and work in Tampa. They are part of  
6 the Tampa community. They lead a team of about  
7 2,500 employees in service of the company's current  
8 and future customers. They make planning,  
9 investing, spending, operating and financial  
10 decisions for the company and its customers in  
11 Tampa. They are responsible and accountable.

12 They will explain this week how their plans  
13 reflect the values in Florida's updated energy  
14 policy. They will explain how they balance safety,  
15 efficiency, reliability, affordability, resilience,  
16 cost-effectiveness, efficiency, conservation,  
17 financial integrity, and other factors, and how  
18 these considerations inform the company's rate  
19 increases.

20 They will explain how cost-effectiveness, cost  
21 control and efficiency guide the company's planning  
22 and decision-making and promote affordability.

23 They will show that the company's rate base  
24 additions are prudent, that they should be approved  
25 now, not later, and that the company's O&M expense

1 levels for 2025 are reasonable and necessary to  
2 meet the ever-increasing expectations of its  
3 customers.

4 With three other experts, they will also  
5 explain why the interveners' positions should not  
6 be approved when they conflict with Tampa  
7 Electric's.

8 Tampa Electric is responsible and accountable  
9 for keeping the lights on. Balancing the factors  
10 needed for safe, reliable and cost-effective  
11 electric service is not easy, but it's a  
12 responsibility that Tampa Electric and its  
13 management gladly bear.

14 Tampa Electric will show this week that it has  
15 struck a reasonable balance, that Tampa Electric's  
16 proposed rates for '25, '26 and '27 are fair, just,  
17 and reasonable, and that they should be approved.

18 The company appreciates the professionalism of  
19 the interveners in this case so far, and the hard  
20 work of your staff, and for those things we say  
21 thank you. We also thank each of you in advance  
22 for your attention and look forward to answering  
23 your questions this week.

24 Thank you.

25 CHAIRMAN LA ROSA: Thank you.

1 OPC.

2 MS. CHRISTENSEN: Good afternoon,  
3 Commissioners. I am Patty Christensen. It is my  
4 privilege to represent the customers of Tampa  
5 Electric.

6 The State's new energy policy now requires an  
7 adequate, reliable and cost-effective supply of  
8 energy for the state in a manner that promotes the  
9 health and welfare of the public, and the top goal  
10 is ensuring a cost-effective and affordable energy  
11 supply for Florida.

12 This focus has informed our case preparation,  
13 and for the next five days, we will challenge  
14 TECO's excessive platinum-plated demands. We  
15 respectfully request that you reduce TECO's  
16 unreasonable demands to only what is really needed  
17 to provide safe, reliable and affordable  
18 electricity to their customers.

19 What customers don't need is to grow rate base  
20 primarily to provide increased cash flow to assist  
21 TECO's parent company with their financial  
22 difficulties. What customers do need is affordable  
23 rates, which even the utility recognizes has become  
24 a serious concern.

25 Some claim it is difficult to define

1           affordability, but it is a basic concept. Can I  
2           pay for the electricity that I need? No statutory  
3           metric or rule is required to provide a framework  
4           for considering affordability in decision-making.  
5           You can consider affordability from the facts and  
6           the record before you relying on your common sense.

7                    Cost is the primary driver for affordability.  
8           As one residential customer in Tampa put it,  
9           "Please help us. I'm not asking for anyone to pay  
10          my bills or take care of my responsibilities, but I  
11          am asking for help from those in the position of  
12          power."

13                   Affordability is also a concern for commercial  
14          customers, whose profit margins for small business  
15          can be slim, and they may not be able to handle  
16          exorbitant increases in this basic necessity.  
17          Larger businesses may reduce costs by laying off  
18          workers, or selectively closing certain locations.  
19          Large industrial customers may vote with their feet  
20          by shuttering locations within high-cost areas.

21                   TECO's drive to build their rate base is at  
22          the root of these increasingly higher bills. An  
23          example is the nearly \$1 billion grid enhancement  
24          project. To justify the excessive project cost,  
25          TECO cites as its rationale customer growth and a

1 goal to improve response time and reduce truck  
2 rollouts without demonstrating these areas were  
3 deficient in the first place.

4 TECO's list of proposed projects provides  
5 platinum solutions to normal stainless steel  
6 customer concerns. TECO is on a quest to move from  
7 very good in practically every service metric,  
8 except cost, to be the very best. TECO seeks to  
9 impose ruinous cost upon customers in order to  
10 achieve negligible improvements that are nearly  
11 indistinguishable from TECO's current performance  
12 standards.

13 TECO has a high margin reserve, far above the  
14 authorized 20 percent. While TECO boasts that they  
15 have the most solar generation per customer in  
16 Florida, their summer reserve margins are already  
17 over 30 percent, and the solar does nothing to  
18 address winter peak for this winter-peaking  
19 company.

20 TECO is asking for an additional 287 million  
21 in customer cash in 2025, an additional 92 million  
22 in 2026, and on top of that, an additional 65  
23 million in 2027, for a whopping total of 445  
24 million additional revenue in rates by January 1st,  
25 2027.



1           By kicking out unnecessary projects and costs,  
2           such as the disparate GRR project from the  
3           subsequent year adjustments, you can lower rates  
4           and make customers' bills more affordable.

5           We respectfully request that you evaluate the  
6           opinions of OPC experts, which would result in a  
7           revenue increase of no more than 73 million in  
8           2025, and significantly lowers the need for any  
9           subsequent year adjustments.

10           How did we achieve this needs-only result?  
11           First, you hold TECO to their burden of proof and  
12           challenge their unfounded and unsupported  
13           assertions.

14           Second, disregard the excessive 11.5 ROE and  
15           authorize one that is in line with the authorized  
16           ROEs around the country, such as the 9.5 percent  
17           ROE our expert recommends.

18           Accept the higher growth in forecast revenues  
19           from 2025 through '27 by disallowing out-of-model  
20           adjustments.

21           Closely examine TECO's affiliate transactions  
22           and disallow unnecessary cost.

23           Require that TECO maintain its current 35-year  
24           life for its solar facilities, and apply the FEA  
25           expert's recommended service lives for combined

1 cycle units, saving customers \$30 million.

2 Recognize that TECO should opt out of  
3 normalization for IRS purposes, flowing the ITCs  
4 back to customers over a shorter period like OPC  
5 has recommended, three years.

6 Reduce project costs associated with pensions,  
7 other post-employment benefits, excessive estimates  
8 of maintenance for major outages, shareholder  
9 benefiting expenses like incentive compensation,  
10 SERP, D&O insurance premiums, and Board of  
11 Directors' expense.

12 Consider the opportunities provided by the  
13 other intervener expert witnesses to reduce  
14 customers' bills. Remember, many of TECO's  
15 customers who said in written comments, the  
16 proposed hike would raise the average bill to  
17 \$160.63 in the month of January 2025. This  
18 represents an astounding 62 percent increase since  
19 2019, far outpacing the rate of inflation over the  
20 same period.

21 Require improved timing of projects, tying  
22 costs to the completion, and laying approval of  
23 lower priority projects.

24 Consider TECO's foreign parent's plan to  
25 subsidize its out-of-state operations through this

1 rate increase by having TECO extract the difference  
2 from its customers.

3 And when you hear that Tampa Electric's  
4 profits are being paid out as dividends to its  
5 Canadian parent company, Emera, to help out its  
6 bottom line, consider putting Florida's interest  
7 first.

8 OPC respectfully requests that you seize upon  
9 every opportunity presented in this rate case to  
10 reduce costs for customers by approving only what  
11 TECO needs, rather than what it wants.

12 Thank you.

13 CHAIRMAN LA ROSA: Thank you.

14 FIPUG.

15 MR. MOYLE: Thank you. Thank you, Mr. Chair.

16 Again, for the record, Jon Moyle on behalf of  
17 FIPUG, the Florida Industrial Power Users Group.  
18 It's been a while since we've been before you in a  
19 contested, litigated rate case, and I just want to  
20 take a moment and talk about FIPUG.

21 It is comprised of large users of electricity.  
22 They play an important role in Florida. They  
23 provide good jobs. They are important to the  
24 economy of Florida, and they've been involved in  
25 this process for decades. So I have the privilege

1 of representing them, and we're going to be  
2 participating actively in this proceeding this  
3 week.

4 A lot of FIPUG members compete in markets that  
5 are regional, statewide, and some that are  
6 international, and they need access to reliable --  
7 as was said by TECO -- reliable electricity. They  
8 need access to cost-effective electricity. And the  
9 legislature has, and there has been a lot of talk  
10 about affordable access. And like others, FIPUG  
11 needs access to affordable electricity, and we  
12 appreciate your efforts to make sure that that  
13 happens.

14 Our focus in this hearing, and most of my  
15 comments today is going to be on an issue that's  
16 very important to FIPUG in this case. And it can  
17 be a little technical, but it's a cost-of-service  
18 issue called 4 coincident peak method of allocating  
19 cost among rate classes, and just to spend a little  
20 time to describe that.

21 As you all know, TECO, when they are operating  
22 their system to serve the peak load, they have to  
23 have power available on the hottest days and on the  
24 coldest day. And there are different ways to look  
25 at that, but a way that makes sense for FIPUG, and

1           for a lot of other people here at the table, is to  
2           go with this 4CP approach. It requires you to pay  
3           your fair share, and that those classes that cause  
4           the cost should fairly pay for those costs that  
5           they cause.

6           In addition to FIPUG supporting this. You  
7           have our -- my colleague, FEA is supporting it.  
8           TECO is supporting it. Mr. Marshall's clients are  
9           not supporting it, but you're going to hear about  
10          this issue. And FIPUG has a witness, Jeff Pollock,  
11          who is going to provide testimony. The other  
12          parties may have witnesses that are going to talk  
13          about why 4CP should be supported. So I just want  
14          to underscore it's important.

15          Briefly, how it works is, you know, when  
16          you're going out and figuring out what's the peak  
17          load, those of us who have been fortunate to be  
18          native Floridians know that the times that it's  
19          hottest in Florida is June, July and August. And  
20          typically, the times that it's the coldest is  
21          January.

22          And so what 4CP does is it measures the  
23          highest heat day in June, July and August, and the  
24          coldest day in January. And then that information  
25          is used to determine how the costs should be

1 allocated.

2 You don't look at all 12 months. There's a  
3 12CP approach that has been used, but that approach  
4 is not as good, because in the shoulder months, you  
5 don't have peak days.

6 And you will hear about shoulder months.  
7 Those are the months October, November, March,  
8 April, where the weather is not likely as hot or as  
9 cold, and utilities can often do repairs and outage  
10 work during those months. So the 4CP approach is  
11 the right way to do it, and we would ask that you  
12 just continue with that approach.

13 It was something that was put in place by an  
14 agreement of all the parties in the 2021 Settlement  
15 Agreement. It has worked well. It's the better  
16 and more equitable way to measure and allocate  
17 cost, which is how it should be done. You know,  
18 everybody should pay their fair share, and 4CP is  
19 the best way, in FIPUG's view, to do that. And I  
20 think that others share that view.

21 I just want to note that when the issue was  
22 before you, there were some comments made about  
23 this has been a transition from the 12CP and 1/13th  
24 approach that was established in 1985 to a 4CP and  
25 100 percent MDS cost of service approach, which

1 reflects some changes that TECO has experienced,  
2 because their generation used to be dominated by a  
3 lot of coal-fired generation, and that's changing  
4 to more renewable energy. So consistent with that,  
5 that was a reason put forward. And you will hear,  
6 I believe, some discussion about that.

7 Again, there was reference made to some  
8 legislative action and some goals that were  
9 articulated by the legislature in this last  
10 session. I want to underscore that point and draw  
11 to the attention, and this is in statute, but the  
12 Section 377.601 is entitled, Legislative Intent,  
13 and it provides legislative intent for energy  
14 policy in the state.

15 And the lead-in sentence says: The purpose of  
16 the State's energy policy is to ensure an adequate,  
17 reliable and cost-effective supply of energy for  
18 the state in a manner that promotes the health and  
19 welfare of the public and economic growth.

20 And they go further and also describe that  
21 economic growth is important in another section of  
22 the same law.

23 So as you all are considering these decisions,  
24 and how to properly allocate costs, we would  
25 respectfully ask you to remember that the 4CP

1 approach is the most fair, the most equitable and  
2 the most consistent way of doing that.

3 I've had people say, well, who else does this?  
4 And, ERCOT, which is an independent system operator  
5 in Texas, they're responsible for the transmission  
6 assets in Texas. They've been doing the 4CP  
7 approach for nearly 30 years, and you will have  
8 evidence of that in the record.

9 So, in summary, we would ask you, as you are  
10 considering this important cost of service issue,  
11 to listen to the testimony, and we believe it will  
12 convince you that the best approach on this is to  
13 continue the 4CP approach.

14 We are going to have a couple of other issues  
15 that you will hear us talk about, but I did want to  
16 spend the time on this in my opening to emphasize  
17 its importance to not only FIPUG, but we believe  
18 that the business community as well.

19 Mr. Pollock does have some testimony about the  
20 return on equity. You have to deal with that in  
21 every rate case, and we will have testimony on  
22 that. We think the request of TECO at 11.5 is too  
23 high and needs to be brought down, ideally, in a  
24 single-digit range. The national average for the  
25 last couple of years has been, not double digits,



1 but has been single digits. So you will hear  
2 testimony on that.

3 And then we will have -- FIPUG will have a  
4 witness, Jonathan Ly, who has some testimony about  
5 solar cost-effectiveness, and is contending that  
6 the solar plants as proposed by TECO are not  
7 cost-effective, or are only cost-effective with  
8 things like production tax credits, and favorable  
9 natural gas forecasts, and also with a projected  
10 cost of carbon.

11 And I think you will hear testimony, you know,  
12 the cost of carbon has been out there -- that's  
13 been a discussion point and been in front of this  
14 commission for many years, but I don't think anyone  
15 has put in place a tax on carbon to date.

16 So if you're making assumptions that there is  
17 going to be a carbon tax, it hasn't happened. I  
18 don't think it's going to happen. And that affects  
19 some of the cost-effectiveness of solar.

20 So that's a preview of the FIPUG case, and I  
21 appreciate your consideration and the time you have  
22 provided to allow me to summarize the comments.

23 CHAIRMAN LA ROSA: Thank you.

24 Florida Rising, LULAC.

25 MR. MARSHALL: Thank you, Mr. Chairman.

1           A piggy bank, the thing you go to when you  
2           want to shake out some more money without doing the  
3           hard work to reduce your costs. For too long, TECO  
4           and the industrial customers have relied on  
5           hardworking residential customers and small  
6           businesses to be the piggy bank to subsidize their  
7           costs. Today, they propose to break the piggy bank  
8           and take out every remaining penny from these  
9           classes to extract the excessive profits that  
10          TECO's Canadian owners aren't allowed to make at  
11          home in Nova Scotia.

12          The proposal also subsidizes the largest and  
13          most profitable companies through artificially low  
14          rates and gratuitous bill credits to the tune of  
15          tens of millions of dollars premised on  
16          curtailments that rarely occur.

17          With FIPUG's working-well cost of service,  
18          TECO has the undisputed third highest residential  
19          electricity bills in the nation of utilities with  
20          over 100,000 residential customers. As a result,  
21          Florida Rising and LULAC are here to say that it's  
22          time to put down the piggy bank.

23          In 2021, a settlement agreement was reached  
24          that obliged TECO to support a 4CP with MDS  
25          methodology in this rate case. What does that

1 mean? It means that all generating power plants  
2 and associated facilities, including part of the  
3 new headquarters, are allocated to the rate classes  
4 based on four projected coincident class peaks in  
5 2025 for the months of January, June, July and  
6 August. No matter that the hypothetical January  
7 peak bears no relation to the actual peaks TECO is  
8 experiencing, and no matter that the peaks in May  
9 and September can be just as high as those  
10 experienced in June through August. No matter that  
11 not a single one of TECO's solar and fossil  
12 generation investments in this case are being made  
13 to meet those hypothetical peaks, but, as the  
14 evidence will show, are being made for their  
15 energy; that is, their fuel savings. And, thus, if  
16 cost causation matters at all, as we say it does,  
17 those costs should be allocated on an energy basis.

18 Our proposed cost of service study of 12CP and  
19 50 percent AD is actually quite conservative  
20 because it only assigns a 50-percent weight to  
21 energy, despite all of TECO's fossil and solar  
22 generation investments being made for their energy  
23 value.

24 Duke supported a similar 12CP and 25 percent  
25 AD cost of service in their rate case, given the

1 amount of solar on their system and diminishing  
2 capacity value of standalone solar assets. TECO  
3 has even more solar proportionally on their system,  
4 and their cost of service should reflect that.

5 If that wasn't enough of a burden on  
6 residential customers and small businesses, they're  
7 also being asked to pay tens of millions of dollars  
8 per year to the largest companies and users of  
9 electricity to be interruptible, with such  
10 interruption occurring once in the last several  
11 years, in the month of November. Notably, not one  
12 of the 4CP months supposedly driving system need,  
13 nor should MDS be given any consideration.

14 Customers should not pay for hypothetical  
15 transformers and poles that do not exist on TECO's  
16 system based on a hypothetical construct. Actual  
17 cost causers should pay the costs of their actual  
18 energy demand on the system. That's all we are  
19 asking for.

20 Because the 2021 settlement dumps so much of  
21 the last rate increases on residential customers  
22 and small businesses, they already pay far more  
23 than their fair share under any reasonable cost of  
24 service study. Thus, you're going to hear some  
25 references to the Commission's historic practice

1 and procedure of applying gradualism. That is,  
2 capping rate class increases at one-and-a-half  
3 times the system average increase, and  
4 redistributing anything above that cap to other  
5 classes; in this case, to residential customers and  
6 small businesses.

7 In other words, because residential and small  
8 business customers have been paying large subsidies  
9 to the largest commercial and industrial customers,  
10 they should continue to do so. Thus, the largest  
11 commercial and industrial customers come to pay  
12 their fair share too quickly. That proposition is  
13 as ridiculous as it sounds, and finds no basis in  
14 Florida law.

15 To quote Governor DeSantis on HB 1645, "We  
16 have definitely said affordability for Floridians  
17 is important. We want low energy costs." He was  
18 also quoted in the marijuana context of warning  
19 against rent-seeking from Canadian companies and  
20 its impact on Floridians. Florida Rising and LULAC  
21 agree.

22 As Emera just said a few weeks ago, the  
23 profits they are reaping from their Florida  
24 customers, who make up just a small slice of their  
25 customer base but a majority of their profits,

1 quote, "Underscores the significance of our Florida  
2 operations and reinforces the strategic decision to  
3 reallocate capital to invest in our strongest  
4 businesses."

5 In other words, there is no analysis showing  
6 Emera needs to be investing all these billions of  
7 dollars into TECO's rate base, but rather, they  
8 expect a constructive regulatory environment will  
9 be enough to avoid the scrutiny required by Florida  
10 law.

11 In sum, after the conclusion of this hearing,  
12 we'll be asking you to send TECO home without its  
13 rent-seeking profits, and the industrials home  
14 without any more subsidies. The residential and  
15 small business piggy bank is empty, and it's time  
16 TECO and Florida's largest electricity users learn  
17 how to support themselves without leaning on  
18 Florida's most vulnerable and hardworking families  
19 and small businesses for free windfalls. It's time  
20 for affordable energy.

21 Thank you.

22 CHAIRMAN LA ROSA: Thank you.

23 Sierra Club. I still can't hear you. You  
24 might be off. Oh, there it is.

25 MR. SHRINATH: Can you hear me?

1 CHAIRMAN LA ROSA: Yeah.

2 MR. SHRINATH: Great. Good afternoon,  
3 Commissioners. I am Nihal Shrinath, representing  
4 Sierra Club's over 31,000 members across the state,  
5 including thousands of TECO customers, some of whom  
6 are now choosing between lights and survival.

7 This rate case offers the Commission a  
8 fundamental question. Is it just and reasonable  
9 for TECO to build out assets unabated without  
10 regard for impact on customer bills? Or is it more  
11 just and more reasonable for TECO to begin retiring  
12 its obsolete assets as it builds out new resources  
13 and, thereby, forego unnecessary investments and  
14 expenses?

15 Across the country, utilities are building out  
16 solar, wind and storage, and at the same time,  
17 retiring old and expensive coal and gas units.  
18 This natural evolution is enabling customers to  
19 benefit from their energy transition and pay  
20 reasonable bills.

21 TECO, on the other hand, is not planning for  
22 resource replacement; instead, asking its customers  
23 to fund new generation, while keeping old,  
24 unreliable and unnecessary generation online, a  
25 heavy, heavy cost.

1           TECO customers already face the third highest  
2           electric bills in this country, as you've heard.  
3           TECO's ask in this case would increase rates by  
4           nearly 50 percent. There are multiple drivers of  
5           these unaffordable rates, and a number of reasons  
6           that this trend cannot continue. Sierra Club  
7           focuses on one driver in particular, continued,  
8           seemingly endless investments into and continued  
9           operation of uneconomic generation units that are  
10          not only uneconomic, but patently unnecessary to  
11          meet reliability needs.

12           First, it's no longer reasonable for TECO's  
13          ratepayers to shoulder the costs of maintaining  
14          outdated coal combustion equipment at Unit 1 at the  
15          Polk Power Station, and Unit 4 at the Big Bend  
16          Power Station. At these plants, TECO seeks to  
17          recover -- to continue recovering costs to keep  
18          solid fuel equipment available, in addition to  
19          saddling TECO customers with additional undisclosed  
20          costs, fuel volatility and environmental compliance  
21          typical to coal combustion.

22           TECO has not met its burden of showing that it  
23          should retain gasification capability at Polk 1  
24          past just this year, and coal combustion capability  
25          at Big Bend 4 past the end of its supply contract.



1 It is even more unreasonable for TECO customers to  
2 continue to shoulder the financial risks of  
3 operating Polk 1 and Big Bend 4 in perpetuity on  
4 gas or otherwise.

5 Unrebutted testimony shows that each of these  
6 units has been uneconomic to operate for the  
7 majority of the past five years, have required  
8 constant million-dollar plus investments to upgrade  
9 and update, and will be uneconomic to operate going  
10 forward.

11 Rather than requiring customers to pay for  
12 uneconomic assets with low utilization rates, TECO  
13 should be required to consider customers' bills,  
14 and to plan for Polk 1 and Big Bend's timely  
15 retirements by 2030 perhaps, or later.

16 TECO does not need Polk 1 and Big Bend 4 to  
17 meet its planning reserve margin until 2027, and it  
18 can plan to bring online less risky and more  
19 economic replacement resources beyond that date.

20 TECO should be prevented from recovering  
21 capital and O&M costs for these units until it  
22 studies different retirement scenarios for Polk 1  
23 and Big Bend 4, and compares continued operation to  
24 the cost of alternative replacement resources.

25 TECO has not done that to date.

1           Finally, it would be unjust and unreasonable  
2           for customers to pay for costs associated with the  
3           proposed Polk 1 Flexibility project and the Polk 1  
4           Fuel Diversity project. Polk 1 is a 220-megawatt  
5           dual fuel plant that has only combusted gas since  
6           2018.

7           Through the Polk 1 Flexibility project, TECO  
8           seeks to recover at least 80.5 million to convert  
9           Polk 1 into a simple cycle combustion turbine,  
10          while retaining gasification technology to burn  
11          petcoke and coal in the future.

12          TECO has not justified incurring the steep  
13          costs of converting a relatively small unit with a  
14          low-capacity factor from one gas combustion  
15          technology to another. It also unreasonably  
16          expects ratepayers to finance a \$53 million fuel  
17          diversity project that sinks more dollars into an  
18          underperforming asset. Neither of these projects  
19          is necessary for TECO to meet its reserve margin,  
20          nor has TECO met its burden in showing that they  
21          are economical.

22          In sum, in order to protect customers from  
23          runaway rates, and to signal to TECO that it cannot  
24          continue to sink hundreds of millions of dollars  
25          into obsolete units, Sierra Club urges the

1 Commission to consider TECO's burden of proof and  
2 the record in this case and do the following:

3 Reject the recovery of O&M costs associated  
4 with Polk 1's gasifier and coal combustion at Big  
5 Bend. Reject recovery of the Polk 1 Flexibility  
6 project and the Polk 1 Fuel Diversity project, and  
7 direct TECO to study replacement resources and  
8 replace capacity at Big Bend 4 and Polk 1 by 2030.

9 Thank you for your consideration.

10 CHAIRMAN LA ROSA: Thank you.

11 Florida Retail, FRF.

12 MR. WRIGHT: Commissioners, it's good to be  
13 here again. Thank you very much for the  
14 opportunity --

15 CHAIRMAN LA ROSA: You're good. Yeah. No,  
16 you're good. We remotely turned on your  
17 microphone.

18 MR. WRIGHT: Thank you.

19 CHAIRMAN LA ROSA: You're good.

20 MR. WRIGHT: Thank you. Thank you again.  
21 Thank you, Commissioner Clark. Thank you, Mr.  
22 Chairman. Thank you, Commissioners, for the  
23 opportunity to address you this afternoon in this  
24 important case.

25 Pursuant to Chapter 366, the Commission is

1 required to set fair, just and reasonable rates  
2 that will enable a utility to provide safe and  
3 reliable service.

4 At least since 2005, when I started  
5 representing the Retail Federation before this  
6 body, the Retail Federation has consistently  
7 advocated that the investor-owned utilities subject  
8 to your jurisdiction should be allowed to charge  
9 rates sufficient to provide the funds that the  
10 utility needs to provide safe and reliable service,  
11 but no more. If the utility gets less than it  
12 needs, that's unfair to the utility. If the  
13 utility gets more than it needs, that is unfair to  
14 customers.

15 We believe that this simple principle must be  
16 interpreted as setting rates that will enable the  
17 utility to provide safe and reliable service at the  
18 lowest possible cost, consistent with making all  
19 needed investments and all needed O&M expenditures  
20 to provide safe and reliable service. Again, as  
21 much as the utility needs, but no more.

22 Affordability of electric service is a  
23 significant issue for all Floridians, more critical  
24 for some than others. I want to talk specifically  
25 about the impact that Tampa Electric's requested

1 rate of return on equity, its ROE, at 11.5 percent  
2 would have on the affordability of electric service  
3 to its customers.

4 The standard for a reasonable rate of return  
5 on equity is widely, I think, universally  
6 recognized and acknowledged as that set forth in  
7 two United States Supreme Court cases, Hope Natural  
8 Gas and Bluefield Water Works.

9 In Bluefield, the court said this: A public  
10 utility is entitled to such rates as will permit it  
11 to earn a return on the value of the property which  
12 it employs for the convenience of the public equal  
13 to that which is generally being made at the same  
14 time and in the same general part of the country on  
15 investments and other business undertakings  
16 attended by corresponding risks and uncertainties.

17 To put this in context, for Tampa Electric,  
18 one full percentage point on ROE, or 100 basis  
19 points for us finance nerds. 100 basis points  
20 translates into revenue requirements of about \$63  
21 million per year.

22 For further context, Tampa Electric's current  
23 approved ROE, as modified by the trigger contained  
24 in its 2021 Settlement Agreement, is 10.2 percent.  
25 The recently approved ROE for its gas affiliate,

1 Peoples Gas System, is 10.15 percent. The national  
2 average ROE approved by public utility regulators  
3 across the United States for the first half of 2024  
4 is right at 9.7 percent.

5 Significantly, the Commission approved, just  
6 last week, revenue requirements and rates for Duke  
7 Energy Florida to be in effect for the period 2025  
8 through 2027, based on a 10.3 percent ROE.

9 Borrowing a phrase from Commissioner Gunter:  
10 Get the hay down where the goats can feed. If you  
11 were to keep Tampa Electric's ROE where it is now,  
12 at 10.2 percent, that would save Tampa Electric's  
13 customers about \$82 million a year just off the  
14 2025 increase, and well over a quarter of a billion  
15 dollars over the three-year period from 2025 to  
16 2027. You would have a similar impact, not much  
17 different, a quarter of a billion dollars of  
18 customer money, if you imposed rate -- if you set  
19 rates based on a 10.3 percent ROE.

20 Returning to the Hope and Bluefield standard,  
21 we believe that the evidence amply demonstrates  
22 that a 10.2 percent ROE, the current rate that  
23 Tampa Electric is working with, is sufficient to  
24 meet the company's legitimate needs to finance its  
25 reasonable and prudent rate base. And even leaving

1           aside the national averages, the ROE that the  
2           commission approved just last week for Duke Energy  
3           Florida should be an absolute ceiling for Tampa  
4           Electric for the 2025 to 2027 period over which  
5           Tampa proposes to have new rates.

6                   Tampa Electric is in the same exact business  
7           as Duke Energy Florida. They are in the exact same  
8           part of the country. They operate under the exact  
9           same regulatory framework, and the rates are to be  
10          in effect for the exact same time period, 2025 to  
11          2027.

12                   In summary, Tampa Electric's requested rate  
13          increases based on its ROE of 11.5 percent are  
14          beyond unreasonable. They are unnecessary,  
15          excessive, and contrary to the public interest,  
16          contrary to the interests of their customers.

17                   Tampa Electric is asking you, the Florida  
18          Public Service Commission, to let them charge  
19          customers more than a quarter of a billion dollars  
20          over the next three years, more than they need to  
21          support all their necessary investments, whether  
22          your benchmark is their current 10.2 percent or the  
23          10.3 percent that you just approved for DEF.

24                   Please keep in mind that the only thing I'm  
25          talking about here is Tampa Electric's equity

1 return. My colleagues have talked about rate base  
2 disallowances, which we will support it in due  
3 course. They have talked about O&M disallowances,  
4 which we will support in due course. I'm only  
5 talking about the equity return. Tampa Electric  
6 does not need any more than a sufficient return to  
7 finance its investments.

8 Please, in the public interest, set rates for  
9 Tampa Electric's customers no higher than they  
10 would be if you applied the rate you just approved  
11 for DEF, and save Tampa Electric's customers  
12 hundreds of millions of dollars over the next three  
13 years.

14 Please also keep in mind that this would still  
15 leave Tampa Electric with an ROE generously higher  
16 than the national average.

17 Thank you.

18 CHAIRMAN LA ROSA: Thank you.

19 Federal Executive Agencies.

20 CAPTAIN RIVERA: Good afternoon, Mr. Chairman  
21 and Commissioners. I am Captain Michael A. Rivera.

22 The Federal Executive Agencies intervened in  
23 this case to ensure taxpayers' money allocated to  
24 MacDill Air Force Base's mission, as well as other  
25 federal agencies, is not unnecessarily burdened by



1 excessive energy costs. Energy costs comprise a  
2 significant portion of all military installations,  
3 operations and maintenance funds, and is true at  
4 MacDill Air Force Base.

5 The same funds that we use for electricity are  
6 used to operate certain missions that are essential  
7 elements and events, such as training, educating  
8 and equipping our airmen, base maintenance and  
9 construction projects.

10 FEA is a utility customer just like any other,  
11 and these bills must be paid. However, the  
12 increase in these costs must mean that installation  
13 commanders have to divert funding from other  
14 essential mission costs. My office's job is to  
15 ensure commanders only have to make these decisions  
16 when it is warranted and for fair, reasonable and  
17 cost-based amounts.

18 So what are these cost-based amounts that are  
19 fair and reasonable, and that you all should  
20 authorize? Through our expert testimony, the FEA  
21 recommends the following:

22 The Commission approve ROE, or return on  
23 equity, below 10 percent, specifically in the range  
24 of 9.2 and 9.6. This tracks with the trend of  
25 other ROEs across the country for comparative --

1           comparable utilities.

2           That the Commission reject the company's  
3           request for capital structure equity ratio of 54  
4           percent, and authorize a capital structure of 52  
5           percent. This aligns with other comparable utility  
6           companies in Florida and across the country.

7           That the Commission accept the adjustments  
8           made to the depreciation rates for several accounts  
9           as recommended in FEA expert witness Brian Andrews'  
10          testimony.

11          That the Commission approve my colleagues and  
12          I's recommended companies 4 coincident peak cost  
13          allocation methodology proposed in TECO class cost  
14          of service study, and also approve the company's  
15          proposal to use the minimum distribution service to  
16          classify distribution costs into demand and  
17          customer components. These methodologies are the  
18          most appropriate way to attribute and allocate cost  
19          causation among TECO rate classes.

20          Lastly, the Commission -- that the Commission  
21          approve FEA's recommendation to increase the demand  
22          charge and reduce energy charges of the general  
23          service large demand primary rate class to be in  
24          line with the time-of-day rate.

25          For these reasons, FEA requests that the

1 Commission accept and approve the FEA's  
2 recommendation and modify TECO's rate increase  
3 filing accordingly to appropriately balance the  
4 increase of the interest of TECO and its customers,  
5 and ensure rates remain just and reasonable.

6 Thank you.

7 CHAIRMAN LA ROSA: Thank you.

8 Fuel Retailers.

9 MR. SELF: Thank you, Mr. Chairman and  
10 Commissioners.

11 We're going to waive our opening in view of  
12 the settlement, which hopefully is being -- or the  
13 stipulation that's hopefully being filed right now.

14 CHAIRMAN LA ROSA: Thank you.

15 Walmart.

16 MS. EATON: Good afternoon. Stephanie Eaton  
17 again from the law firm of Spilman, Thomas & Battle  
18 on behalf of Walmart, Inc.

19 Walmart operates 386 retail units, nine  
20 distribution centers, two fulfillment centers, and  
21 employs over 118,000 associates in Florida. In the  
22 fiscal year ending 2024, Walmart purchased over  
23 \$8.5 billion worth of goods and services from  
24 Florida-based suppliers, supporting over 82,000  
25 supplier jobs.

1           Walmart is also a large customer -- commercial  
2           customer of Tampa Electric Company, owning and  
3           operating approximately 36 retail stores, a  
4           distribution center and related facilities in the  
5           company's service territory. Collectively,  
6           Walmart's facilities in TECO's service territory  
7           consume over 140.3 million kilowatt hours of  
8           electricity annually, primarily on time-of-day  
9           general service demand schedules.

10           The cost of electric utility service is a  
11           significant element in the cost of operation for  
12           Walmart, which will be impacted by the outcome of  
13           this case and, thus, Walmart has intervened.

14           Walmart is also a member of the Florida Retail  
15           Federation, or FRF. On June 6th, 2024, Walmart's  
16           Senior Director of Utility Partnership Steve W.  
17           Chriss filed his direct testimony on behalf of FRF.  
18           And in his testimony, Mr. Chriss focuses on TECO's  
19           proposed return on equity, cost of service and  
20           revenue allocation.

21           On ROE in particular, TECO's requested ROE is  
22           155 basis points higher than its last approved ROE  
23           of 9.95, and 130 basis points higher than the ROE  
24           trigger level of 10.2 this commission approved in  
25           2022. In fact, TECO's requested ROE is higher than

1 the currently approved ROEs for DEF and FPL, and  
2 higher than the ROE agreed upon in the 2024 DEF  
3 rate settlement in Docket 20240025-EI.

4 Among the 118 reported electric utility rate  
5 case ROEs authorized by regulatory commissions for  
6 investor-owned utilities for 2021 through 2024 to  
7 date, the average ROE is 9.5 percent. As a result,  
8 TECO's proposed ROE of 11-and-a-half percent is  
9 excessive in light of the broader electric industry  
10 trends as set forth in Mr. Chriss's testimony.

11 Further, in accordance with Walmart's  
12 significant and company-wide renewable energy goals  
13 set forth in the direct testimony of Steve W.  
14 Chriss in TECO's goals docket, recent goals docket,  
15 20240014-EG, Walmart supports renewable energy  
16 projects to the extent those projects are prudent,  
17 cost-effective and are relevant to Walmart's  
18 renewable energy goals.

19 Walmart appreciates the opportunity to  
20 participate in this proceeding, and thanks the  
21 Commission for evaluating the testimony of FRF in  
22 making its decision in this docket.

23 Thank you.

24 CHAIRMAN LA ROSA: Thank you.

25 I think I got everybody there on the opening

1 statements.

2 Staff, are there any additional stipulations  
3 that need to be discussed? I know the Fuel  
4 Retailers discussed one that was in the works.

5 MR. SPARKS: Staff is not aware of any  
6 additional stipulations at this time.

7 CHAIRMAN LA ROSA: Mr. Self, do you know what  
8 the status of that is?

9 MR. SELF: I'm watching the screen. Nothing  
10 yet.

11 CHAIRMAN LA ROSA: Okay. All right. Well,  
12 then let's move on to witness testimony.

13 The witnesses that are here before us today,  
14 do you mind standing to take the oath? I see a  
15 few. There's got to be more than that, I hope.

16 All right. Please stand. Raise your right  
17 hand.

18 (Whereupon, witnesses present were sworn in by  
19 Chairman La Rosa.)

20 CHAIRMAN LA ROSA: Thank you. You may have a  
21 seat.

22 All right. So I gave you a little latitude  
23 there on the opening statements. We went over a  
24 little bit on time. That's okay. I think that's  
25 an important element; but of course, like I

1 mentioned earlier, we've got a long week ahead of  
2 us, so I want to try to keep things as efficient as  
3 we can.

4 As we go into witness testimony, this is just  
5 a reminder, the witness summaries, the testimonies  
6 are limited to seven minutes total. Please be  
7 mindful of the time. If you're not using those  
8 minutes and they're not necessary, that is, of  
9 course, appreciated.

10 Again, we have a lot of witnesses appearing at  
11 the hearing, so to make sure this runs smooth and  
12 effective as possible, all witnesses, please  
13 provide a yes or no answer if you can, and then  
14 respond as necessary. Of course, take that into  
15 your own discretion. Again, just trying to be  
16 efficient.

17 For the parties, please pay attention, of  
18 course, to the questions that are asked of the  
19 witnesses. I want to try to avoid asking  
20 repetitive questions if we can.

21 Please remember that friendly  
22 cross-examination is not allowed.

23 And then also on the topic of exhibits, if  
24 someone has an objection to an exhibit, please note  
25 that when the exhibit is ultimately introduced,

1 make your objection then so that we can, of course,  
2 address it.

3 Our Clerk's office is here to help. Just a  
4 reminder, if you need help with any exhibits in  
5 Case Center, you may navigate to the exhibit  
6 yourself, or push it out to all the parties, or, of  
7 course, request Brian Schultz, he's here from the  
8 Clerk's office, happy and ready to help.

9 So I guess I'm going to go ahead and turn this  
10 over to TECO.

11 MR. REHWINKEL: Mr. Chairman.

12 CHAIRMAN LA ROSA: Yes, sir.

13 MR. REHWINKEL: A housekeeping matter --

14 CHAIRMAN LA ROSA: Sure.

15 MR. REHWINKEL: -- if I could ask your  
16 indulgence.

17 The Public Counsel has prepared collections of  
18 confidential exhibits. And if this is the right  
19 time, before the witness gets up on the stand, what  
20 I would like to do is let you know our plan. I  
21 have discussed it with Ms. Helton and the company.

22 We have accordion folders that are complete  
23 sets with numbers, partitions in them of the OPC  
24 exhibit numbers. We would like to distribute those  
25 now, before we kind of get underway with a witness,



1 to the Commissioners, to your aides, to staff, to  
2 the Clerk's office. We have a binder for the  
3 witness that we will place there, and, of course,  
4 to all the parties who are eligible under the  
5 non-disclosure agreements.

6 If that suits your purpose, we can distribute  
7 that now, or we can wait. I just didn't want Mr.  
8 Collins to get on the stand and then us to go  
9 through a lengthy distribution process. It's going  
10 to take a little bit of time, just logistically, to  
11 get it out there.

12 CHAIRMAN LA ROSA: Let's go ahead if, staff,  
13 that's all right, if that's what's been discussed,  
14 let's go ahead and do that now so that we don't  
15 have any interruptions. We can kind of be as  
16 smooth and keep the momentum going.

17 MR. REHWINKEL: Okay. Maybe just a brief  
18 recess?

19 CHAIRMAN LA ROSA: Okay. So let's -- let's --  
20 we are going to take a three-minute break here in a  
21 second, but I'm going to go to LULAC because  
22 they've got a question.

23 MR. MARSHALL: Just a question, Mr. Chairman,  
24 since we also have confidential exhibits for Mr.  
25 Collins. Would you like us to try to distribute

1           those confidential exhibits now as well, or --

2           CHAIRMAN LA ROSA: I think so. It's -- we'll  
3           take a break, frankly, before you guys probably get  
4           going, but let's go ahead and distribute that just  
5           in case. I am just looking at the time and trying  
6           to confirm myself here.

7           MS. HELTON: And, Mr. Chairman, what I think  
8           Mr. Rehwinkel said, we will collect up the  
9           Commissioners, your advisors and the staffs during  
10          breaks or at the end of the day and keep it over  
11          here. And I think the parties, then, will be able  
12          to keep their own during the course of the  
13          proceeding, is that correct?

14          MR. REHWINKEL: That's correct. And then we  
15          will be minders of the witnesses' binder. We will  
16          hold on to that. We've identified, personalized  
17          each folder so everybody knows which ones they  
18          have.

19          We will not collect from the parties because  
20          they will then become their exhibits --

21          CHAIRMAN LA ROSA: Okay.

22          MR. REHWINKEL: -- but we will collect the  
23          Commission's. We are giving one copy to the Clerk  
24          for your official record.

25          CHAIRMAN LA ROSA: All right. Thank you.

1           So we'll take a three-minute, just informal  
2 recess here. Thank you.

3           (Brief recess.)

4           CHAIRMAN LA ROSA: Folks, we're going to take  
5 a few more minutes. A few things kind of brewing  
6 in the background that we are getting organized  
7 with, so we will be another two or three more  
8 minutes.

9           (Brief recess.)

10          CHAIRMAN LA ROSA: All right. I think we're  
11 ready to get back at it. Sorry about that. I  
12 appreciate the -- everything getting distributed.

13          My understanding that there is stipulated  
14 language that has been filed. I will look over to  
15 staff, can you read that into the record?

16          MR. SPARKS: Yes.

17          MR. SELF: Commissioner, since I'm the one  
18 that filed it, I was --

19          CHAIRMAN LA ROSA: Go ahead. Go ahead, Mr.  
20 Self.

21          MR. SELF: -- asked to read this, which I  
22 think is appropriate.

23          So this has been filed with the Clerk -- the  
24 Commission Clerk, and I will give this piece of  
25 paper to the court reporter when I am done.

1           So Tampa Electric is not requesting approval  
2           for any changes to its current electric vehicle  
3           charging pilot program in this case, and will not  
4           otherwise seek to expand or increase its electric  
5           vehicle charging pilot program approved in Order  
6           Nos. PSC-2021-0144-PAA-EI and PSC-2021-0175-CO-EI,  
7           issued in Docket No. 20200220-EI, other than  
8           changes permitted by Section 366.94(4) of the  
9           Florida Statutes. And that statutory reference is  
10          to the language that changed this year regarding  
11          rate basing of electric vehicles.

12           And I emailed that to all the parties this  
13          morning. None of them have indicated they have any  
14          objection or any position with respect to it.

15           So we would respectfully request that the  
16          Commission approve this stipulation.

17           CHAIRMAN LA ROSA: Okay. All right. Thank  
18          you.

19           So understanding that there's no objection  
20          from any of the parties, not seeing any.  
21          Commissioners, it comes back to us. Is there any  
22          objection on our part with the stipulated issue?

23           Seeing none, show that it is approved.

24           So -- okay. So that's good, Mr. Self. Are  
25          you good? Do you wish to be excused, or --

1           MR. SELF: Yes, please. From the hearing, we  
2 would remain a party, but just for the hearing.

3           CHAIRMAN LA ROSA: Okay. Awesome. Thank you.

4           MR. SELF: Thank you.

5           CHAIRMAN LA ROSA: All right. Thank you.

6 Good to get that worked out in the break.

7 Hopefully there is more, but I think we are good to  
8 move on.

9           TECO, I will pass it over to you, allow you to  
10 introduce your witness.

11          MR. WAHLEN: Thank you very much.

12          Tampa Electric calls Archie Collins.

13 Whereupon,

14                                   ARCHIE COLLINS

15 was called as a witness, having been previously duly  
16 sworn to speak the truth, the whole truth, and nothing  
17 but the truth, was examined and testified as follows:

18                                   EXAMINATION

19 BY MR. WAHLEN:

20           **Q     Would you please state your name for the**  
21 **record?**

22           A     Archibald David Collins.

23           **Q     And you took the oath just a minute ago, is**  
24 **that correct?**

25           A     I did.

1 Q Okay. And who is your current employer, and  
2 what is your business address?

3 A Employer is TECO, Tampa Electric. And the  
4 business address is 702 North Franklin Street, Tampa,  
5 Florida.

6 Q Did you prepare and cause to be filed in this  
7 docket, on April 2nd, 2024, prepared direct testimony  
8 consisting of 42 pages?

9 A I did.

10 Q And did you prepare and cause to be filed  
11 revisions to page 37 of your prepared direct testimony  
12 on May 3rd, 2024?

13 A I did.

14 Q And that revision was to reflect the adoption  
15 by Mr. Chronister of Mr. Latta's testimony, is that  
16 correct?

17 A That's correct.

18 Q And other than those revisions, do you have  
19 any changes to your testimony?

20 A I do not.

21 Q With those revisions filed on May 3rd, if I  
22 were to ask you the questions contained in your prepared  
23 direct testimony today, would your answers be the same  
24 as those contained in your testimony?

25 A They would.

1                   MR. WAHLEN: Mr. Chairman, Tampa Electric  
2 requests that the prepared direct testimony of Mr.  
3 Archie Collins as updated on May 3rd be entered  
4 into the record as though read.

5                   CHAIRMAN LA ROSA: Okay. Let the record  
6 reflect that.

7                   MR. WAHLEN: Okay. Thank you.

8                   (Whereupon, prefiled direct testimony of  
9 Archie Collins was inserted.)

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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2                   **PREPARED DIRECT TESTIMONY**3                   **OF**4                   **ARCHIE COLLINS**5  
6       **Q.**     Please state your name, address, occupation and employer.7  
8       **A.**     My name is Archie Collins. My business address is 702 N.  
9             Franklin Street, Tampa, Florida 33602. I am employed by  
10            Emera Inc. and am seconded to Tampa Electric Company  
11            ("Tampa Electric" or the "company") as President and Chief  
12            Executive Officer.13  
14       **Q.**     Please describe your duties and responsibilities in that  
15             position.16  
17       **A.**     As President and Chief Executive Officer, I report to the  
18             Board of Directors of Tampa Electric. I am responsible for  
19             all aspects of the company's activities, including safety;  
20             customer experience; strategy development; energy supply  
21             and delivery; environment compliance and stewardship; and  
22             shared services such as Information Technology, Legal,  
23             Human Resources, Finance, Facilities, and Procurement. All  
24             Tampa Electric officers report to me, and together we lead  
25             a team of approximately 2,500 employees.



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

3  
4 A. I graduated from St. Francis Xavier University with a  
5 diploma in Engineering and from Dalhousie University with  
6 a bachelor's degree in chemical engineering.

7  
8 I have more than 30 years of experience in the energy  
9 industry. Prior to assuming my current role in 2021, I was  
10 Chief Operating Officer of the company. I also served as  
11 President and Chief Executive Officer of Grand Bahama Power  
12 Company and President and Chief Operating Officer of Emera  
13 Caribbean. I have also served as Executive Vice President  
14 of Commercial Operations for Emera Energy, as Vice  
15 President of Operations at Emera Energy, and in senior  
16 roles with Nova Scotia Power.

17  
18 Q. What are the purposes of your direct testimony?

19  
20 A. Tampa Electric requests that the Florida Public Service  
21 Commission ("Commission" or "FPSC") approve a \$296.6  
22 million annual increase in the company's retail base rates  
23 effective January 1, 2025, and subsequent year incremental  
24 rate adjustments for 2026 and 2027 of \$100.1 and \$71.8  
25 million, respectively.

1 My direct testimony (1) provides an overview of Tampa  
2 Electric; (2) describes our successes transforming the  
3 company since our last general base rate proceeding in  
4 2021; (3) previews our plans for the future; (4) explains  
5 why we are seeking base rate increases in this proceeding  
6 and the things we have done to moderate our request; (5)  
7 provides an overview of our requests; and (6) highlights  
8 how our proposed rate increase for 2025 is expected to  
9 impact customers' bills. I also introduce the other  
10 witnesses who have filed direct testimony in support of  
11 the company's petition and briefly describe the subject  
12 matter each witness will cover.

13  
14 **Q.** How are typical customer bills in 2025 expected to compare  
15 with previous years' bills?

16  
17 **A.** Based on our clause factors in effect on January 1, 2024  
18 and proposed 2025 base rate increase, we expect typical  
19 residential bills to be lower in 2025 than they were in  
20 2023.

21  
22 **Q.** Have you prepared an exhibit to support your direct  
23 testimony?

24  
25 **A.** Yes. Exhibit No. AC-1, entitled "Exhibit of Archie

1 Collins," was prepared under my direction and supervision.  
2 The contents of my exhibit were derived from the business  
3 records of the company and are true and correct to the best  
4 of my information and belief. It consists of three  
5 documents:

6 Document No. 1 List of Tampa Electric Witnesses and  
7 Purpose of their Direct Testimony  
8 Document No. 2 List of Minimum Filing Requirement  
9 Schedules Sponsored by Archie Collins  
10 Document No. 3 Witness Assignments for Minimum Filing  
11 Requirement Schedules  
12

13 **(1) OVERVIEW OF TAMPA ELECTRIC**

14 **Q.** Please describe Tampa Electric.

15  
16 **A.** Tampa Electric was incorporated in Florida in 1899 and was  
17 reincorporated in 1949. Tampa Electric is an indirect  
18 wholly owned subsidiary of Emera Incorporated. ("Emera").  
19 Tampa Electric became part of the Emera family of companies  
20 in 2016 when Emera purchased all common stock of TECO  
21 Energy, Inc. Tampa Electric is an investor-owned public  
22 utility regulated by the Commission and the Federal Energy  
23 Regulatory Commission.

24  
25 **Q.** What are the company's goals?

1     **A.**   Tampa Electric is committed to being a trusted energy  
2     partner for our customers now and in the future.

3  
4     We have three overall strategic goals: (1) strengthen and  
5     modernize our electric grid, (2) provide clean and reliable  
6     generation, and (3) create value for customers. Achieving  
7     these goals requires operational excellence, which means  
8     World Class Safety, embracing innovation, using data and  
9     technology to make smart decisions, continuously improving  
10    our business processes, putting the right people in the  
11    right roles with the right training, and engaging with our  
12    communities.

13  
14    We focus on carefully and prudently managing our operating  
15    expenses and capital spending to ensure public and employee  
16    safety, and to meet the growing and changing energy needs  
17    in our service territory. We work diligently and  
18    thoughtfully to continuously improve the safety,  
19    reliability, and resilience of our electric system, improve  
20    efficiency in all areas of our operations - especially the  
21    generating efficiency of our existing power plants - and  
22    ensure that we can continue serving customers at all times  
23    regardless of weather conditions. We must also focus on  
24    ensuring the continuity, security, and resilience of our  
25    business operations.

1 Q. Has Tampa Electric been recognized for its storm readiness?

2

3 A. Yes. In December 2023, Tampa Electric became the first  
4 electric utility in Florida to be recognized as  
5 "StormReady" by the National Oceanic and Atmospheric  
6 Administration ("NOAA"). This designation signifies that  
7 the company is at the forefront of advanced planning,  
8 education, and awareness to mitigate the impact of extreme  
9 weather events. NOAA assessed various aspects of our storm  
10 preparedness, including our proactive communications, our  
11 emergency operations center, team member training, 24/7  
12 support, and engagement with local community partners. This  
13 recognition reflects our commitment to being prepared for  
14 whatever Mother Nature may have in store for the company  
15 and our customers.

16

17 Q. In addition to providing electricity, how does Tampa  
18 Electric support the communities it serves?

19

20 A. Our team members work and live in the communities we serve,  
21 and it is important to Tampa Electric to be a positive  
22 force in those communities. Tampa Electric team members  
23 provided over 90,000 hours of volunteer service to  
24 community groups from 2021 to 2023. Our employees and the  
25 company donated more than \$2.3 million to assist customers

1 in need from 2021 to 2023 through our SHARE program.

2  
3 The company recognizes the importance of environmental  
4 stewardship to our customers, and we show it by pursuing  
5 environmentally beneficial projects when doing so makes  
6 sense. Some of them, like solar generation, provide direct  
7 benefits to our communities through fuel savings and  
8 emission reductions.

9  
10 Others, like our Manatee Viewing Center, thoughtfully  
11 integrate conservation, environmental stewardship, and  
12 normal utility operations in beneficial ways. The Manatee  
13 Viewing Center is a public education center at Big Bend  
14 Power Station that uses the warm water discharge at Big  
15 Bend Power Station to provide critical protection from the  
16 cold for manatees. This winter, Big Bend Power Station and  
17 its state and federally designated manatee sanctuary hosted  
18 a record 1,100 manatees and thousands of customers,  
19 neighbors, and visitors to the Tampa Bay area.

20  
21 **Q.** Please describe Emera.

22  
23 **A.** Emera is a geographically diverse energy and services  
24 company headquartered in Halifax, Nova Scotia. As of  
25 December 31, 2023, it had approximately \$39.5 billion CAD

1 (Canadian dollars) in assets and 2023 revenues of  
2 approximately \$7.6 billion CAD. Emera primarily invests in  
3 regulated electric and gas utilities, with a strategic  
4 focus on transformation as energy markets evolve. Emera  
5 has investments throughout North America and in three  
6 Caribbean countries.

7  
8 **Q.** What is Tampa Electric's legal relationship with Peoples  
9 Gas System, Inc.?

10  
11 **A.** Peoples Gas System was an operating division of Tampa  
12 Electric until January 1, 2023, when its assets,  
13 liabilities, and equity were transferred as part of a tax-  
14 free exchange to a new corporation named Peoples Gas  
15 System, Inc. ("2023 Transaction"). Peoples Gas System, Inc.  
16 is an affiliate of Tampa Electric and a local natural gas  
17 distribution company regulated by the Commission. Our Vice  
18 President Finance, Jeff Chronister discusses the 2023  
19 Transaction in his direct testimony.

20  
21 **Q.** How many retail customers does Tampa Electric serve?

22  
23 **A.** Tampa Electric currently provides retail electric service  
24 to approximately 844,000 customers in a service territory  
25 covering approximately 2,000 square miles in Hillsborough

1 and portions of Polk, Pasco, and Pinellas counties. We  
2 serve these customers with our employees, contractors and  
3 the utility facilities described below. Most of our  
4 employees work in the areas of Energy Supply, Electric  
5 Delivery, and Customer Experience, along with others who  
6 work in support areas like Information Technology,  
7 Accounting and Finance, Human Resources, and Regulatory  
8 Affairs.

9  
10 **Q.** Please describe the company's electric generating  
11 facilities.

12  
13 **A.** The company maintains a diverse portfolio of generating  
14 facilities with a net winter capacity of approximately  
15 6,433 megawatts ("MW"). Tampa Electric operates three  
16 electric generating stations that include fossil steam  
17 units, combined cycle units, combustion turbine peaking  
18 units, and an integrated gasification combined cycle unit.  
19 These units are located at Big Bend Power Station, H.L.  
20 Culbreath Bayside Power Station, and Polk Power Station.

21  
22 As of January 1, 2024, the company operated about 1,250 MW  
23 of solar generating capacity at 22 facilities located  
24 throughout its retail service territory and had energy  
25 storage capacity of about 13.0 MW<sub>ac</sub>. During calendar year



1           2023, the company's solar facilities provided  
2           approximately 8.6 percent of the company's total energy  
3           sales and represented almost 21 percent of the company's  
4           installed summer generating capacity. Since 2017, our solar  
5           facilities saved our customers approximately \$200 million  
6           in fuel expense.

7  
8           Our electric generating, energy storage, and solar  
9           facilities are part of our Energy Supply area, which is  
10          led by our Vice President Energy Supply, Carlos Aldazabal,  
11          who discusses Energy Supply in his testimony.

12  
13       **Q.** Please describe the company's transmission and  
14       distribution system.

15  
16       **A.** Tampa Electric's transmission system consists of nearly  
17       1,332 circuit miles of overhead facilities, including  
18       approximately 25,296 transmission poles and structures,  
19       and approximately ten circuit miles of underground  
20       facilities.

21  
22       The company's distribution system consists of  
23       approximately 6,137 circuit miles of overhead facilities,  
24       approximately 266,773 poles, and 6,475 circuit miles of  
25       underground facilities.

1 Our transmission and distribution systems are connected  
2 through 238 substations throughout the company's service  
3 territory.

4  
5 These systems and substations are part of our Electric  
6 Delivery area, which is led by our Vice President Electric  
7 Delivery, Chip Whitworth, who discusses Electric Delivery  
8 in his testimony.

9  
10 **Q.** How important are its employees to the success of Tampa  
11 Electric?

12  
13 **A.** They are vitally important. Each of our employees impacts  
14 the level of customer service we provide. Many of our  
15 employees are also customers and many of them work in the  
16 field or a customer care center and directly interact with  
17 our customers or operate and maintain our electric system.  
18 The employees who work in our corporate offices promote  
19 excellent customer service by making smart decisions  
20 informed by data, spending resources wisely, and preparing  
21 for the future. Tampa Electric is committed to providing  
22 fair and reasonable compensation to its employees and an  
23 opportunity for a life-long career in energy. We also like  
24 to provide apprenticeship and cooperative education  
25 opportunities to qualified people who are interested in an

1 energy career.

2

3 **(2) SUCCESSES SINCE TAMPA ELECTRIC'S LAST BASE RATE PROCEEDING**

4 **Q.** When did the company last file a petition seeking to  
5 increase its general base rates and charges ("rate case")?

6

7 **A.** Tampa Electric last filed a rate case on April 9, 2021, in  
8 Docket No. 20210034-EI. The issues in that case were  
9 resolved by a unanimous Stipulation and Settlement  
10 Agreement ("2021 Agreement") by and between Tampa Electric  
11 and the consumer parties that participated in the case.  
12 The Commission approved the 2021 Agreement by Order No.  
13 PSC-2021-0423-S-EI, issued on November 10, 2021. The  
14 company has been operating under its terms since then.

15

16 2021 AGREEMENT

17 **Q.** Please describe the 2021 Agreement.

18

19 **A.** Tampa Electric agreed that the general base rates provided  
20 for therein would remain in effect through December 31,  
21 2024, and thereafter, until the company's next general base  
22 rate case. In addition, the 2021 Agreement:

23

24 (1) set the company's midpoint return on equity at 9.95  
25 percent, with the opportunity to earn an additional 25 basis

1 points as a result of a Return on Equity ("ROE") Trigger;

2

3 (2) prescribed a 54 percent equity ratio for all regulatory  
4 purposes;

5

6 (3) created the Clean Energy Transition Mechanism ("CETM")  
7 that recovers the retirement and dismantlement of Big Bend  
8 Units 1, 2, and 3 and retired Automatic Meter Readings  
9 assets;

10

11 (4) authorized \$89.7 million and \$21.4 million Generating  
12 Base Rate Adjustments ("GBRA") for the Big Bend  
13 Modernization Conversion Project and certain solar  
14 projects; and

15

16 (5) specified certain cost of service and rate design  
17 principles for use during the term of the agreement and for  
18 the initial filing in this case.

19

20 **Q.** Did the company increase its base rates as a result of the  
21 ROE Trigger?

22

23 **A.** Yes. During the term of the 2021 Agreement, the average 30-  
24 year United States Treasury Bond yield rate increased for  
25 a period of six (6) consecutive months at least 50 basis

1 points over the yield rate on the date the Commission voted  
2 to approve this 2021 Agreement. Tampa Electric requested to  
3 implement the "Trigger" provision in paragraph 2 of the  
4 2021 Agreement by adjusting the company's authorized ROE by  
5 25 basis points to be within a range of 9.25 percent to  
6 11.25 percent with a mid-point of 10.20 percent and to make  
7 a commensurate increase in base rates and charges. The  
8 Commission issued Order No. PSC-2022-0322-FOF-EI on  
9 September 12, 2022, approving the company's request.

10  
11 **Q.** Has the company experienced challenges during the term of  
12 the 2021 Agreement?

13  
14 **A.** Yes. Like our customers, Tampa Electric experienced  
15 unanticipated levels of general inflation, interest rate  
16 increases, insurance premium increases, and challenging  
17 labor market conditions. In 2023, our customers experienced  
18 higher than normal bills due to the unfortunate combined  
19 effects of (1) our recovery in 2023 of higher than expected  
20 fuel prices incurred in 2022, (2) the impact of damage from  
21 tropical storms on our system, and (3) record-setting heat  
22 during the summer months. Our Vice President of Customer  
23 Experience, Karen Sparkman, discusses the impact that high  
24 customer bills in 2023 had on our customer experience and  
25 how we are improving based on the lessons we learned last

1 year.

2

3 **Q.** Has Tampa Electric grown since 2021 when the 2021 Agreement  
4 was approved?

5

6 **A.** Yes. We served approximately 800,000 customers in May 2021  
7 and employed an average of approximately 2,400 team members  
8 in 2021. As of December 2023, we served approximately  
9 840,000 customers, and increased to 844,000 by February  
10 2024. We expect to serve approximately 854,000 customers  
11 by the end of 2024 and 868,000 customers by the end of  
12 2025. We employed approximately 2,500 team members in  
13 December 2023. We expect our average employee count for  
14 2024 to be approximately 2,550 and then to remain at that  
15 level during 2025.

16

17 **Q.** Did the 2021 Agreement contain general cost recovery  
18 provisions?

19

20 **A.** No. The 2021 Agreement included GBRA for recovering  
21 capital investments beyond the 2022 test year but did not  
22 include cost recovery for the general capital investments  
23 we make each year to operate the company or for the expenses  
24 associated with additional employees, so the company had  
25 to manage these and other costs during the settlement

1 period.

2

3 Our employee and customer count numbers are discussed  
4 further in the direct testimony of Vice President Human  
5 Resources Marian Cacciatore and Director Load Research and  
6 Forecasting Lori Cifuentes, respectively.

7

8 **Q.** Has the 2021 Agreement served the public interest?

9

10 **A.** Yes. The agreement promoted regulatory certainty and  
11 efficiency by eliminating the need to file successive rate  
12 cases in 2022 and 2023 and has proven to be in the public  
13 interest. The 2021 Agreement allowed the company to improve  
14 its safety record; continue to be a solar leader in  
15 Florida; continue to transform its generating fleet to be  
16 more efficient and reduce fuel costs; improve reliability  
17 and resiliency; maintain a strong financial profile and  
18 customer service rankings; and maintain sufficient reserve  
19 margins. It also enabled the company to improve the  
20 efficiency, sufficiency, and adequacy of its facilities  
21 and services during the settlement period.

22

23 SAFETY

24 **Q.** Did the challenges described above cause the company's  
25 safety record to decline?

1 **A.** No. Safety is still our number one priority, and our  
2 results show it.

3  
4 We have committed ourselves to achieving World Class  
5 safety, and to the beliefs that (1) all injuries are  
6 preventable and (2) no business consideration can take  
7 priority over safety. Our unwavering focus on safety  
8 creates a sense of ownership among our entire team that  
9 ultimately benefits our customers.

10  
11 Tampa Electric's reportable OSHA incidents declined from  
12 24 in 2019 to a low of 17 in 2023. Our OSHA incident rate  
13 declined from 1.02 in 2019 to a low of 0.70 in 2023. Our  
14 safety efforts and results are discussed further in the  
15 testimony of Mr. Aldazabal and Mr. Whitworth.

16  
17 SOLAR GENERATION AND ENERGY SUPPLY IMPROVEMENTS

18 **Q.** What solar generation facilities did the company add to  
19 its Energy Supply system since 2021?

20  
21 **A.** We added approximately 600 MW of solar generating capacity  
22 as provided in the 2021 Agreement. With these additions,  
23 Tampa Electric's solar facilities can now produce  
24 approximately 1,250 MW of electricity, enough to power more  
25 than 200,000 homes. We are Florida's top - and the



1 Southeast's second highest - producer of solar energy per  
2 customer. About 8.6 percent of the electricity we generated  
3 in 2023 came from the sun, and we expect our solar  
4 generation to reach approximately 12 percent in 2024. These  
5 solar projects have saved our customers more than \$200  
6 million in fuel costs since 2017 and help moderate fuel  
7 price volatility. These solar additions furthered the goals  
8 in Section 366.91(1), Florida Statutes, by developing  
9 renewable energy resources and are discussed further in  
10 the prepared direct testimony of Mr. Aldazabal and Kris  
11 Stryker, Vice President Clean Energy and Emerging  
12 Technology.

13  
14 **Q.** What other improvements did the company make to its Energy  
15 Supply system?

16  
17 **A.** We made a number of operational improvement investments,  
18 but the biggest was the Big Bend Modernization Project,  
19 which also was approved in the 2021 Agreement. As part of  
20 this project, the company retired Big Bend Unit 2 and Unit  
21 3, refurbished the Big Bend Unit 1 steam turbine and  
22 generator, and replaced the Unit 1 boiler and coal  
23 processing equipment with two new, highly efficient General  
24 Electric 7HA.02 combustion turbines and associated heat  
25 recovery steam generators. These changes helped improve

1 our system reliability and operating flexibility, and  
2 reduced fuel costs. The combined winter generating capacity  
3 of the new units increased from approximately 800 MW to  
4 1,120 MW (winter capacity) and reduced their combined heat  
5 rates from over 10,500 Btu/kWh to about 6,300 Btu/kWh - a  
6 40 percent efficiency gain.

7  
8 Another example of our system improvements is the Advanced  
9 Gas Path ("AGP") Project at Bayside Power Station, that  
10 consists of improvements to the cooling systems, hot  
11 section parts redesign, and sealing to maximize output,  
12 efficiency, and flexibility at Units 1 and 2. The AGP work  
13 at Bayside Unit 1 was completed in 2022 and resulted in  
14 increased capacity and greater efficiency for Unit 1.  
15 Bayside Unit 2 AGP work will be completed in spring 2024,  
16 for a combined 128 MW increase in capacity and heat rate  
17 improvement of nearly five percent. The AGP technology  
18 improves the flexibility of the units by adding fast start  
19 capability, which substantially reduces time to  
20 synchronize to the grid.

21  
22 The efficiency of our combined generating system has  
23 improved by 20 percent since 2017. These changes, along  
24 with other improvements and the addition of solar  
25 generation, have significantly reduced customers' fuel

1 costs, and reduced annual emissions by about 38 percent  
2 since 2017. Presently, about two percent of our  
3 electricity is generated using coal, about 86 percent is  
4 natural gas-fired, and about 12 percent is from solar.

5  
6 Our Energy Supply investments have improved the efficiency,  
7 sufficiency, and adequacy of our facilities and services  
8 since the company's last case and are explained in the  
9 prepared direct testimony of Mr. Aldazabal.

10  
11 ELECTRIC DELIVERY AND RELIABILITY IMPROVEMENTS

12 **Q.** What investments did the company make in its Electric  
13 Delivery system?

14  
15 **A.** We made important investments to improve our customer  
16 experience and promote resilience and reliability. We  
17 completed our Automated Metering Infrastructure ("AMI")  
18 project by installing over 800,000 smart meters and a new  
19 distribution communications system, which allows us to  
20 identify outages more quickly and has helped moderate O&M  
21 expense increases. We also invested in distribution  
22 operating technology to improve system reliability. These  
23 changes, together with the enhanced vegetation management  
24 and grid hardening included in our Commission - approved  
25 Storm Protection Plan have improved system reliability.

1 Q. Can you quantify Tampa Electric's system reliability  
2 improvements?

3  
4 A. Yes, our reliability has steadily improved since 2021. Our  
5 System Average Interruption Duration Index ("SAIDI")  
6 improved from a high of 84.5 in 2021 to a low of 57.27 in  
7 2023 and our Momentary Average Interruption Frequency Index  
8 ("MAIFIe") improved from a high of 6.5 in 2021 to a low of  
9 6.44 in 2023. Customers Experiencing More than Five Outages  
10 of more than one minute ("CEMI-5") improved from 9,744 in  
11 2021 to 1,022 in 2023. Today, the company provides 99.98  
12 percent service reliability for its customers.

13  
14 Q. Did the company make other major improvements to its  
15 electric delivery system?

16  
17 A. Yes. The company replaced all of our street and area lights  
18 with smart LED technology. This innovative technology  
19 improves visibility, reduces glare, lowers O&M expense,  
20 and is more energy efficient than traditional lighting.  
21 Keeping the communities we serve well-lit helps keep our  
22 roadways safe and promotes public safety.

23  
24 All of these investments have improved the efficiency,  
25 sufficiency, and adequacy of our facilities and services

1 since the company's last case. Our Electric Delivery system  
2 improvements and reliability results are discussed further  
3 in the prepared direct testimony of Mr. Whitworth and Tampa  
4 Electric witness David Lukcic.

5  
6 CUSTOMER EXPERIENCE

7 **Q.** How have the company's customer service rankings changed  
8 since 2021?

9  
10 **A.** Although our call center performance metrics declined in  
11 2023 due to increased call volumes, our J.D. Power ranking  
12 for residential customer overall satisfaction has improved  
13 from the fourth quartile in 2017 to near the top of the  
14 second quartile in 2023.

15  
16 We scored better than the industry average for all six J.D.  
17 Power measures of customer satisfaction in 2023. Tampa  
18 Electric is ranked in the first quartile for  
19 Communications, and in the second quartile for four  
20 measures, including Power Quality and Reliability, Billing  
21 and Payment, Corporate Citizenship, and Customer Care. Our  
22 overall business satisfaction measures declined slightly  
23 in 2023 but remained above the industry average.

24  
25 Ms. Sparkman, explains these rankings and our customer

1           experience performance metrics in her prepared direct  
2           testimony.

3

4           **(3) PLANS FOR THE FUTURE**

5           **Q.**    What is Tampa Electric planning for the future?

6

7           **A.**    Our work to transform our company is not complete. From  
8           2024 to 2030, we expect ten percent customer growth, so  
9           investing to serve new customers will continue to be a  
10          priority. We must plan and invest now to be ready to serve  
11          our customers in the future. Our goals are to: (1) become  
12          even more reliable, resilient, efficient, and customer-  
13          focused, while remaining committed to safety, managing our  
14          costs, and providing the kind of positive customer  
15          experience our customers expect; (2) strengthen our system  
16          and enhance our response to power outages; and (3) focus  
17          on generating efficiencies and new energy supply projects  
18          that will help reduce the fuel costs our customers pay as  
19          part of their monthly bills.

20

21          **Q.**    Please summarize the company's future plans.

22

23          **A.**    As we look ahead, Tampa Electric plans to:

24

25          (1) Modify existing power plants (Polk Fuel Diversity

1 Project and Polk Unit 1 Flexibility Project) to improve  
2 performance and efficiency, increase fuel diversity,  
3 reduce fuel costs, increase generating fleet flexibility,  
4 and enhance system reliability. Mr. Aldazabal will explain  
5 these activities in his direct testimony.

6  
7 (2) Add approximately 490 MW of incremental solar  
8 generation via eight projects to promote fuel diversity,  
9 reduce customer exposure to fuel price volatility, and  
10 lower fuel costs on customers' bills. Mr. Stryker will  
11 explain these projects in his direct testimony, and Jose  
12 Aponte, Manager Resource Planning, will show that these  
13 projects are cost-effective additions to our generating  
14 fleet. These solar facilities are an efficient use of  
15 alternative energy resources and further the goals in  
16 Section 366.91(1), Florida Statutes, by developing  
17 renewable energy resources in Florida.

18  
19 (3) Install a group of small reciprocating electric  
20 generators as part of our South Tampa Resilience Project  
21 that will help the company avoid costly transmission system  
22 upgrades, increase system resilience, and support national  
23 security. Mr. Aldazabal will explain this project in his  
24 direct testimony, and Mr. Aponte will show that the project  
25 is a cost-effective addition to our generating fleet.

1 (4) Construct approximately 115 MW of energy storage  
2 capacity as a cost-effective means to maintain winter  
3 reserve margins during cold weather events and an efficient  
4 use of alternative energy resources. This energy storage  
5 will allow us to serve customers with lower-cost energy  
6 during winter peaks, and also reduces our reliance on fuels  
7 purchased from sources beyond Florida. Mr. Stryker will  
8 explain these projects in his testimony, and Mr. Aponte  
9 will show that they are needed for winter reserve margin  
10 and are cost-effective additions to our generating fleet.

11  
12 (5) Enhance our smart grid capabilities by improving our  
13 grid communication system and related technologies so our  
14 system will automatically respond to outages before crews  
15 arrive - allowing troubleshooters to diagnose and repair  
16 problems more quickly, which will reduce restoration times  
17 and costs. These improvements will be discussed by Mr.  
18 Whitworth and Mr. Lukcic, Senior Director Operational  
19 Technology and Strategy, in their direct testimony.

20  
21 (6) Enhance operational security at critical company  
22 facilities by moving our energy control center and  
23 corporate offices to more storm-resistant locations that  
24 are farther inland and away from potential storm surge and  
25 flooding. The Bearss Operations Center and corporate



1           headquarters will improve our access and ability to operate  
2           at all times, especially after an extreme weather event,  
3           so we can continue to serve our customers when they need  
4           us the most. Mr. Aldazabal will explain these projects in  
5           his direct testimony.

6  
7           (7) Expand our digital and self-service solutions with  
8           personalized energy-use insights and energy-saving tools  
9           to help customers make informed decisions that save energy  
10          and money. We are streamlining our operations to simplify  
11          customer interactions and to reduce call volumes and wait  
12          times. Ms. Sparkman will explain these and other Customer  
13          Experience initiatives in her prepared direct testimony.

14  
15          (8) Continue to enhance and strengthen the security of  
16          our information technology systems against the ever-  
17          growing threat of cyber-security attacks. Chris Heck, our  
18          Vice President Information Technology and Chief  
19          Information Officer, will describe our efforts in this area  
20          in his direct testimony.

21  
22          (9) Finally, we will continue to invest in innovative  
23          outdoor lighting technology, such as smart network controls  
24          that will let us know when a streetlight goes out. Mr.  
25          Lukcic will explain these enhancements in his testimony.

1 All of these investments and plans will continue to improve  
2 the efficiency, sufficiency, and adequacy of our facilities  
3 and services.

4  
5 **(4) OUR NEED FOR RATE RELIEF**

6 **Q.** Has the company's financial profile changed since the end  
7 of 2021?

8  
9 **A.** Yes. Our service territory continues to be one of the  
10 fastest growing areas in Florida, which is one of the  
11 fastest growing states in America. We have made substantial  
12 capital investments to better serve new and existing  
13 customers. Major portions of our rate base growth have  
14 helped us take advantage of typically low-cost natural gas  
15 as our primary fuel source as well as the addition of solar  
16 generation, reducing the fuel expenses borne by our  
17 customers. Although we are spending more each year to  
18 operate and maintain our growing system, our cumulative  
19 annual O&M expense growth rate over the past 10 years is  
20 only one half of one percent, which is well below customer  
21 growth and inflation.

22  
23 Our Director Load Research and Forecasting, Lori Cifuentes,  
24 will provide more detail on our customer growth and present  
25 our 2025 customer, demand, and energy forecast in her

1 testimony. Tampa Electric witness Jeff Chronister, Vice  
2 President Finance, will provide more detail on our  
3 financial profile changes in his direct testimony.

4  
5 **Q.** What are the major factors driving the need for rate  
6 relief?

7  
8 **A.** Despite our efforts to be efficient and control costs, we  
9 expect our earned rate of return on equity to be less than  
10 nine percent for 2024, which is well below the current cost  
11 of equity and is not a fair and reasonable return.

12  
13 The major factors causing the need for rate relief are:

14  
15 INFLATION

16 The recent levels of inflation were significantly higher  
17 than expected in our last rate case. In that case, the  
18 consumer price index ("CPI") increase was projected to be  
19 2.5 percent in 2021 and 2.8 percent in 2022. The actual  
20 CPI increases for 2021, 2022, and 2023 were 4.7 percent,  
21 8.0 percent, and 4.1 percent, respectively, for a 17  
22 percent increase over three years. Although the rate of  
23 inflation is expected to be lower in the future, the  
24 effects of higher prices are here to stay. Inflation has  
25 raised both the price of equipment and services needed for

1 capital projects and the company's O&M expenses.

2  
3 For example, from 2021 to 2023, the prices Tampa Electric  
4 paid for transformers, substation equipment, switchgear,  
5 and poles increased by 49 percent, 36 percent, 21 percent,  
6 and 34 percent, respectively. The price of Grain Oriented  
7 Electrical Steel ("GOES") has doubled since January 2020,  
8 and the price of copper has increased by 50 percent over  
9 the same period. Distribution line contractor rates have  
10 increased over 45 percent since 2021. Property and  
11 liability insurance costs increased about 45 percent from  
12 2020 to 2023.

13  
14 The impact of inflation on the company and its operations  
15 are described in the direct testimony of Mr. Chronister,  
16 and our operations witnesses Aldazabal, Whitworth,  
17 Sparkman, and Heck.

18  
19 COST OF CAPITAL AND CAPITAL STRUCTURE

20 As of December 31, 2021, the Federal Reserve rate was 0.08  
21 percent and by December 31, 2023, the Federal Reserve  
22 increased the rate to about 5.33 percent. The short-term  
23 borrowing rates paid by the company reflected this  
24 increase; the average short-term debt interest rate for  
25 the company was 0.58 percent in 2021 and was 5.70 percent

1 in 2023. These changes in the capital markets have  
2 influenced long- and short-term borrowing costs and the  
3 cost of common equity.

4  
5 An appropriate ROE is essential for a regulated utility to  
6 attract the capital necessary to make long-term  
7 investments. The company's equity ratio must be set to  
8 allow the company to maintain its financial integrity and  
9 access capital at competitive rates. Approving a reasonable  
10 return on equity and equity ratio will allow the company  
11 to make the investments needed to provide customers with  
12 reliable service at reasonable rates.

13  
14 Mr. Chronister describes the impact of interest rate  
15 increases on our operations and supports our proposed  
16 short- and long-term debt interest rates in his testimony.  
17 He also explains the importance of maintaining the  
18 company's financial integrity and how the company's  
19 proposed capital structure, which maintains our currently  
20 approved equity ratio of 54 percent (investor sources),  
21 and revenue increase will help preserve the company's  
22 overall financial integrity.

23  
24 Company witness Dylan D'Ascendis explains how changes in  
25 the capital markets have influenced the cost of equity

1 capital for utilities like Tampa Electric and provides  
2 testimony supporting the company's proposed 2025 mid-point  
3 return on equity of 11.50 percent.  
4

5 CAPITAL INVESTMENTS

6 During the three-year term of the 2021 Agreement, Tampa  
7 Electric expects to invest approximately \$3.7 billion to  
8 serve new customers; improve reliability, resilience, and  
9 efficiency; and ensure that our existing plant investments  
10 remain in sound working condition. In 2025, 2026, and 2027,  
11 the company expects to invest an average of \$1.6 billion  
12 per year for these purposes. The projects included in these  
13 investment amounts are explained in the direct testimony  
14 of witnesses Aldazabal, Stryker, Whitworth, Lukcic,  
15 Sparkman, and Chronister for their areas of responsibility.  
16 Mr. Heck and Ms. Cacciatore will do the same for our  
17 Information Technology and Human Resource areas,  
18 respectively.  
19

20 DEPRECIATION EXPENSE AND DISMANTLEMENT COSTS

21 As our investments grow to serve new customers and improve  
22 reliability and resilience, so does the level of our  
23 depreciation expense. Consistent with the 2021 Agreement,  
24 the company filed an updated depreciation and dismantlement  
25 study on December 27, 2023 (Docket No. 20230139-EI) which

1 reflects a need to change certain depreciation rates. Tampa  
2 Electric witnesses Ned Allis and Jeff Kopp present  
3 depreciation and dismantlement studies that support the  
4 company's proposed depreciation rates for the 2025 test  
5 year. Our Utility Controller, Richard Latta, explains how  
6 the company applied the proposed depreciation rates to  
7 projected 2025 plant balances to develop the proposed level  
8 of depreciation expense included in our revenue requirement  
9 calculation.

10  
11 OTHER FACTORS

12 In the current inflationary, higher-priced environment,  
13 O&M expenses must increase so we can continue to provide  
14 safe and reliable service to our customers. The company  
15 has been able to manage its overall O&M expense levels  
16 through the smart use of technology, its AMI investment,  
17 transitioning from coal to natural gas, and reasonable cost  
18 management practices; however, the costs of labor,  
19 contractors, materials, insurance, and health care  
20 benefits have increased.

21  
22 Challenging labor markets, explained by Ms. Cacciatore,  
23 have created upward pressure on our wage rates; however,  
24 the company is committed to fair wages and as Ms.  
25 Cacciatore explains in her testimony, the company must

1 continue to compensate our employees in a way that reflects  
2 the current market for talent.

3  
4 The company has been able to partially offset O&M expense  
5 increases through the use of Production Tax Credits  
6 ("PTC"), which lower tax expense. Mr. Chronister and Tampa  
7 Electric witness Valerie Strickland, Director Corporate  
8 Taxes, discuss our use of PTC to reduce our 2025 revenue  
9 requirement in their direct testimony.

10

11 **Q.** What actions has the company taken to avoid increasing base  
12 rates and to moderate bill increases to customers?

13

14 **A.** The company has taken these specific actions to avoid and  
15 mitigate a rate increase:

16

17 (1) We have operated under a general base rate freeze  
18 since the end of 2021, agreeing not to seek rate relief  
19 during the term of the 2021 Agreement.

20

21 (2) Tampa Electric focused on cost control and financial  
22 efficiencies. We have invested in projects to improve  
23 operational efficiency and streamline processes, and we  
24 have operated with a commitment to cost discipline—all of  
25 which have helped us manage the company's overall cost



1 profile.

2

3 (3) As the company has invested in solar power, we have  
4 generated more and more electricity with no fuel costs.  
5 Since 2017, our solar projects have saved customers over  
6 \$200 million in fuel costs.

7

8 (4) We have successfully invested in projects to improve  
9 the efficiency (heat rate) of our generation fleet, and  
10 the results show. From 2017 to 2023, our overall system  
11 heat rate declined 20 percent from 8,488 to 6,755 Btu/kWh.  
12 Some of this decline can be attributed to our new solar  
13 generation, but most of it is the result of projects like  
14 Big Bend Modernization, Bayside AGP investment, and other  
15 system improvements, which have generated significant fuel  
16 and O&M savings and reduced customer bills. Mr. Aldazabal  
17 discusses these efforts and our results in his direct  
18 testimony.

19

20 (5) Although they are not base rate items, the company  
21 exceeded our 2023 expectations for Asset Optimization  
22 Mechanism ("AOM") gains and renewable energy credit ("REC")  
23 sales. Our customers are credited with a large share of  
24 the \$10 million in AOM gains through the fuel adjustment  
25 clause and 100 percent of wholesale REC sale proceeds

1 through the environmental cost recovery clause - which will  
2 help lower customers' bills. Mr. John Heisey, Director  
3 Origination and Trading, discusses these programs and the  
4 benefits they provide to customers in his testimony.

5  
6 **(5) OUR REQUEST FOR NEW RATES AND CHARGES**

7 **Q.** Please summarize the company's requested base rate  
8 increases in this case.

9  
10 **A.** The company's request has two parts.

11  
12 First, the company requests a \$296.6 million general base  
13 rate increase to become effective with the first billing  
14 cycle in January 2025. This increase is needed to recover  
15 our expected costs of service for our projected 2025 test  
16 year and to maintain our financial integrity. Mr. Latta  
17 presents and explains the calculation of our 2025 total  
18 revenue requirement and our proposed 2025 base rate  
19 increase in his testimony. He also explains why our  
20 proposed 2025 forecasted test year is reasonable as a test  
21 year for ratemaking purposes in this proceeding.

22  
23 Second, the company requests two incremental adjustments  
24 in base rates and charges to become effective with the  
25 first billing cycles of January 2026 and January 2027. Like

1 the GBRA and Solar Base Rate Adjustments ("SoBRA") approved  
2 by the Commission in other cases, these subsequent year  
3 adjustments ("SYA") are designed to only recover the  
4 incremental costs of projects the company will place in  
5 service in 2026 and 2027 and are not designed to cover all  
6 of the investments we will make or expense increases we  
7 expect to experience in 2026 and 2027. Our proposed 2026  
8 SYA amount is approximately \$100.1 million and our proposed  
9 2027 SYA is \$71.8 million.

10  
11 The prudence of assets included in our proposed 2026 and  
12 2027 SYA are explained in the direct testimony of witnesses  
13 Stryker, Aponte, Aldazabal and Lukcic. Approving our  
14 proposed 2026 and 2027 SYA will enable the company, absent  
15 unforeseen circumstances, to avoid the administrative  
16 burden of annual rate proceedings for three years. Approval  
17 will also promote price predictability for customers and  
18 promote regulatory efficiency for our customers, the  
19 company, and the Commission.

20  
21 **Q.** What information has the company filed with the Commission  
22 to support these requested rate increases?

23  
24 **A.** The company's petition for rate increase was accompanied  
25 by (1) the prepared direct testimony of the company's 19

1 witnesses and (2) the minimum filing requirement ("MFR")  
2 schedules identified as Exhibit Nos. TEC-1 through TEC-12.  
3 The witnesses filing direct testimony and the purposes of  
4 their testimony are shown on Document No. 1 of my exhibit.  
5 The witnesses sponsoring each MFR schedule are identified  
6 in Document No. 3 of my exhibit.

7  
8 **Q.** What other significant items are included in the company's  
9 request?

10  
11 **A.** In addition to our requested base rate increases explained  
12 above, Tampa Electric seeks approval to continue its AOM  
13 and to reset the company's Clean Energy Transition  
14 Mechanism ("CETM") factors approved in the 2021 Agreement.  
15 Mr. Heisey explains how the AOM has benefited our customers  
16 over the last three years and why it should be extended in  
17 his direct testimony. Ms. Ashley Sizemore, Director Rates,  
18 will explain our proposed CETM factors and how they comply  
19 with the 2021 Agreement in her direct testimony. She will  
20 also describe the company's performance under the Florida  
21 Energy Efficiency and Conservation Act.

22  
23 **Q.** What cost of service methodology and rate design principles  
24 has the company used to develop its proposed rates and  
25 charges in this case?

1     **A.**    The company's proposed rates and charges were developed in  
2            accordance with the applicable provisions in paragraph 6(d)  
3            of our 2021 Agreement. The company's initial filing also  
4            contains the cost of service and rate design information  
5            required by the Commission's minimum filing requirement  
6            rule.

7  
8            In his testimony, Mr. Jordan Williams, Director Pricing  
9            and Financial Analysis, explains the cost of service  
10           studies, jurisdictional separations studies, rate designs,  
11           and proposed rates used in our proposal and initial filing.  
12           He will also explain Tampa Electric's proposed service  
13           charges and miscellaneous tariff changes, and that the  
14           company's proposed customer rates, charges, and tariffs  
15           are fair, just, and reasonable, and should be approved.

16  
17     **Q.**    Does the company's proposed rate design make any special  
18            provisions for elderly low-income customers?

19  
20     **A.**    Yes. As explained further by Mr. Williams, the company  
21            seeks approval of its Senior Care program, which will make  
22            a \$10 monthly bill credit available to residential customers  
23            who are 65 years of age or older and Medicaid eligible. Ms.  
24            Sparkman explains the other programs offered by the company  
25            to help customers who need assistance paying their electric

1 bill in her testimony.

2

3 **(6) PROJECTED BILL IMPACTS**

4 **Q.** How do the company's expected typical residential bills  
5 for 2024 compare to typical 2023 residential bills?

6

7 **A.** We are pleased that our customers are seeing lower electric  
8 bills this year. Lower projected fuel prices in 2024, the  
9 progress we made in 2023 recovering high fuel costs from  
10 2022, and the approval to spread 2022 storm damage costs  
11 over a longer period have all combined to generate good  
12 news for our customers. In January, our typical residential  
13 customer bill decreased by 11 percent, and commercial and  
14 industrial customer rates decreased by 10 to 18 percent  
15 depending on their usage. Our current 2024 residential bill  
16 is the second lowest among Florida's investor-owned  
17 electric utilities.

18

19 **Q.** How does the company expect its proposed rate increase for  
20 2025 to affect typical customers' bills?

21

22 **A.** Using our clause factors as of January 1, 2024 for 2025,  
23 we expect our typical 1,000 kWh residential customer bill  
24 in 2025 to be slightly lower than in 2023 and about 12  
25 percent higher than in 2024. Our typical residential bills

1 will still be among the lowest in Florida. Mr. Williams  
2 will provide more detail on customer class bill impacts in  
3 his testimony.

4  
5 **Q.** What about typical bills for small commercial customers?

6  
7 **A.** Using our clause factors as of January 1, 2024 for 2025,  
8 we expect our typical small 1,200 kWh commercial customer  
9 (GS) bill in 2025 to be approximately 0.1 percent higher  
10 than 2024 and about 10 percent lower than in 2023. Mr.  
11 Williams will provide more detail on this topic in his  
12 testimony.

13  
14 **Q.** Will other changes affect 2025 bills?

15  
16 **A.** Yes. The company's storm restoration charge applies through  
17 December 2024, so customer bills will be lower in 2025 when  
18 that charge ends. Fuel prices have been lower in 2024 than  
19 we projected in fall 2023, so we submitted a proposal to  
20 lower fuel costs on April 2, 2024. With the reduction in  
21 fuel charges and storm restoration charges, 2025  
22 residential customer bill increases will be moderated, and  
23 2025 small commercial customer bills will decrease compared  
24 to their current levels.

25

1       **(7) SUMMARY**

2       **Q.**    Please summarize your direct testimony.

3  
4       **A.**    Tampa Electric understands that there is never a good time  
5           to request rate increases and that higher electric rates  
6           will impact our customers. However, I am proud of the work  
7           we have done as a company to transform our system and serve  
8           the over 40,000 net new customers who joined our system  
9           since May 2021.

10  
11           We have worked diligently and thoughtfully to improve the  
12           safety, reliability, and resilience of our electric system,  
13           to improve efficiency in all areas of our operations -  
14           especially the generating efficiency of our existing power  
15           plants - and to ensure that we can continue serving  
16           customers at all times regardless of weather conditions.  
17           Our future plans will make our system even more reliable,  
18           resilient, and efficient.

19  
20           The rate relief we are requesting in this case is  
21           critically important to enable Tampa Electric to maintain  
22           its financial integrity and support the growth of West  
23           Central Florida while continuing to meet the expectations  
24           of our customers for safe, reliable, and resilient electric  
25           service.



1 Q. Does this conclude your direct testimony?

2

3 A. Yes.

4

5

6

7

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9

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1                   (Whereupon, revised prefiled direct testimony  
2 - page 37 - of Archie Collins was inserted.)

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1 witnesses and (2) the minimum filing requirement ("MFR")  
2 schedules identified as Exhibit Nos. TEC-1 through TEC-13.  
3 The witnesses filing direct testimony and the purposes of  
4 their testimony are shown on Document No. 1 of my exhibit.  
5 The witnesses sponsoring each MFR schedule are identified  
6 in Document No. 3 of my exhibit.  
7

8 **Q.** What other significant items are included in the company's  
9 request?

10  
11 **A.** In addition to our requested base rate increases explained  
12 above, Tampa Electric seeks approval to continue its AOM  
13 and to reset the company's Clean Energy Transition  
14 Mechanism ("CETM") factors approved in the 2021 Agreement.  
15 Mr. Heisey explains how the AOM has benefited our customers  
16 over the last three years and why it should be extended in  
17 his direct testimony. Ms. Ashley Sizemore, Director Rates,  
18 will explain our proposed CETM factors and how they comply  
19 with the 2021 Agreement in her direct testimony. She will  
20 also describe the company's performance under the Florida  
21 Energy Efficiency and Conservation Act.  
22

23 **Q.** What cost of service methodology and rate design principles  
24 has the company used to develop its proposed rates and  
25 charges in this case?

1 BY MR. WAHLEN:

2 Q Mr. Collins, did you also prepare and cause to  
3 be filed with your direct testimony an exhibit marked  
4 AC-1?

5 A I did.

6 Q And that's been identified as Exhibit 16 on  
7 the comprehensive exhibit list, is that correct?

8 A It is.

9 Q Do you have any changes to the exhibit?

10 A I do not.

11 Q Okay. Would you please summarize your  
12 prepared direct testimony, please?

13 A Sure. Thank you very much.

14 Okay. Good afternoon, everyone. And good  
15 afternoon, Commissioners. I really appreciate the  
16 opportunity to be with you today.

17 I have worked in the electricity business for  
18 over 34 years. I have been part of the TECO team since  
19 January of 2018, and I have been privileged to serve as  
20 President and CEO of the company since early 2021.

21 The Tampa Electric team that I lead is caring.  
22 It's community-minded, customer-focused. It's  
23 hardworking. It's committed to being better tomorrow  
24 than we are today, and it is committed to always doing  
25 the right thing.

1           We pride ourselves on being transparent,  
2 fair-minded, and deserving of your trust and the  
3 confidence of our customers. I am certain that our  
4 witnesses this week will consistently display these  
5 qualities.

6           My testimony serves several purposes. I  
7 provide an overview of Tampa Electric, and describe the  
8 improvements we have made since our last rate case in  
9 2021. I preview our plans for the future, explaining  
10 why we are seeking base rate increases.

11           My testimony provides details on the steps we  
12 have taken to moderate the new revenue we are  
13 requesting. I highlight key elements of our request.  
14 And assuming that the request is granted, I highlight  
15 the impact that our request is expected to have on  
16 customer rates in 2025. And, finally, I introduce the  
17 other Tampa Electric witnesses who will testify this  
18 week.

19           We have a very clear purpose at Tampa Electric  
20 that unites us as a company. Our 840,000 customers  
21 count on us every minute of every day to power their  
22 modern lifestyle. And as we reflect on our performance  
23 and progress over the past five years, we are very proud  
24 of the results.

25           Our safety performance has improved 30

1 percent. Our reliability has improved 32 percent since  
2 2017. Our fleet efficiency has improved by more than 20  
3 percent since 2017. And this improvement, together with  
4 the solar investments that we have made, has saved  
5 customers over \$200 million in fuel expense during this  
6 period.

7 Our O&M spending over the past 10 years has  
8 grown at less than one-half of one percent per year, and  
9 today, sits well below the Commission benchmarks.

10 And on an inflation-adjusted basis, our  
11 residential rates today are unchanged from where they  
12 were a decade ago, and they are 17 percent below the  
13 national average. And we're proud to offer the lowest  
14 commercial and industrial rates amongst the IOUs in the  
15 state of Florida, and our customers have acknowledged  
16 these results.

17 Notwithstanding, a dip in customer  
18 satisfaction in 2023 that affected the entire industry,  
19 Tampa Electric's 2024 customer satisfaction, as measured  
20 by J.D. Power, is ranked top quartile nationally for  
21 both residential and business segments. And, in fact,  
22 we now rank first in the state for the business segment.

23 There is more work to do, but these operating  
24 results are a testament to our ability to make smart  
25 investments that deliver superior results and improve

1 customer experience.

2 Looking forward, we are confident that our  
3 plans will continue to improve our system and provide  
4 value to our customers. Our witnesses this week will  
5 describe and explain why our plans are reasonable and  
6 prudent, and how cost-effectiveness, value creation and  
7 risk mitigation inform our decisions.

8 Our priorities for the future remain  
9 unchanged. We aspire to be more reliable, more  
10 resilient, more efficient, positioned to support and  
11 enable economic development in west central Florida, and  
12 we aim to be a force for good in the communities that we  
13 serve.

14 Our challenge is one of balance. We are  
15 required to run the business well today, but at the same  
16 time, our customers count on us to anticipate and to  
17 prepare for what is coming tomorrow, a tomorrow that  
18 most certainly will look much different than today.

19 Mr. Wahlen spoke of balance. That's our job.  
20 We work every day to balance a myriad of diverse issues.  
21 And in the midst of this juggling act, we maintain an  
22 unrelenting focus on the three priorities I just  
23 referenced, cost-effectiveness, value creation and risk  
24 mitigation. We need the rate increases we have  
25 requested so that we can continue to perform well today,

1 and to ensure that the company is taking the steps to  
2 insulate our customers from higher costs tomorrow.

3 Now, I'd like to say thank you. Tampa  
4 Electric appreciates the work of the interveners and  
5 your staff, and I thank them for their efforts. I  
6 acknowledge there is never a good time for a rate case,  
7 but they are necessary so that the company can continue  
8 providing the kind of electric service that our  
9 customers expect.

10 The evidence will show that the investments we  
11 are making are cost-effective. If we don't make these  
12 investments now, our customers will end up paying higher  
13 costs over the long-term.

14 Our witnesses look forward to engaging with  
15 the Commission and the parties this week to show how our  
16 plans for the future strike a reasonable balance,  
17 provide value to our customers, and that our requested  
18 revenue increases and the resulting customer rates are  
19 fair, just and reasonable.

20 Thank you.

21 CHAIRMAN LA ROSA: Thank you.

22 MR. WAHLEN: Mr. Collins is available for  
23 cross-examination.

24 CHAIRMAN LA ROSA: Thank you.

25 OPC.



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

2 EXAMINATION

3 BY MR. REHWINKEL:

4 Q Good afternoon, Mr. Collins.

5 A Good afternoon, Mr. Rehwinkel.

6 Q Let's just address this right up front.

7 In the prehearing statement, it shows that you  
8 are responsible for addressing only Issues 4 and 69, is  
9 that right?

10 A That is correct.

11 Q Issue 4 addresses quality of service, is that  
12 correct?

13 A Right.

14 Q And on page 79 of the Prehearing Order, Issue  
15 69 reads: What amount of operating revenue increase for  
16 the 2025 test year should be approved? Is that your  
17 understanding?

18 A Yes.

19 Q Is that all of the revenue increase that you,  
20 as a CEO, are supporting in this case?

21 A Yes.

22 Q I heard you, in your summary, say that we need  
23 the rate increases we have requested. Do you recall  
24 that?

25 A Yes.

1 Q Okay. Does that cover also the '26 and '27  
2 rate increases?

3 A Yes.

4 Q Okay. I think I asked you this before, but  
5 are you effectively the head coach of the team that you  
6 introduced to the Commission today?

7 A I am.

8 Q And would it be fair to say that you do  
9 support the additional 100 and -- what's the number?  
10 160 something million dollars requested for the  
11 subsequent years?

12 A I do.

13 Q You would agree with me that all three  
14 increased -- rate request increases are based on  
15 projected numbers, would you not?

16 A Ask me that question again.

17 Q You would agree that all three increase  
18 requests, '25, '26 and '27, are based on projected  
19 numbers?

20 A Projected capital spending?

21 Q That's one. Projected expenses?

22 A Yes.

23 Q I mean, some of the things are embedded, and  
24 the ROE is projected to be the required ROE for the  
25 future period, would you agree with that?

1 A Yes.

2 Q For all three of the years, the company uses  
3 to estimate its cost the same fundamentals in the  
4 budgeting and forecast -- forecasting process, is that  
5 right?

6 A Yes.

7 Q Let me -- let me --

8 A Yes.

9 Q Okay. What I was trying to ask is that for  
10 each year, do you use the same level of rigor and  
11 process that you have used in the past for each of the  
12 years?

13 A Yes.

14 Q Obviously, the budget year has a little bit  
15 more information than the outer years, correct?

16 A That is correct.

17 Q All right. Would you agree with me that Tampa  
18 Electric has the burden to demonstrate that the  
19 subsequent year adjustments meet all of the relevant  
20 criteria that the Commission establishes, as well as  
21 that they are justified?

22 A Yes, I agree with that.

23 Q With respect to Issue 69 and the revenue  
24 increases that you support, would you agree that if O&M  
25 expense levels that the Commission approves in the test

1 year are different than what you asked for -- have asked  
2 for, that the allowed revenue increase that you support  
3 would have to commensurately change?

4 A Ask me that question again.

5 Q To the extent that the O&M that you requested  
6 changes, whether it's up or down, you would expect there  
7 to be a commensurate change in the revenue requirement,  
8 is that correct, for the -- for the test year --

9 A Yeah. I think --

10 Q -- all other things being equal?

11 A Yeah. So changes that are made in the test  
12 year through this process that have -- that have a  
13 residual effect in '26 or '27, then, yes, we would  
14 expect that to be the case.

15 Q And for '25, if you have asked for a certain  
16 level of O&M expense and the Commission makes  
17 disallowances to that O&M expense, it should flow  
18 through to the resulting revenue requirement, all other  
19 elements being the same?

20 A Yes.

21 Q And if the -- same question, but just  
22 substituting the test year rate base. If it is adjusted  
23 up or down, then you would agree the allowed revenue  
24 increase that you support, all other things being equal,  
25 would have to commensurately change?

1 A Yes.

2 Q And same question, but substituting ROE.  
3 Would you agree that there would have to be a  
4 commensurate change in the revenue requirement?

5 A I do.

6 Q Is it your testimony that the projected  
7 13-month rate base that supports the 2025 revenue  
8 requirement is the minimum necessary for you to provide  
9 safe and reliable service?

10 A Yes.

11 Q Is it your testimony that the company has done  
12 all that it can to minimize the impact of your rate  
13 request on customers so that rates are affordable?

14 A Yes.

15 Q Mr. Collins, Emera and Tampa Electric engage  
16 in something called reprofiling capital in the  
17 management of its business, is that right?

18 A We routinely would go through a process like  
19 that, yes.

20 Q Is that when one moves budgeted or forecasted  
21 capital into a period different than the period  
22 originally designated for the spending or placement into  
23 service of that same capital or capital asset?

24 A It can include that. I mean, the -- you know,  
25 we -- as a management team at, at Tampa Electric, we

1 continuously, I'm going to say every month, but  
2 certainly every quarter, we examine our capital budget,  
3 our capital forecast for the balance of the year, for  
4 the out years.

5           And we -- and we've -- you know, we go through  
6 the analysis to verify that the projects that we are  
7 intending to invest in, or the sequence that we're  
8 planning to make those investments, that we continue to  
9 feel the evidence shows that these are -- these are  
10 projects that deliver value for customers. So we go  
11 through that exercise all the time.

12           **Q     Is it your testimony that your motivation is,**  
13 **in reprofiling capital, is strictly for the benefit of**  
14 **the customers?**

15           A     No. I mean, I -- and I think maybe that's  
16 where you are going with this -- this line of  
17 questioning, is in 2023, we did go through an exercise  
18 to make some rather substantial cuts to capital in 2024.  
19 And that really was a -- that was a function of value  
20 creation, but also the ability to fund them, to actually  
21 have access to the needed equity to undertake those  
22 investments.

23           **Q     Okay. And when you say, to undertake those**  
24 **investments, you mean in Florida?**

25           A     Yes.

1           Q     Can you state to the Commissioners whether the  
2     company has taken extraordinary measures to increase the  
3     level of rate base by means of delaying, relative to the  
4     long-term capital -- long-term forecast capital, in a  
5     way that increases test year rate base?

6           A     Have we taken measures that have increased the  
7     capital spent, what's in rate base?

8           Q     Yes, that's the gravamen of question.

9           A     No. I would say, actually we did the opposite  
10    by -- by pushing -- you know, we had capital that we  
11    would have intended to undertake in '23 and '24 that was  
12    -- that ended up being pushed out into '25, '26 and  
13    beyond.

14          Q     Okay. But '23 and '24 were not ratemaking  
15    years, would you agree with that?

16          A     Yes.

17          Q     Can you state whether the company has taken  
18    extraordinary measures to increase the level of rate  
19    base by means of accelerating, relative to the long-term  
20    forecast capital, in a way that increases test year rate  
21    base?

22          A     We have not done that.

23          Q     As an engineer, you have the ability to  
24    understand the major projects that have engineering at  
25    the core of what's driving the capital expenditures, is

1 that right?

2 A Yes.

3 Q And as CEO, you have a general knowledge of  
4 the basics of the ratemaking formula that this  
5 commission applies, is that right?

6 A Yes.

7 Q And as a participant in Tampa Electric board  
8 meetings, and as a part of the executive management team  
9 and the capital leadership team, or CLT process, you  
10 have occasion to bring that engineering expertise and  
11 your 34 years in the industry to bear in evaluating  
12 projects that are at issue in this case, is that right?

13 A Yes.

14 Q As President and CEO of Tampa Electric, you  
15 are knowledgeable about, and ultimately responsible, for  
16 the overall rate increase request in this case, is that  
17 true?

18 A That's true.

19 Q And I've asked you this before, the buck stops  
20 with you, as President Truman would say, right?

21 A That's correct.

22 Q I think we've heard pieces of details of this  
23 in the opening, but I want to ask you. Is it not true  
24 that Tampa Electric is making a fairly significant ask  
25 of your customers, on the order of \$287 million for



1 2025, 95, or is it \$92 million for '26, and 65 million  
2 for 2027?

3 A Yes.

4 Q Do you know which of those numbers, 95 or 92,  
5 is the number?

6 A 92, I do believe.

7 Q Okay. I know you have changed it and I  
8 haven't kept up as well, so thank you.

9 These significant asks of your -- would you  
10 agree that those are significant asks of your  
11 customers --

12 A Yes.

13 Q -- in terms of rate increase?

14 A Yes.

15 Q And you would agree that they reflect about a  
16 22-percent, as you filed it, increase in the base rates  
17 element on the bill for 2025 alone?

18 A An increase in rate base or base rate?

19 Q Base rates. Well, on your bill, you have got  
20 base rates, you have got ECRC, fuel --

21 A Oh, I see.

22 Q -- storm surcharge --

23 A I see. I see. I -- I understand what you  
24 have done there.

25 I -- I'm going to take you at your word on

1 that. I don't know what the move is on just one portion  
2 of the rate. We tend to look at the -- at the rate  
3 all-in, and certainly the increase in '25 is lower than  
4 22 percent all-in when you consider the other elements  
5 of the bill.

6 Q Okay. But what the Commission is doing in  
7 this hearing, is they are only setting base rates,  
8 correct?

9 A Correct.

10 Q Okay. So, for instance, if there is a storm  
11 and there are storm costs that you have to recover from  
12 customers, that's in addition to the base rates, right?

13 A Correct.

14 Q And if there is an increase in fuel costs  
15 because of a war, or a strike somewhere, and costs go  
16 up, those would be added to the bill, right?

17 A Yes.

18 Q Assuming the 22-percent, which is actually  
19 21.8 percent as filed in your MFR A-2 -- why don't we  
20 just go look at that real quick if we can. If someone  
21 could take us to A2 -- which I think is J3, master J3.

22 Can you see that? I don't think it can be  
23 enlarged any.

24 What I want to ask you is, in column 3, for  
25 1,000 kilowatt-hour customers, which I think you would

1 agree the Commission considers an average customer, on  
2 line 11.

3 A Correct.

4 Q I see \$87.80. And then in column 13 -- and  
5 that's under the present rates. This is bill under  
6 present rates. Bill under proposed rates in column 13,  
7 on the same line, it shows 107.01. Do you see that?

8 A Yes, I do.

9 Q And I just did the math there, 107 minus 87  
10 divided by 87, gave me 21.8. So you would agree, if  
11 that math is right, that under this, it's about a  
12 22-percent increase in the base rate element of the  
13 bill?

14 A Yes, I agree with that. I mean, I think what  
15 we are looking at here is the -- is -- is one of the --  
16 the two ways that we filed the MFRs. I think this one  
17 is the 4CP methodology, is that correct?

18 Q Yes. So obviously, as you have reduced your  
19 revenue requirement, these numbers would have a tendency  
20 to moderate in terms of that column 13 line 11 number,  
21 right?

22 A Ask me that again.

23 Q You -- I think you filed seeking 293 million,  
24 and now you are at 287. So that percentage drop in your  
25 ask would mean that these numbers under this approach

1 would come down --

2 A Yes.

3 Q -- right?

4 A Yes.

5 Q And somewhere there is a similar presentation  
6 of an alternative, the Commission's 12CP and, is it 25,  
7 methodology?

8 A Yes.

9 Q Okay. And in any event, this is the bill that  
10 the Commission is addressing in this case today -- this  
11 is the element of the bill that they are addressing in  
12 this case this week, right?

13 A The base rates. Yes.

14 Q Yes. And that 22-percent as filed number, it  
15 would increase probably another five percent in '26 if  
16 you have got your -- what you asked for, and then  
17 another three or so percent on top of that if you got  
18 your '27 request, would you accept, subject to check?

19 A I'll accept subject to check on that. Yeah.

20 Q So the customers' overall bills on the base  
21 rate side, or their rates in the base rate element,  
22 would -- could be some 30 percent higher if you get what  
23 you asked for using this methodology, is that right?

24 A Correct, that portion of the bill.

25 Q At the end of the three-year period, right?

1           A     Yes.

2           Q     You've talked in your testimony about a  
3     12.2-percent increase, but that's the bill, or all-in  
4     bill that you talked about before, right? That's the  
5     bill as a whole?

6           A     It is. Correct.

7           Q     Okay.

8           A     That is correct.

9           Q     And like we talked about earlier, things like  
10    fuel and storm damage recovery items, that would be in  
11    column 14 of this exhibit, and they could make that  
12    number go up, right?

13          A     They could, you know, for factors beyond our  
14    control. I think to the extent we can control some of  
15    those other line items on the bill, we are making -- you  
16    know, we are thoughtfully making investments that move  
17    them down, improve the resiliency of our grid, make them  
18    less -- you know, make, make our grid less likely to  
19    storm damage, investing in solar to reduce the fuel  
20    bill, et cetera.

21          Q     And on this same document here, in column 10,  
22    this existing bill shows \$2.19 in column -- on line 11  
23    for storm surcharge, is that right?

24          A     Yes.

25          Q     Okay. Now, you don't have such a storm

1 surcharge in 2025 because, at this time, you have not  
2 projected any storm damage cost for recovery in that  
3 period, right?

4 A Correct.

5 Q And recently, Hurricane Debby caused some  
6 level of damage in your territory, is that right?

7 A Yes.

8 Q And that would mean that those costs, plus any  
9 other -- hopefully none -- storm costs for a future  
10 storm in this period, this year or in 2025, could add to  
11 the rates that you are requesting on your bill, is that  
12 right?

13 A It could, you know, I mean -- you know, Debby,  
14 the -- the impact from Debby was 5.1 million. A very,  
15 very modest number. And again, that's a -- that's a  
16 combination of the fact that the track stayed 90 miles  
17 to our west, but also the fact that our grid is  
18 becoming, you know, we -- it's getting stronger and  
19 stronger as we invest in it.

20 But, yes, the point you are making is if  
21 something unexpected does occur, hopefully not.

22 Q Right. Okay.

23 And the same would apply, I think, with  
24 respect to fuel costs. In 2022, you had enormous spike  
25 in fuel costs following the advent of the Ukrainian war

1 and other factors, and that hit your bill in 2023,  
2 right?

3 A Yes, and into '24.

4 Q But those have dropped out, and what you have  
5 projected here show the 35, on line 11, column 14 is the  
6 same \$35.36 that you have on column 4, and no change in  
7 fuel for the '25 year, right?

8 A I think that is correct. And my sense is it's  
9 simply a conservative approach until such time as we  
10 completed the 2025 GFI.

11 Q Okay. And the point of my question here is,  
12 sort of belaboring this point, is that the 12.2-percent  
13 really doesn't reflect things that are within the  
14 control of the Commission entirely, or the company,  
15 right?

16 A I think -- I think the point that you're  
17 making is simply this proceeding is about base rate, the  
18 base rate portion of the bill, and the increase that we  
19 are requesting for that portion of the bill is one  
20 number.

21 Our perspective is many of the investments we  
22 are making, which are rate base investments, are having  
23 the effect of moderating other portions of the bill. So  
24 as a result, we tend to look at the rate in its  
25 entirety.

1 Q You mean the bill in its entirety?

2 A Well, the rate --

3 Q Okay.

4 A -- you know, the all-in rate.

5 Q Okay. So in this case, Tampa Electric is --  
6 compares itself to Duke Energy, at least with respect to  
7 customer service and bill impacts. Would you agree with  
8 that?

9 A Say that again?

10 Q In what you have presented in your testimony,  
11 and others, the -- Tampa Electric compares itself to  
12 Duke Energy in terms of how you compare in customer  
13 service and bill impacts, the level of solar you have  
14 per capita, and even your bill; right?

15 A Yes, we -- but I don't want to single Duke  
16 Energy out. I mean, we compare ourselves to our peers  
17 across, not just the state of Florida, but across the  
18 entire US.

19 Q And I think you just -- you benchmark yourself  
20 against FPL and Duke in the state of Florida, right?

21 A Yes, and others outside the state. Yeah.

22 Q Okay. You would agree, would you not, that  
23 assuming Duke is about a two million customer company,  
24 and you, I think said in your summary, 840,000. Duke is  
25 about 2.4 times bigger than Tampa Electric in terms of



1 customer size; right?

2 A In terms of customer size, yes.

3 Q Stated another way, you are about 42 percent  
4 size of Duke in terms of customers, right?

5 A Okay.

6 Q And for -- just for FPL, they are about seven  
7 times larger than you. If you take 6 million and divide  
8 840 into that, you get 7.14. Would you agree with that?

9 A Yes.

10 Q And you are aware that Duke recently filed a  
11 settlement agreement to resolve the rate case it filed  
12 on the very same day that you filed your case, right?

13 A I am aware of that.

14 MR. WAHLEN: Mr. Chairman, I would like to  
15 object here. I think we're about to get into a  
16 series of questions about the Duke Settlement  
17 Agreement. I don't think it's relevant.

18 I think we are going to spend a lot -- if it  
19 is relevant, we are going to spend a lot of time  
20 this week. By its terms, it has no precedential  
21 value, and by its terms, no individual part of the  
22 agreement --

23 CHAIRMAN LA ROSA: Yeah. Understood.

24 Can you -- can you redirect the questions to  
25 either testimony, or -- I understand to go off on a

1 question, but I do agree that we are going down a  
2 series of questions.

3 MR. REHWINKEL: Are you -- I just have to ask,  
4 are you sustaining the objection?

5 CHAIRMAN LA ROSA: It's sustained. Yes.

6 MR. REHWINKEL: We may enter into a lengthy  
7 narrative where we have to proffer evidence. This  
8 witness just testified that they compare their  
9 bills. And if the Commission would want to direct  
10 themselves to C18-1776, if we could go look at  
11 that, 1776. For the purpose of my argument, I am  
12 asking that we push Case Center to 1776.

13 MR. SCHULTZ: What was the number? I'm sorry.

14 MR. REHWINKEL: 1776. And let's go down.

15 Okay. Here, Mr. Collins introduced Mr.  
16 Williams in his testimony. He just testified that  
17 they compare themselves on a bill to Tampa -- to  
18 Duke and FPL. The bill only comes from the revenue  
19 requirement, and that's based on rate base, ROE,  
20 expenses, et cetera.

21 You can't have it both ways, where you compare  
22 yourself, but then stiff-arm the interveners and  
23 say, we're not going to answer questions about  
24 that.

25 MR. WAHLEN: Mr. Chairman, Tampa Electric

1           didn't sign an agreement that says that the  
2           settlement agreement has no precedential value.  
3           Office of Public Counsel, Walmart, FIPUG did.

4                     Now they are wanting to talk about their  
5           settlement agreement, and they are implying that it  
6           has precedential value in this case. That's why we  
7           are objecting. They are the ones that agreed to  
8           that in their settlement agreement.

9                     MR. REHWINKEL: Just to respond to that, Mr.  
10           Chairman.

11                    CHAIRMAN LA ROSA: Sure.

12                    MR. REHWINKEL: I am not asserting any  
13           precedential value to that settlement agreement.  
14           That -- I am forbidden from doing that. But the  
15           Commission, as the company has demonstrated in our  
16           testimony, can compare bills, rates, service,  
17           whatever. We just put an exhibit into evidence  
18           this morning that compares their complaint levels  
19           to other companies.

20                    So I commit to you I am not asking that there  
21           be any precedential value. And I think the time  
22           for that would be arguing in the brief that a  
23           precedent ought to be applied. But  
24           cross-examination, and the scope of it, is about  
25           his testimony and exploring what it means, and

1 testing the validity of it, and how much weight you  
2 should give it.

3 So if the objection is I can't ask him about  
4 the most recently approved ROE in the state of  
5 Florida, then I would have to ask that we go into a  
6 proffer session.

7 CHAIRMAN LA ROSA: Okay. I would say that you  
8 can ask the question based on the testimony that he  
9 has put in front of us, right? What I don't want  
10 to do is start opening up a can of worms into  
11 something that's not been put forward as evidence,  
12 or put forward in testimony. That's the direction  
13 I felt that the line of questioning was going.

14 MR. REHWINKEL: Well, Chapter 120,  
15 120.57(1)(b) guarantees the rights of customers and  
16 their attorneys to cross-examine witnesses. And  
17 the scope of cross-examination is broad. And we  
18 have already established a predicate that compared  
19 -- that comparison of Tampa Electric to do is part  
20 of the case that they have filed.

21 So, you know, if the objection is based on  
22 precedential value, that's not my game, and I'm not  
23 asking for that to be done.

24 CHAIRMAN LA ROSA: Let me confer with my staff  
25 so that we make can sure that we are clear,

1           especially as we are getting -- we are getting  
2           started here. So give me two minutes.

3                   (Brief recess.)

4           CHAIRMAN LA ROSA: All right. Let's reconvene  
5           here.

6                   So I understand the direction of the  
7           questions. Let's do this: Let's -- I will allow  
8           you to continue to ask the questions, but what I am  
9           trying to avoid is comparing the settlement  
10          agreement that we just approved last week.

11                  So I understand the comparison that you are  
12          pointing to here. So I am going to allow the  
13          questions to continue, but I may interrupt if I  
14          think we are going too far.

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

16 BY MR. REHWINKEL:

17           **Q     Let's see -- so I think the last question I**  
18 **asked was: You are aware that DEF recently filed a**  
19 **settlement agreement to resolve the rate case it filed**  
20 **the same day as your case. And I don't know if I got an**  
21 **answer to that, but an objection came in, so I would**  
22 **like to reask the question.**

23                  **CHAIRMAN LA ROSA: Sure.**

24                  THE WITNESS: I am aware.

25 BY MR. REHWINKEL:

1           Q     And you are aware that the Commission approved  
2     that agreement, right?

3           A     Yes.

4           Q     If you get the rates and -- or if the  
5     Commission approves the rates, including the ROE that  
6     you request in this case, would you agree that, all  
7     other things being equal, that your residential bills  
8     will be higher than both FPL and Duke, as presented in  
9     Mr. Williams' testimony?

10          A     I -- I am not trying to be difficult, but I am  
11     reluctant to answer that only because what -- what is  
12     this that I am looking at?

13                     So it seems to be a column that speaks to  
14     Tampa Electric using 4CP methodology if we were to  
15     receive -- if everything that we have asked for in this  
16     rate case is granted for the year 2025. And then for  
17     the other companies, is it -- is it their current rate  
18     or some speculation on what their rate will be in '25?

19          Q     Well, that's a -- that's a good question. I  
20     am just trying to understand is what your understanding  
21     would be based on what you have presented here.

22                     MR. WAHLEN: Mr. Chairman, he is  
23     cross-examining this witness on another witness's  
24     testimony. If he has a question about what this  
25     means, he should ask Mr. Williams, not Mr. Collins.

1 MR. REHWINKEL: Well, Mr. Chairman.

2 CHAIRMAN LA ROSA: I understand.

3 Are you -- I am going to allow the question to  
4 continue, but with clarification first.

5 MR. REHWINKEL: Mr. -- the 160.93 that's in  
6 here, I believe is also in Mr. Collins's testimony.

7 CHAIRMAN LA ROSA: Can we point to that?

8 MR. REHWINKEL: If we can find it. I mean, I  
9 can ask the witness. He talks about just less than  
10 \$161.

11 THE WITNESS: Well, that -- that was the rate  
12 -- \$161 per 1,000 kWh was the residential rate in  
13 2023. I am not seeing the 160.93 in my testimony.

14 MR. REHWINKEL: Obviously, Mr. Chairman, I  
15 have asked -- I have written questions out in a  
16 certain order, but I am -- on page 39, which I  
17 think is J40, starting on line 22.

18 MR. SCHULTZ: Whose testimony are you looking  
19 for?

20 MR. REHWINKEL: Mr. Collins.

21 MR. SCHULTZ: And you said Mr. Collins'  
22 testimony?

23 MR. REHWINKEL: Yes. Actually starting on  
24 line 19, carrying on through page 3 in the next.

25 THE WITNESS: I see that.

1           MR. REHWINKEL: So, Mr. Chairman, right here  
2           it says in 20 -- that using our cause factors as of  
3           January 1, 2024, for 2025, we expect our typical  
4           1,000 kWh residential customer bill in 2025 to be  
5           slightly lower than in 2023, and about 12 percent  
6           higher than in 2024. Our typical --

7           And so -- I mean, I could put it to the  
8           witness. I suggest that he is talking about  
9           160.93, which is seven cents lower than the 2023  
10          number that's also in his testimony.

11          CHAIRMAN LA ROSA: Okay. So can we point the  
12          question to the testimony he has given and not the  
13          comparison? Because I can't guarantee that his  
14          testimony is identical to that graph that we were  
15          just looking at.

16          MR. REHWINKEL: I would certainly hope that  
17          all the witnesses of Tampa Electric's testimony  
18          jived --

19          CHAIRMAN LA ROSA: I am not saying that.

20          MR. REHWINKEL: So I don't know -- I know  
21          there was an objection.

22          MR. WAHLEN: We don't object to him asking  
23          about Mr. Collins' testimony at all. That's fair.

24          CHAIRMAN LA ROSA: Right. And that's a  
25          direction I am trying to -- I am trying to point



1           towards.

2           MR. REHWINKEL: What I am asking is, is his  
3           testimony right here says that they will be  
4           slightly lower than 2023. So let me ask him this,  
5           if that's -- if I can.

6           CHAIRMAN LA ROSA: Sure.

7 BY MR. REHWINKEL:

8           **Q     Mr. Collins, the reference, to slightly lower**  
9           **than 2023 here, you are referring to the 160.93 level**  
10          **that's in Mr. Williams' bill that you -- testimony that**  
11          **you referenced on page 40, right?**

12          A     I am certain that what Mr. Williams has  
13          presented is correct. It's not a number that I am  
14          familiar with. I would -- I am looking at something in  
15          front of me that's slightly lower than 160.93.

16                 But nonetheless, the point is still the same,  
17          that if everything that we have requested is granted in  
18          2025, then our all-in residential rate would be slightly  
19          lower than it was in the year 2023.

20          **Q     Okay. And that number would be greater than**  
21          **what F -- Duke rates would be after the approval of the**  
22          **settlement agreement?**

23          A     I don't know the answer to that question.

24          **Q     Okay. Fair enough.**

25          A     Yeah, I don't know.

1           **Q     What would be correct is that your requested**  
2 **ROE of 11.5 percent would be 120 basis points higher**  
3 **than 10.3, right?**

4           MR. WAHLEN: Can I object again? That's  
5 exactly what I thought we were getting away from,  
6 is detailed questions and comparisons between the  
7 Duke Settlement Agreement in whatever Tampa  
8 Electric is doing. Maybe I misunderstood.

9           CHAIRMAN LA ROSA: Can you re -- can you reask  
10 the question?

11          MR. REHWINKEL: My question is: Your 11 --  
12 ROE, 11.5, would be 120 basis points higher than  
13 10.3? That's my question.

14          CHAIRMAN LA ROSA: I will allow the question,  
15 but I am trying to avoid going down a comparison.  
16 I don't believe you are going there. I know you  
17 are asking a direct question, so I will allow the  
18 question.

19          THE WITNESS: Yes.

20 BY MR. REHWINKEL:

21           **Q     You were asked publicly about the Duke**  
22 **settlement less than three weeks ago, on August 9th,**  
23 **were you not?**

24           A     During an analyst call?

25           **Q     Yes, sir.**

1 A Yes.

2 Q Okay. And are you aware that Duke originally  
3 asked for \$593 million in 2025, 98 million in 2026 and  
4 129 million in 2027, subject to check?

5 A Subject to check, yes.

6 Q Are you aware that Duke filed non-solar base  
7 rate revenue increase in the settlement of 203 million  
8 for 2025, and an additional 59 million for 2026, subject  
9 to check?

10 MR. WAHLEN: Same objection. Irrelevant. He  
11 is doing exactly what he has been asked not to do,  
12 which is to make comparisons to the Duke settlement  
13 agreement.

14 CHAIRMAN LA ROSA: I think the implication is  
15 that you are going to -- I feel like you are going  
16 down the settlement and asking about elements of  
17 it, specifically with the assumption that that's  
18 the comparison that we are making.

19 So I understand what TECO is pointing out. I  
20 don't mind a question directed to what may be  
21 happening within the state, but when we are picking  
22 -- I feel like we are picking apart the settlement  
23 and then making a direct comparison to that.

24 MR. REHWINKEL: Mr. Chairman, we started off  
25 about the bill impact and the base rate element of

1 the bill and comparisons. And it defies my  
2 understanding, based on my 39 years in this  
3 business here, how that's not relevant.

4 Because the company has put in comparisons.  
5 They put it into play in this case. They say, we  
6 are better than this company. We are better in  
7 this regard. And one of the elements that they say  
8 they are better in is the bill impact, and the bill  
9 impact only comes from the revenue requirement.

10 And so we are trying to explore -- I mean, I  
11 am not asking that the Commission make a  
12 determination about the precedential value of a  
13 Duke settlement agreement and apply that to them.  
14 I am just trying to understand how they compare,  
15 since they put comparison at issue in this case.

16 And, you know, I -- it's sitting there in  
17 plain sight. The Commission knows what the revenue  
18 levels that were approved. The company knows. And  
19 they've -- I just think it is a -- it is within the  
20 sphere of cross-examination and what's allowable in  
21 cross-examination.

22 CHAIRMAN LA ROSA: Okay. Can we point the  
23 questions to the direction of his testimony? And  
24 if you are going to pull an element out, can you  
25 specify where he has testified on that?

1 MR. REHWINKEL: We can do that. That will --  
2 that will take time because everybody is asking me  
3 to reframe my questions.

4 I think Mr. Collins testified about ROE. I  
5 can ask him. He has put a case on that has an 11.5  
6 ROE in it. And so I will ask Mr. Collins if that's  
7 true.

8 CHAIRMAN LA ROSA: Yeah, please continue.

9 BY MR. REHWINKEL:

10 Q Is your 2025 revenue requirement based on 11.5  
11 ROE?

12 A It is.

13 Q What's your current ROE?

14 A 10.2.

15 Q Okay. So we could take -- we could compare  
16 10.2 to 11.5, right? Because that's -- that's -- would  
17 you agree, that's about \$78 million a year of revenue  
18 requirement compared -- of 11.5 compared to 10.2?

19 A Subject to check, yes.

20 Q I think you have testified before, and a rule  
21 of thumb is 60 million per 100, right --

22 A Correct.

23 Q -- 100 basis points, okay.

24 So you are now asking for \$287 million a year  
25 in the test year of 2025, right?

1 A Correct.

2 Q Okay.

3 MR. REHWINKEL: Mr. Chairman, I feel like I am  
4 at a point right now where I would need to  
5 demonstrate to an appellate court that we were  
6 restricted and denied our Chapter 120 rights to  
7 conduct cross-examination by asking a series of  
8 questions on profit, because this seems to be an  
9 intractable spot for the Public Counsel.

10 We represent the customers of Tampa Electric.  
11 We represent the customers of Duke Energy. And as  
12 one of the opening statement said, they are both in  
13 the same territory. And it is -- it would be a  
14 denial of our fundamental due process to be not  
15 allowed to compare their revenues and their revenue  
16 requirement request to their neighbors when they  
17 ask you to compare the bills.

18 So I don't know any other way to do it but to  
19 ask these questions, which obviously are not in  
20 favor, but it's our job.

21 MR. WRIGHT: Mr. Chairman --

22 CHAIRMAN LA ROSA: I am going to go to my  
23 advisor first --

24 MR. REHWINKEL: Please do.

25 CHAIRMAN LA ROSA: -- and I will let them

1           opine.

2           MS. HELTON: Mr. Chairman, I am struggling a  
3           little bit. And part of the reason why I am  
4           struggling is because my understanding of the  
5           reason why we are here is that we are -- you are  
6           charged with looking at the petition that was filed  
7           by the company, and you are charged with hearing  
8           the testimony of the utility's witnesses to which  
9           the interveners will take objection. And at the  
10          end of the day, then you are going to weigh the  
11          evidence and decide what fair, just and reasonable  
12          rates are for Tampa Electric Company and its  
13          customers.

14          And I understand, I think, Mr. Rehwinkel's  
15          desire to look at the Duke settlement. But from my  
16          perspective, the Duke settlement that you just  
17          approved, that is a decision that has not been  
18          codified yet into an order. That is a decision  
19          that, while I agree that it most likely will become  
20          a final order once it is entered, it's not yet a  
21          final order.

22          When Tampa Electric filed its case, that  
23          settlement did not exist. And if there was any  
24          global comparisons -- and I understand it to be  
25          more of a global comparison that TECO made -- it

1           would have been to rates that existed for Duke or  
2           any other utility at the time that TECO filed its  
3           case. And right now, I am sorry, this year has  
4           been a whirlwind, and I can't remember if that was  
5           in March or April.

6                     We are here to look at what TECO filed. TECO  
7           has the burden of proof. And so I don't -- I am  
8           not bothered by kind of a general comparison with  
9           respect to what TECO charges now, or what TECO  
10          wants to charge -- there is -- asking you to be  
11          able to charge in the future. But to get to the  
12          point we are so granularly looking at what TECO has  
13          versus what Duke just got in a settlement that is  
14          not yet codified into a final order, I am bothered  
15          by that.

16                    MR. WRIGHT: Mr. Chairman, may I have 20  
17          seconds?

18                    CHAIRMAN LA ROSA: Real quick. And that's the  
19          direction that I am trying to decipher. And I  
20          understand that this is -- this is -- it's not  
21          exactly black and white, but I appreciate the  
22          perspective.

23                    Go ahead.

24                    MR. WRIGHT: Thank you very much.

25                    I think that the difference here, as I



1 understand what my colleague Mr. Rehwinkel is  
2 trying to ask, is questions related to factual  
3 circumstances comparing Tampa Electric and Duke. I  
4 haven't heard him articulate any claim as to  
5 precedential value of the settlement.

6 Mr. Collins has testified about bills,  
7 affordability. He has said straight up, we compare  
8 ourselves to Duke and FPL, and our utilities across  
9 the country on service bills, bill impacts, and  
10 solar per capita.

11 I think Mr. Rehwinkel is asking about factual  
12 questions relating to comparisons, not arguing  
13 precedent. We will argue precedent later, but I  
14 don't think that's what's going on here.

15 Thank you.

16 MR. REHWINKEL: The other --

17 CHAIRMAN LA ROSA: Mr. Rehwinkel.

18 MR. REHWINKEL: -- thing, Mr. Chairman. In  
19 the state of Florida, FPL rates are set by  
20 settlement agreement. Duke's existing rates are  
21 set by settlement agreement. Tampa Electric's  
22 existing rates are set by a settlement agreement.

23 If inquiry cannot be made about the rate  
24 levels that another company has, then the  
25 Commission would be ruling that you can't inquire

1 about anybody's rates because they are all based on  
2 settlements.

3 So -- I mean, this is the facts on the ground  
4 that we have here. There is no -- there is no  
5 rates in effect for the three large IOUs that are  
6 -- that are based on a fully litigated outcome.

7 MR. WAHLEN: Mr. Chair, Mr. Rehwinkel asked  
8 Mr. Collins: How does Tampa Electric's proposed  
9 rates compare to the rates that were approved in  
10 the Duke settlement agreement? And he said: I  
11 don't know. He doesn't know.

12 His testimony is about a comparison to what  
13 Duke's rates were at the time they were filed. He  
14 doesn't know the answer to the question Mr.  
15 Rehwinkel is asking.

16 What I am trying to get ahead of here with  
17 these objections is questions about the amount of  
18 solar; the percentage of the increase granted; what  
19 the return on equity was; what the equity ratio  
20 was; what this was; what that was.

21 All of these settlement agreements are give  
22 and take between the parties. And they all have  
23 language in them that says you can't pick one  
24 little piece out of it and say, this is what we all  
25 agreed to, because it represents give and take.

1           Now they are saying, oh, well, we are not  
2           saying there is any precedential value. Then why  
3           are we talking about it? Why are we talking about  
4           it?

5           If he wants to talk about the comparison  
6           between Duke's newly approved rates, which I  
7           haven't even seen, and he doesn't know, that's  
8           fine.

9           What I don't think we should do this week is  
10          start going through all of the issues in our case  
11          and seeing how the Duke settlement informs what the  
12          Commission should think about that; because all of  
13          those pieces in the Duke settlement agreement  
14          reflect the individual give and take of that case,  
15          and it was that case. We weren't a party to it.

16          There has now been more questioning about the  
17          Duke settlement agreement in our case than there  
18          may have been at the Duke settlement hearing.

19          So if he wants to talk about the comparison,  
20          he has already told him, I don't know.

21                   CHAIRMAN LA ROSA: LULAC.

22                   MR. MARSHALL: This seems to be becoming a  
23                   bigger issue, and so just for the record, I wanted  
24                   to state that TECO's testimony is replete with  
25                   comparisons to other utilities, including their

1 ROEs, revenue requirements, bill impacts, rates,  
2 and a lot of those are based on settlements. And  
3 so if that's not allowed, then all that testimony  
4 should be stricken.

5 CHAIRMAN LA ROSA: So I am going to ask my  
6 staff a question -- or my Advisor question.

7 Settlement and last week's settlement are two  
8 different things. So what's being asked, or what's  
9 being stated by the parties are past settlements.  
10 And we -- and I think hopefully I have been clear,  
11 is that I am trying to minimize, or bifurcate any  
12 comparison to last week's Duke settlement. Is that  
13 a fair statement, and is that a direction in which  
14 we can go?

15 MS. HELTON: Yes, sir.

16 CHAIRMAN LA ROSA: Okay. So I am happy to  
17 restate the question and the advice I was asking  
18 from my advisors, is that a direction that you  
19 believe we can go with your questioning?

20 You can ask questions about previous  
21 settlements. I am trying to avoid making  
22 comparisons to something -- to something that we  
23 passed last week that has -- that has yet to be  
24 codified.

25 MR. REHWINKEL: Well, Mr. Chairman,

1           unfortunately we find ourselves in a position where  
2           we need to understand the basis for the ruling.  
3           And if the basis for the ruling is it's not  
4           attached to an order, I need to know that for  
5           purposes of appellate review.

6           I -- you know, this is a serious issue, and we  
7           are asserting that we are being denied our due  
8           process right. So I have to understand the reason  
9           for the ruling.

10           MS. HELTON: Well -- and part of the reason  
11           is, as Mr. Wahlen has stated, and as the witnesses  
12           stated, they are not familiar with the intricacies  
13           of the Duke settlement as was approved by you last  
14           week. So it's -- they can't answer the question --  
15           he can't answer the question. I think that he  
16           could answer the question about settlement  
17           decisions that have been codified that are final.

18           So, yes, part of the basis is that it's not --  
19           we have a settlement that is not yet a final  
20           decision.

21           CHAIRMAN LA ROSA: Mr. Rehwinkel.

22           MR. REHWINKEL: I still don't understand the  
23           basis. Usually there is a relevance objection.  
24           There is a hearsay objection. There is -- and I --  
25           you know, to me, it sounds like there is this

1 artificial wall that says you just can't ask about  
2 something that was voted on last week. I don't  
3 know where that's in the law.

4 MS. HELTON: Mr. Chairman, maybe if I can make  
5 a suggestion.

6 As we go forward, allow Mr. Rehwinkel to  
7 answer his questions, and then if there becomes a  
8 specific objection to a specific question that Mr.  
9 Wahlen wants to raise, we can -- we can deal with  
10 it then.

11 I think we have gotten to kind of a little bit  
12 of a generality here. And maybe we would be better  
13 off letting Mr. Rehwinkel go forward with his line  
14 of questions.

15 CHAIRMAN LA ROSA: If we go down -- if I allow  
16 you to continue, Mr. Wahlen, is that something that  
17 you can opine on as that comes up?

18 MR. WAHLEN: Sure. I think what he is going  
19 to hear in a lot of cases is that Tampa Electric  
20 really can't comment too much on the Duke  
21 settlement. It's give and take. It's all of those  
22 things we have talked about. But if Mr. Rehwinkel  
23 wants to take time this week to go through all of  
24 it, I guess we will just have to give that answer.  
25 I think it's a waste of time, and I think it's not

1 relevant, but we can move forward on that basis.

2 MR. REHWINKEL: In all due respect, Mr.  
3 Chairman, Mr. Wahlen's prerogative is not to assume  
4 that I am going to go through all of a settlement  
5 agreement. I am only asking about the revenue  
6 requirement that you just approved and what they  
7 are asking for. I think it's --

8 MR. WAHLEN: That's fine, but I would note  
9 that the Office of Public Counsel has put the Duke  
10 Settlement Agreement on their exhibit list, and so  
11 has Walmart. And we don't think those are  
12 relevant. We will object at the time.

13 So just because we are saying it's okay to  
14 talk about some of these general things, I don't  
15 want anybody to think that we think that the Duke  
16 Settlement Agreement should be entered into the  
17 record as evidence in this case.

18 Thank you.

19 CHAIRMAN LA ROSA: Understood.

20 MR. REHWINKEL: Yeah. And let's -- let me do  
21 this: Let's try to move an exhibit in front of  
22 everyone. And this would be OPC 24, did I get  
23 that?

24 BY MR. REHWINKEL:

25 **Q Mr. Collins, are you familiar with this**

1 document? The second quarter 2024, Friday, August 9th  
2 -- I think this is an investor call.

3 A I am.

4 Q And did you participate in this call?

5 A I did.

6 Q And if we could go to the transcript that's  
7 attached to this. Is it your understanding that usually  
8 there is a presentation by the company, and then certain  
9 analysts are given the privilege of asking questions of  
10 management in such a call?

11 A Generally that's the case. Yes.

12 Q And you were on the call in case there is a  
13 question that asks about this -- Tampa Electric Company  
14 that you might need to answer, is that right?

15 A That's right.

16 Q Okay. If I could ask you, during this call,  
17 you -- there was -- there was a question from an analyst  
18 asking about the Tampa Electric case, right? I mean,  
19 the Duke settlement, right?

20 A Yes. Not specifically about the contents of  
21 the settlement, just whether or not we were aware that  
22 Duke had reached a settlement.

23 MR. REHWINKEL: So this was on J -- I mean,  
24 F2.1-4284. I don't know. Do I need to just call  
25 out the last number and leave out everything in



1 front of the dash? Is that -- does that 4284 get  
2 us there?

3 CHAIRMAN LA ROSA: I think so.

4 MR. REHWINKEL: Okay.

5 BY MR. REHWINKEL:

6 Q So you received -- you fielded a question  
7 about the Duke settlement, did you not?

8 A I did.

9 Q From Maurice Choy, and he said: Since you  
10 pointed out the Tampa Electric rate case, you obviously  
11 have seen the settlement at Duke. Your thoughts on  
12 whether or not a similar outcome could emerge for you?

13 And Scott Balfour, your CEO, said: I have  
14 Archie on the line. Archie, would you like to respond  
15 to that? Right?

16 A Correct.

17 Q And you said: Sure. Happy to do that,  
18 Maurice. I guess, first of all, I would simply say, we  
19 applaud Duke and the interveners to their case for  
20 achieving a settlement that all parties felt was fair  
21 and balanced.

22 Did I read that right?

23 A You did.

24 Q And just in that regard, that indicates that  
25 you were familiar with what was filed in July in the

1 **Duke Settlement Agreement, right?**

2 A I wouldn't go that far. I was certainly aware  
3 that a settlement had been reached with all parties, but  
4 I never read the entirety of the agreement, if that's  
5 what you are getting at.

6 **Q But you knew that it was a 10.3 ROE?**

7 A I did know that.

8 **Q And you knew that the revenue increase was 203  
9 million for the first year, and 59 for the second --**

10 MR. WAHLEN: I'm going to object again. We  
11 are now going right back to cross-examining on the  
12 Duke settlement agreement. And why is -- why is  
13 that relevant? Why is that relevant?

14 CHAIRMAN LA ROSA: So I'm going to allow the  
15 line of questioning because he has only asked on  
16 elements that he has already asked, and the  
17 witnesses has agreed that he understood. We are  
18 skimming the surface again.

19 MR. WAHLEN: We are here all week. We will be  
20 here until we are done. I am trying to move this  
21 along.

22 CHAIRMAN LA ROSA: Trust me, I am too.

23 MR. WAHLEN: But we are here early and late,  
24 and we will be back next week if we need to be.

25 MR. REHWINKEL: Well, Mr. Chairman, moving it

1           along -- I mean, we bogged down on this \$203  
2           million question for a long time. It could have  
3           been answered and we could have moved on. I don't  
4           think there is any doubt about that.

5           I would like to identify this exhibit that we  
6           just talked about, give it a number.

7           CHAIRMAN LA ROSA: Sure.

8           MR. REHWINKEL: Is 222 the next number? Oh,  
9           it's already -- it's 249. Okay. My apologies. I  
10          am still learning the Case Center system. So this  
11          is Exhibit 249.

12          CHAIRMAN LA ROSA: Okay.

13          MR. REHWINKEL: All right.

14          (Whereupon, Exhibit No. 249 was marked for  
15          identification.)

16          BY MR. REHWINKEL:

17           **Q All right. Are you aware, Mr. Collins, about**  
18           **-- well, let me move past that.**

19           **You would agree that as a matter of**  
20           **mathematics, 42 percent of 203 is \$85 million?**

21           A Yes.

22           **Q Would you agree, in comparing yourself to Duke**  
23           **Energy, that your territory is significantly smaller**  
24           **than Duke's?**

25           A Absolutely significantly smaller, and at much

1 higher risk.

2 Q And same, FPL's is much larger than yours,  
3 right?

4 A Yes.

5 Q Now, you would agree, simply as a matter of  
6 mathematics, that -- let me strike that question.

7 My next question was: The Commission cannot  
8 base the outcome in this case on the outcome of the Duke  
9 case, you would agree with that, right?

10 A Right. We would say there is no connection  
11 between the two.

12 Q But you would agree that they can compare your  
13 proposal and the Duke outcome, just like they could  
14 compare your customer service levels, complaint levels,  
15 bills, solar production amounts and comparable ROE  
16 requests; right?

17 A Well, I am not -- I won't speak on behalf -- I  
18 won't speak for the Commissioners.

19 I think that, you know, the Commissioners  
20 should make a decision on the merits of this case based  
21 upon this case, and what we have filed and, you know, as  
22 Mr. Wahlen has said, am I -- you know, the question is:  
23 Am I familiar with the contents of the Duke settlement?  
24 Not -- not in great detail.

25 Am I aware of the 10.3? Yes, I certainly am.

1 Do I think that's a relevant data point? I don't, and  
2 for the reasons that Mr. Wahlen stated; that it's a --  
3 it's a settlement ROE. It's not a market ROE. It's a  
4 settlement ROE. And ROE is a series of gives and takes.

5 **Q Would you agree that Duke has agreed to a**  
6 **revenue increase level that is more responsive to the**  
7 **affordability distress that its customers in Florida are**  
8 **experiencing at this time?**

9 A I really can't -- I can't answer that  
10 question. I don't -- those are the sorts of specifics  
11 about their settlement that I really wouldn't have any  
12 familiarity with.

13 **Q Okay. Are you aware whether Duke is**  
14 **experiencing any cash flow needs and credit metric**  
15 **related rating downgrade risk at its parent company**  
16 **level?**

17 A I wouldn't know.

18 **Q You would agree that Emera has been**  
19 **experiencing cash flow constraints, credit metric**  
20 **related risk of bond down -- bond rating downgrades,**  
21 **right?**

22 A At a -- at a high level, I have a familiarity  
23 with that. I'm not an economist. I don't -- I don't  
24 have a financial degree. So a lot of the metrics that  
25 the rating agencies would look at, I am not intimately

1 familiar with them.

2 Q But I think in the -- yes -- you generally  
3 agreed, yes, but you said you don't know the details?

4 A Yes.

5 Q Let's look back again at 4283 of this same  
6 Exhibit 249.

7 Mr. Choy, the same one who asked you a  
8 question, asked about whether Emera would be able to get  
9 at least 100 basis points cushion on our threshold  
10 metrics. Do you see that if you review those Q&A there?

11 A I see it.

12 Q Okay. And then he asked: And the pathway to  
13 get that 100 basis point cushion is that generally just  
14 mostly customer rates or something else? And Mr.  
15 Blunden -- Greg Blunden, who is the CFO of Emera, right?

16 A CFO of Emera. Yes.

17 Q He says: Yes -- no, just general growth in  
18 the business. I think the way to think of it, all our  
19 utilities will be in for rates over the next couple of  
20 years. Tampa Electric in right now with a fairly  
21 significant ask from customers.

22 Do you see that?

23 A I see that.

24 Q Isn't it true that Mr. Blunden was indicating  
25 to investors that Tampa Electric's pending rate case

1 would be a contributor to giving them cushion in their  
2 cash flow metric issues?

3 A Yes and no. I mean, what -- Mr. Blunden was  
4 simply trying to do there was, he is looking forward to  
5 2025, acknowledging some things that were happening in  
6 the business in and around this time, and anticipating  
7 that the outcome of this regulatory proceeding will  
8 result in increased revenues. And so he is simply  
9 communicating that to the market.

10 Q But he did single out Tampa Electric in that  
11 answer, right?

12 A Say that again.

13 Q He did single out Tampa Electric in that  
14 answer, correct?

15 A Yes, because we were -- we are in for new  
16 revenues.

17 Q But he does say that all of our utilities will  
18 be in for rates over the next couple of years, right?

19 I --

20 A Yes, I do see that he said that.

21 Q Okay.

22 A Yes, I see that.

23 Q Would you agree that over the last several  
24 years, Emera has been under financial stress to avoid  
25 having their bond rating downgraded below investment

1 level?

2 A I am not intimately familiar with, you know,  
3 how tight the situation is, but -- but I do know that  
4 has been a consideration at the parent level. Yes.

5 Q Okay. Wouldn't you also agree that the stress  
6 that the holding company is experiencing in this arena  
7 is influencing the level of increase that Tampa Electric  
8 is seeking?

9 A No. No. There is no correlation between  
10 those two.

11 Q Wouldn't you agree that an 11.5 ROE is an  
12 example of how the company has overstated its 2025  
13 revenue ask in this case?

14 A No.

15 Q I think we talked about this 100 basis points  
16 is \$60 million at 54 percent equity ratio applied to  
17 your proposed rate base, right?

18 A Correct.

19 Q And just that \$60 million annually above 10.5  
20 would amount to \$180 million, right, over --

21 A Over the three years? Yes. Correct.

22 Q And that's without factoring into the rate  
23 base growth in the second and third years, right? It  
24 assumes rate base doesn't really increase, right?

25 A Correct.



1 Q Isn't it true that Emera has been touting the  
2 PGS 2023 rate case outcome as an 85-percent of ask  
3 result to investors and analysts?

4 A I really can't comment on that. I don't know  
5 much about PGS's business.

6 Q Okay. Well -- I mean, you do sit ex officio  
7 on the PGS board, do you not -- I mean, on the PGS  
8 board, right?

9 A Yes, I -- yes, I attend their meetings.

10 Q If we go to this same 249, and go to 4030,  
11 four, zero, three, zero -- actually, I am sorry. That's  
12 in another exhibit.

13 I think if we go to -- I have to write this  
14 down -- OPC 17, please.

15 MS. HELTON: I am sorry, Charles, did you say  
16 OPC 70 or 17?

17 MR. REHWINKEL: One seven. I'm sorry.

18 BY MR. REHWINKEL:

19 Q And this is a July -- June-July Investor  
20 Presentation -- June-July 2024 Investor Presentation.  
21 Are you familiar with this document?

22 A I am.

23 MR. REHWINKEL: And if we could go to 4030.

24 And I think, Mr. Chairman, this is Exhibit 242 in  
25 the CLE.

1           Mr. Chairman, I am -- I am a little bit  
2           struggling in the numbering of these exhibits. I  
3           went on Case Center, and, you know, if we were  
4           going to put an exhibit in -- I guess these  
5           exhibits in the CEL have been prenumbered. That  
6           doesn't mean that we are going to actually offer  
7           them into evidence. And on the CEL, OPC 17 is 242.  
8           And so what I don't understand is, are we -- is  
9           this correct, or are we adding to another number  
10          list?

11           MS. HELTON: So that we would not have to type  
12          in the names and to presumably make this more of an  
13          efficient process, we have identified on the CEL  
14          and given it an exhibit number for each  
15          cross-examination exhibit that was provided to us  
16          -- I can't remember the date, but when it was.

17           So OPC 17 is Exhibit No. 242. We understand,  
18          and hope that every cross-examination exhibit that  
19          was provided to us will not be admitted into the  
20          record.

21           And so I am going through, and hopefully  
22          others in the room are also, and taking note of  
23          those exhibits that you are using for  
24          cross-examination purposes, so that at the end of  
25          Mr. Collins' testimony, we can go through and

1 determine whether any of the cross-examination  
2 exhibits that you have used should be admitted at  
3 that time.

4 MS. WESSLING: Ali Wessling for OPC. I just  
5 want to understand. So the previous exhibit was --  
6 we gave it a number of 249?

7 MS. HELTON: Yes.

8 MS. WESSLING: So are we giving this  
9 exhibit -- that's 242 -- Exhibit No --

10 MS. HELTON: That will be 242 -- the CEL No.  
11 242 is OPC 17. So if OPC 17 is admitted into the  
12 record, it will be admitted as Exhibit No. 242.

13 MR. REHWINKEL: And I apologize, Mr. Chairman.  
14 We have never done it this way before, so we are  
15 learning as we go.

16 CHAIRMAN LA ROSA: It's all good.

17 MR. REHWINKEL: And I know you are trying to  
18 move along, and I just needed to clarify this.

19 MS. HELTON: And we are all -- we are all  
20 learning.

21 MR. REHWINKEL: Okay.

22 MS. HELTON: And hopefully this is -- but see  
23 how wonderful that is to have this up on the screen  
24 right in front of you, Mr. Rehwinkel?

25 CHAIRMAN LA ROSA: Yeah. Understood. No, we

1 are in the same boat. And it is, at least for me,  
2 a lot easier to be able to do both at the same  
3 time, listen to the questions and see what's in  
4 front of me.

5 MR. REHWINKEL: Okay.

6 CHAIRMAN LA ROSA: But I have got no problem  
7 if we need to take it slow as we are all getting  
8 used to this. I think we will catch on here quick.

9 MR. REHWINKEL: Thank you.

10 So on 4030, and I think we can just -- this  
11 says F2.1-4030. I can just use 4030 to navigate.  
12 We could just use the master number, is that right,  
13 without the prefix?

14 MS. HELTON: That -- yes, that is my  
15 understanding.

16 MR. REHWINKEL: Okay.

17 MS. HELTON: And our Case Center  
18 representative is shaking -- nodding her head  
19 yes --

20 MR. REHWINKEL: All right.

21 MS. HELTON: -- and that's -- Mr. Schultz has  
22 been using that number as well.

23 MR. REHWINKEL: Okay. Thank you.

24 BY MR. REHWINKEL:

25 Q So now, Mr. Collins, back to you. Sorry.

1           On 4030, we see in this presentation, 2023  
2    **finalized rate case details, and it gives information**  
3    **about Peoples Gas rate case, including a 10.15 midpoint**  
4    **ROE, equity thickness of 54.7 unchanged, and then**  
5    **received 85 percent of the ask as filed. Do you see**  
6    **that?**

7           A     I see that.

8           Q     So this would indicate that Emera felt it was  
9    **important to tell investors that they had just gotten 85**  
10   **percent of the ask in Florida, their other big operating**  
11   **company in Florida, right?**

12          A     Yes. I mean, what this dec is that we are  
13    looking at is a regular -- I don't know if it's  
14    bimonthly or not, but a regular update that is provided  
15    from Emera, the holding company, to the investment  
16    community, and it just contains updates on the business.  
17    And, clearly, investors would have been wondering about  
18    the outcome of that rate case.

19          Q     Would you agree that Emera has sought to  
20    **create a perception to investors that Florida is a**  
21    **generous regulatory jurisdiction, at least from an**  
22    **investor standpoint?**

23          A     I would reframe it. I don't think they would  
24    use the words that you used, a generous, whatever that  
25    was.

1 I mean, I think that the way that it would be  
2 framed with investors is it is a rapidly growing state  
3 with a robust economy, and a constructive regulatory  
4 environment. These are the sorts of words that you will  
5 hear Emera using when it's speaking to the investment  
6 community.

7 Q You have seen them use the word favorable,  
8 have you not?

9 A Favorable? Favorable state?

10 Q Regula-- a favorable regulatory environment  
11 for investors, have you seen that language before?

12 A Perhaps I have. Constructive is certainly a  
13 more common word that's used as an adjective.

14 Q Okay. On 4027, if we can look at that. The  
15 title of this slide is, Emera's Value Proposition,  
16 right?

17 A Yes.

18 Q And this is -- this is from the standpoint of  
19 investors, not customers, right?

20 A For sure.

21 Q Isn't it Emera's plan to seek approval of a  
22 very generous projected rate base with the hope that the  
23 Commission will award something in the neighborhood of  
24 85 percent, like they did for PGS?

25 A No.

1           **Q     But doesn't the 11.5 percent ROE you propose**  
2 **sort of symbolize that?**

3           A     I would say no. I mean, I am not an ROE  
4 expert, and I know you will hear from an ROE expert, Mr.  
5 D'Ascendis, later in the week.

6                     You know, from my perspective, while I may not  
7 be an ROE expert, I do know that some of the important  
8 considerations that weigh into what is an appropriate  
9 ROE is, you know, what is the -- what is the risk level  
10 of the organization, and what is the interest rate  
11 environment?

12                    And so when we -- when Mr. D'Ascendis was  
13 making his recommendation on 11.5 ROE, he was taking  
14 into account what was the environment in 2021 when  
15 certain ROEs were awarded across the state of Florida,  
16 and then contrasting that to the interest rate  
17 environment we find ourselves in today.

18                    So I think any questions on the integrity, or  
19 the justification of ROEs are best put to Witness  
20 D'Ascendis, but we wouldn't see it as an effort by the  
21 company to throw out something that's completely  
22 unreasonable in hopes of achieving 85 percent of the  
23 settlement.

24           **Q     So the equity ratio -- or equity thickness, as**  
25 **Emera likes to refer to it, is a very significant number**

1 because it determines to what portion of the increased  
2 rate base dollars Emera will earn that 11.5 percent ROE  
3 if you get your way, right?

4 A Correct.

5 Q And as I think we just looked at in -- on this  
6 242 slide at 4030, you talk about what just happened  
7 with Peoples Gas ROE, and equity thickness is featured  
8 there, right?

9 A It is.

10 Q And then on 4031, the Tampa Electric case is  
11 described, and what is shown there is an 11.5 ROE and a  
12 54-percent equity thickness with the proposed as-filed  
13 revenue requirements, right?

14 A Correct.

15 Q So if the rate base that you proposed turned  
16 out to be less, all other things equal, this \$297  
17 million shown here would be less, right?

18 A Yes.

19 Q And if the equity thickness you proposed was  
20 less, all other things held the same, that 297 will be  
21 less, right?

22 A I believe so.

23 Q And if the ROE and equity thickness numbers  
24 that you show here were to be lower, as the Commission  
25 would find, hypothetically, the 2026 and 2027 revenue



1 increases would also be lower, right?

2 A Yes.

3 Q Wouldn't you agree that it's the investment in  
4 rate base that drives earnings to Tampa Electric  
5 Company, as long as you get revenue recovery at the  
6 Commission?

7 A Yes. I mean, in -- so investment in rate base  
8 and -- and, you know, growth in customer count,  
9 consumption, those are the things that drive earnings.

10 Q Okay. And you would agree that Emera looks at  
11 rate base growth, especially in Florida, as significant  
12 and important to earnings per share, correct?

13 A Yes and no. I mean, what I would -- what I  
14 would say is, you know, Emera has, you know, to their  
15 credit, have invested in the state of Florida, and see  
16 the investment that they have made in the acquisition of  
17 TECO as being an astute acquisition that insofar as it  
18 is a utility that operates in a rapidly growing  
19 environment. And so, as a result, there is a need to  
20 invest to create value for customers.

21 Q The fairly significant ask that Mr. Blunden  
22 referred to on Exhibit 249, if granted, will generate  
23 bill impacts that Tampa Electric customers have found to  
24 be painful in the recent past, wouldn't you agree?

25 A I mean, I think, you know, an -- an increase

1 in price in anything is obviously going to -- is going  
2 to -- is going to be felt by customers and will elicit  
3 some level of reaction. So -- so yes.

4 **Q Okay. So -- but this level of increase that**  
5 **you have asked for, it -- to the extent that it got you**  
6 **to somewhere in the neighborhood of \$161 per month for**  
7 **1,000 kWh bill, that generated affordability concerns**  
8 **for customers, would you agree?**

9 A You know, I -- I struggle to answer that  
10 question, just because affordability -- this is the  
11 first time we have heard that word now raised since I  
12 have been in this sitting here.

13 But affordability, as you know, is such --  
14 this is such a subjective term. It means something  
15 different to everyone. What you might consider  
16 affordable is different than what I might consider  
17 affordable.

18 The fact -- I mean, what I will agree to is  
19 that when rates unfortunately escalated quickly in 2023,  
20 largely because of a rapid runup in fossil fuel pricing  
21 in '22, the rate of change was noted by customers, and  
22 -- and for some of our lower income customers, they, you  
23 know, they -- they felt the pinch.

24 And, you know, in those cases, we do our level  
25 best to help those customers. We try to help them with

1 connecting them with low-income funding, or helping them  
2 with energy efficiency, educating them on usage  
3 patterns.

4 And, you know, to the extent -- I want to  
5 repeat something I said at the outset of my testimony,  
6 which is we stand by our record. You know, over the  
7 past decade, on an inflation-adjusted basis, residential  
8 rates really have not changed for Tampa Electric  
9 customers.

10 **Q So in '23, you are at 161. Mr. Williams is**  
11 **showing you being at 160.93, if you get what you asked**  
12 **for. So what's different between '23 and '25 is that in**  
13 **'24, bills are lower, right, because the fuel impact**  
14 **fell off, and the storm impact fell off for the most**  
15 **part, right?**

16 **A Right. Rates are lower. Yes.**

17 **Q And what you are proposing to do with this**  
18 **rate increase is to take them right back up to where**  
19 **they were in 2023, absent those clause changes -- those**  
20 **clause impacts, correct?**

21 **A Absent the clause changes, some of which,**  
22 **again, we feel, because of the investments we have made,**  
23 **will move the rate the other way.**

24 **Q Right. Now -- I mean, puts your -- your**  
25 **percentage of capacity that solar provides. It's less**

1 **than 15 percent, right?**

2 A The capacity is 22 percent or so. The energy,  
3 I think, which is your --

4 Q **Yes.**

5 A -- currently is around 10 percent.

6 Q **Okay. So that can't offset the spike that you**  
7 **saw in 2022. It can help a little bit, but it's not**  
8 **going to move the needle on that kind of impact on the**  
9 **bill. Would you agree with that?**

10 A Yes, but -- but solar investments are only one  
11 part of the investments we have made to improve our  
12 fleet efficiency. The modernization of Big Bend, you  
13 know, with the advanced gas path investment that we have  
14 made at our Bayside Power Station. It's an aggregate  
15 that you've seen, this 20-percent improvement in our --  
16 in our fleet efficiency; which, all things being equal,  
17 translates into a 20-percent reduction in the fuel bill.

18 Q **So you would agree that your SPP investments,**  
19 **although they may be paying dividends now, and hopefully**  
20 **will continue to do so, that's a 10-, 20-year project,**  
21 **and it's not at its peak result today; would you agree**  
22 **with that?**

23 A SPP or solar?

24 Q **SPP.**

25 A SPP.

1           **Q     Yeah.**

2           A     Okay.  And that's what you said, SPP.

3                     I don't know that I can agree with that.  I  
4 mean, the -- you know, the SPP investments that we are  
5 making, certainly over the long-term, are increasingly  
6 improving the resilience of the grid, but they pay  
7 immediate dividends, as evidenced by \$5.1 million in  
8 damage, you know, when Debby passed through.

9           **Q     But Debby was a flood storm, not a windstorm**  
10 **for your territory, right?**

11          A     For the purposes of your question, I want to  
12 say yes.

13          **Q     And, certainly, if you get hit with an Irma**  
14 **type storm, you are not going to have Debby type**  
15 **damages, right, even today, with your benefits of SPP,**  
16 **correct?**

17          A     I am sure you are correct, that if we were to  
18 get hit with a -- an Irma or an Ian type storm, as  
19 opposed to a Debby type storm, the damage that will be  
20 inflicted is more than 5.1 million.  But we would say  
21 it's less than it otherwise would be, absent the SPP  
22 investments.

23          **Q     But Ian, what was that?  A four -- what was**  
24 **the damage from Ian?  400 million?**

25          A     For our service territory?

1 Q Yes.

2 A No, nothing close to that.

3 Q I am mixing up with Duke. I am sorry.

4 A I think we were in the neighborhood of 110  
5 million, but don't quote me on that.

6 Q Okay. All right. So that's around what Irma  
7 cost, about \$100 million for both of those storms,  
8 right?

9 A I wasn't -- I wasn't here for Irma, so I don't  
10 know.

11 Q Okay. My point being that if you could get  
12 Debby type results from an Ian storm, you would just --  
13 SPP might not be a good thing to do, you don't -- you  
14 would already be where you needed to be, right?

15 A Ask that again.

16 Q I will strike the question.

17 A Okay.

18 Q So what I am trying to get at is SPP, its  
19 improvements, but it's not there yet, right? Otherwise,  
20 you could just stop. It's not --

21 A That's true. Yes. It's a series of  
22 investments made over multiple years.

23 Q Right. And that -- and fuel, again, your --  
24 the things that you have done can't make a 2022 fuel  
25 impact go away, right?

1           A     Can't make it go away, but certainly --  
2     certainly directly reduces it.

3           **Q     Directionally?**

4           A     Pardon?

5           **Q     Directionally? I am sorry, you said,**  
6     **directly. And I was saying, directionally, it would**  
7     **make it go down, but it still might not make that impact**  
8     **go away, right?**

9           A     No. It was certainly not going to go away,  
10    but it will go down significantly by virtue of the  
11    improvement we have made in fleet efficiency.

12          **Q     But you haven't put any evidence in the case**  
13    **saying, now that we have done this, we are immune to**  
14    **fuel price spikes like we had in 2022, right?**

15          A     No. I mean -- and -- I mean, that is a factor  
16    beyond our control. We are not immune. The volatility  
17    -- you know, as we -- as we improve our fleet  
18    efficiency, as we invest in solar, we are dampening the  
19    volatility that customers are otherwise exposed to  
20    because of fossil fuel pricing, but we can't eliminate  
21    it.

22          **Q     So if the base rate increase that you are**  
23    **asking for gets you back up to the 2023 levels, and you**  
24    **have fuel impacts and storm impacts on top of that, the**  
25    **level of pain that your customers felt, and that they**

1 **expressed and your customer service levels, would be**  
2 **worse, would they not?**

3 A It's a hypothetical, but -- but, yes, you  
4 know, to the extent something was to happen where fossil  
5 fuel prices double, and something else was, then, yes.

6 Q **Do you feel like the rates that you -- that**  
7 **your customers experienced in '23 were extremely high,**  
8 **right, compared to the recent past?**

9 A Relative to the rates that our customers had  
10 grown -- you know, that they were used to for such an  
11 extended period time, it was -- it was the rate of  
12 change that, I think, caught customers off guard the  
13 most.

14 Our rates were still well below the national  
15 average. They were still in line with rates across the  
16 state of Florida, but it was a, you know, a sharp  
17 increase from the previous year as we worked to recover  
18 the fuel bill.

19 Q **Is the national average something the**  
20 **Commission should keep in mind when it sets your rates,**  
21 **national average bill?**

22 A The national average rate or bill?

23 Q **Bill.**

24 A I don't think so, just because every  
25 jurisdiction is different. Weather patterns are



1 different. The overall energy, you know, how customers  
2 are using electricity varies state by state. The rate,  
3 though, is a relevant -- certainly a relevant factor.

4 MR. REHWINKEL: I would like to go to a  
5 confidential exhibit, Commissioners. This is 2 --  
6 OPC 219. And this is a -- this is our first  
7 confidential document, and I am going to tread  
8 lightly here.

9 BY MR. REHWINKEL:

10 Q We have identified it as 11/7/23, TEC  
11 Directors Forum, Collins to Balfour Letter. Do you see  
12 that?

13 A Yes. Sorry.

14 Q Okay. That's okay.

15 And that information isn't confidential, just  
16 the date of it and who it was to and from, right?

17 A Correct.

18 Q And this is a letter that you, it appears to  
19 me, periodically send to Mr. Balfour in advance of any  
20 Tampa Electric board meeting, correct?

21 A Correct. This is a document that foreshadows  
22 every board meeting. It goes to the chair and each of  
23 the directors.

24 Q Okay. And Mr. Balfour, as Chairman of the  
25 Board of Emera, he is ex officio participant, or member

1 of the Tampa Electric board, is that right?

2 A He's the chair of the Tampa Electric board.

3 Q Okay. And in this document, can you read to  
4 yourself the third paragraph that starts with -- the  
5 sentence that starts with "As"?

6 A Yeah, I see it.

7 Q Okay. And I'm just going to ask you -- I am  
8 not -- if you are not comfortable, that's fine.

9 Is this a sentence that you could read aloud  
10 to the -- into the hearing?

11 A "Someone forgot to turn the heat back on."

12 Q Well, I was -- the one that starts with, "As  
13 the board."

14 A There is -- yeah, there is --

15 Q Just the sentence there.

16 A I am happy to -- I am happy to read that.  
17 There is nothing in that that is confidential. I am  
18 looking to my counsel to make sure.

19 So the sentence reads: As the Board will  
20 recall from the August board meeting, the excessive heat  
21 in July and August, coupled with increased electricity  
22 rates associated with the '22 fuel market spike,  
23 translated into higher bills than customers were used  
24 to, and the rate of change elicited a reaction.

25 Q Okay. So this is -- this is you talking to

1 **Emera, not that they weren't aware of this before, but**  
2 **telling them that you -- that there were some problems**  
3 **with their level of rates and the reaction that it**  
4 **generated from customers, right?**

5 A No. This is the TECO board.

6 Q Yes. But Mr. Balfour is the chairman also of  
7 the Emera board, right?

8 A No. No. He is not the chairman of -- he is  
9 the CEO of --

10 Q CEO. I apologize.

11 A Yeah.

12 Q Jackie Sheppard is the chairman.

13 A Correct.

14 Q I am sorry.

15 A Right.

16 Q He is the CEO of Emera.

17 A CEO of Emera.

18 And in this capacity, you know, I am writing  
19 to Scott, Mr. Balfour, as the chair of the TECO board.

20 Q Okay. So I apologize for my misdirection.

21 **The question was: You were relating to him that the**  
22 **heat and the high rates from fuel caused a reaction from**  
23 **the customers?**

24 A Yes. I mean, I was -- you know, what I was  
25 really doing was sharing with the TECO board something

1 they already knew.

2 **Q Yeah.**

3 A I -- the TECO board is a locally constituted  
4 board. It is a -- it is made up of community and  
5 business leaders from across the state of Florida, many  
6 of which -- many of whom reside in Tampa. And so they  
7 are well aware of temperature, and they are well aware  
8 -- they -- they, themselves, are customers of the  
9 company, so they would be -- they would be aware that  
10 bills are higher than they have been a year ago, or two  
11 years ago. And I was simply letting them know I am  
12 aware, and I'm concerned about it, and we are -- and we  
13 are -- and we are responding to it.

14 **Q Wouldn't it also be true that that 2023 bill**  
15 **level was probably the highest ever for the company in**  
16 **nominal terms?**

17 A I believe that to be true.

18 **Q Would it be fair to say that the customer**  
19 **reaction to the 2023 bills caused a virtual meltdown in**  
20 **your customer care centers?**

21 A There was -- there was an increased call  
22 volume into -- into the call center. Yes.

23 **Q And you experienced unacceptable answer times,**  
24 **poor service levels and a high rate of abandoned calls**  
25 **at the call centers, right?**

1           A     We did.

2           **Q     And it was, in your assessment, primarily, if**  
3 **not entirely, related to these -- the \$161 bill, right?**

4           A     I would say it was two things. One, you know,  
5 certainly the -- the bill was higher because the rate  
6 was up and the heat was excessive. It was record heat,  
7 as you may remember, in the summer of 2023 in the Tampa  
8 area.

9                     But the second thing that was happening, which  
10 was causing concern, was the amount of available funding  
11 to assist low-income customers was severely depleted  
12 from the previous number of years.

13                    So you had this convergence of customers  
14 calling in saying, I just need some help. I used to be  
15 able to kind of -- you used to be able to help me,  
16 direct me towards low-income assistance, and now that's  
17 not available, so can we talk about this? And we do  
18 talk about it.

19           **Q     Customer satisfaction, as measured by J.D.**  
20 **Power, dropped significantly in the aftermath of that**  
21 **2023 bill impact situation, right?**

22           A     It did. And as I mentioned in my opening  
23 statement, that was a national phenomenon.

24           **Q     Wouldn't you agree that this level of**  
25 **dissatisfaction was, at least in part, a function of the**

1 combination of general economic distress and the high  
2 bills that a significant number of your customers  
3 experienced, and are still experiencing?

4 A No. No. I think that the -- you know, the --  
5 certainly, when customers are assessing their level of  
6 satisfaction, and when J.D. Power, you know, they have a  
7 series of key drivers that they are monitoring to  
8 determine -- to measure customer satisfaction, price is  
9 one, and reliability is another, and call center  
10 responsiveness is another. And I could keep going down  
11 the line.

12 And so there was a -- there were -- there were  
13 a series of factors that sort of led to an industry-wide  
14 decline in satisfaction in 2023.

15 Q But economic conditions weren't great for  
16 customers either?

17 A Ask that question again.

18 Q I withdraw the question.

19 When one looks at this case that you filed, in  
20 effect, aren't they watching you ask the Commission to  
21 help Tampa Electric return rates and bills to the very  
22 same 2023 levels that contributed to so much customer  
23 dissatisfaction, distress and disruption of service  
24 levels?

25 A I don't think so. I mean, the -- you know,

1 what we're talking about here is 2025, which is two  
2 years on.

3 The -- the -- what we have asked for, even if  
4 granted in its entirety, does not -- does not bring  
5 rates back to above where they were in 2023.

6 Q But it takes them back to that level if you  
7 get everything you asked for, right?

8 A It gets close, but it doesn't get up to that  
9 level.

10 Q In presenting the 2023 revenue requirement  
11 that you testified to, do you have an expectation that  
12 the Commission will allow you to recover your prudent,  
13 reasonable and necessary costs, as well as to provide  
14 you the opportunity to earn a constitutionally required  
15 fair rate of return on the shareholders' investment; is  
16 that fair?

17 A Yes.

18 Q And the shareholder in this case is Emera,  
19 right?

20 A It is.

21 Q Wouldn't you agree that the Commission should  
22 scrutinize your significant ask, as Mr. Blunden put it,  
23 and ensure that if customers are suffering and  
24 experiencing distress, that you are not receiving a  
25 gold-plated revenue increase?

1           A     I guess what I will say is I trust the  
2 judgment of the Commissioners to weigh the merits of  
3 what we have asked for against the risk of our business,  
4 the performance of our business, and determine what they  
5 feel is fair and just.

6           **Q     Would you say that the Commission should**  
7 **scrutinize your filing regardless of the economic**  
8 **conditions the customers are experiencing?**

9           A     Yes, you know, and I don't want that -- I  
10 don't want that to be misun-- misinterpreted. I mean,  
11 we are -- we empathize with customers. We know that  
12 there are a certain number of low-income customers who  
13 struggle to make ends meet. We empathize. We are here  
14 to help. But I don't think that the, you know, the --  
15 that that is a factor in cost of service ratemaking.

16          **Q     Aren't investors even concerned about**  
17 **affordability when it comes to electric utility rates?**

18          A     I don't know. I -- what I would say is that  
19 customer -- or, sorry -- investors probably are  
20 interested to know where are your rates relative to your  
21 peers, because it simply is one data point that sort of  
22 provide some insight into the operation of the  
23 organization.

24                    Beyond that, again, affordability is such a  
25 subjective term that, to the extent that investors are



1 saying they are interested in affordability, I wouldn't  
2 really know what their lens is, other than what I just  
3 said. How are your rates relative to the peer group?

4 Q Well, if I asked you, aren't they increasingly  
5 concerned about it, wouldn't you agree that investors  
6 are increasingly asking about that to your investor  
7 relations people?

8 A Not that I am aware of.

9 Q Okay. Would you agree that we find ourselves  
10 at a time where there is a significant level of concern  
11 about economic distress, lack of affordability, and  
12 something called energy poverty?

13 A Is your question, am I aware of -- am I aware  
14 of the term energy poverty?

15 Q Well -- and let me -- let me ask it again.

16 Would you agree that we, the Commission, the  
17 parties to this case, find ourselves at a time where  
18 there is a significant level of concern about economic  
19 distress among customers, lack of affordability and  
20 something called energy poverty?

21 A I am aware -- I am aware of these things, yes.

22 Q Okay. Well, would you agree that this  
23 customer predicament is intersecting with the needs of  
24 Emera, the rate base -- rate base growth relative to the  
25 rate of customer growth and the rate of inflation?

1           A     I apologize.  Would you repeat that again?

2           **Q     Let me ask it this way:  The rate base growth**  
3           **that you have been experiencing recently, and that you**  
4           **are asking to get recovery for in this case, how does**  
5           **that compare to the rate of growth in your customers?**  
6           **Is it tracking, or is it exceeding, or is it below?**

7           A     Our growth in customer count is in the  
8           neighborhood of two percent per year.  Our rate base  
9           growth has -- is stronger than two percent per year.

10          **Q     Okay.**

11          A     I think it's more -- it's closer to 10 percent  
12          per year.

13          **Q     What about the rate of inflation?  How is your**  
14          **cust-- your rate base growth doing relative to the rate**  
15          **of inflation?**

16          A     I would have to kind of do a little work on  
17          that one.  I don't know.

18          **Q     Okay.**

19          A     Again, what I -- what I keep coming back to is  
20          while rate base growth may be outpacing the rate of  
21          inflation -- I -- I am not sure that it is -- but to the  
22          extent it is, it would be because we are making  
23          investments in rate base that ultimately are having a  
24          positive effect on other parts of the -- of the -- of  
25          the rate, which is why we tend to sort of say, how is

1 the overall rate moving with inflation? And for the  
2 past decade, it hasn't changed.

3 **Q** Shouldn't the Commission ensure that you are  
4 not growing rate base in a way that puts electric rates  
5 beyond the means of ordinary customers, while at the  
6 same time, Emera is working to extract themselves from  
7 economic difficulty that is in no way caused by Tampa  
8 Electric or its customers?

9 A Okay, there was a lot in that question.

10 **Q** Okay.

11 A And so, again, what I am -- what I am going to  
12 say is there is no -- you know, the buck stops here. I  
13 run the business. There is no correlation between the  
14 decisions that we make, the investments that we make,  
15 the rate case that we are asking for, and anything  
16 that's happening at the Emera level. There is no  
17 connection there. So I am going to -- I am going to --  
18 I am going to say no to that part.

19 The first half of the question was, you know,  
20 should the Commission be mindful of -- ask it -- I am  
21 sorry, ask it again.

22 **Q** Well, I think you're -- you have answered my  
23 basic question. You said there is not a connection  
24 between --

25 A No.

1           Q     -- the Emera's needs and what you are asking  
2 for here.

3           A     No. No.

4           Q     Would you agree that Tampa Electric should not  
5 receive an award, in this case, of anything more than  
6 what's absolutely necessary to provide safe and reliable  
7 electric service?

8           A     Yes. And, again, I mean, we're -- we -- we  
9 are pretty thoughtful in the things that we do, that the  
10 investments we are making are necessary, that they are  
11 prudent, that they are bringing value to customers. And  
12 so we -- the contents of our -- of our filing, I think,  
13 would meet the test on -- in each respect.

14          Q     Okay. So you agree the Commission shouldn't  
15 give you a penny more than what you absolutely need to  
16 serve your customers?

17          A     I don't think that's a trick question, so I am  
18 going to say yes.

19          Q     I wasn't trying to trick you. It was just a  
20 straightforward question.

21                    Would you agree that now is not the time for a  
22 test year with an excessive rate base, an excessive ROE,  
23 or things that are nice to have instead of what you need  
24 to have?

25          A     It's -- it would not be in our DNA to bring

1 forward things that are just nice to have and expect  
2 that customers should pay for things we would just like  
3 to have.

4 **Q Would you agree that Tampa Electric's**  
5 **shareholders should have to live within their means at a**  
6 **time when a significant percentage of your customers are**  
7 **struggling to live within their own means?**

8 A It's a very broad question. I mean, the --  
9 this -- again, I'm going to say again, as an  
10 organization, we acknowledge, if you have 845,000  
11 customers, invariably we are going to have some  
12 customers who are struggling to make ends meet.

13 You know, the data shows -- I've spent some  
14 time sort of studying energy poverty and affordability.  
15 In Hillsborough County, if you -- if you look at, you  
16 know, the percentage -- what is the -- what is the  
17 percentage of the total expenses that residents of  
18 Hillsborough County pay towards their electricity bill  
19 versus anything else, over the past 30 years, the trend  
20 is moving downward.

21 So I say all that to say, I am not trying to  
22 be insensitive. I know there is a faction of our  
23 customers that struggle to pay their bill. But in  
24 general, I think that what we provide delivers excellent  
25 value to our customers.

1 Q You don't believe, Mr. Collins, do you, that  
2 an 11.5 percent profit level, or ROE, is  
3 constitutionally required in this case, do you?

4 A Constitutionally required? No.

5 Q Something less than 11.5 percent would satisfy  
6 the Hope and Bluefield cases that you heard about in  
7 your -- along the way in your 34 years, right?

8 A The Hope and Bloomfield cases?

9 Q Bluefield, in the United States, the United  
10 Supreme Court, about what's required for an ROE.

11 A I --

12 Q I'm not -- I know you are not a lawyer,  
13 fortunately.

14 A I don't know anything about that. Yeah.

15 Q Okay. Okay. Wouldn't you agree that no  
16 vertically integrated electric utility in the United  
17 States has an ROE as high as 11.5 percent?

18 A In the -- in the United States? That is  
19 correct.

20 Q I think you guys, Emera, has an island, a  
21 small island utility that has a 12.84 percent ROE,  
22 right?

23 A We have a number of utilities in the Caribbean  
24 not too far from here that would have a 12.84 and a 12.5  
25 percent ROE.

1 Q No way incomparable to the risk and the  
2 business that you have here in the state of Florida,  
3 right?

4 A Higher risk, maybe less at stake. Maybe  
5 that's the point you are making. Higher risk.

6 Q Your sister company, I think, as we saw  
7 earlier today, was awarded a 10.15 ROE with a 54.7  
8 equity ratio just back in November, on the 9th, right?

9 A Yes.

10 Q That is in an order, right?

11 A Yes.

12 MR. REHWINKEL: Mr. Chairman, I am going to  
13 ask for an exhibit to be introduced, but it is OPC  
14 96.

15 CHAIRMAN LA ROSA: Okay.

16 MR. REHWINKEL: And it is a large spreadsheet  
17 that does not translate well to the screen.

18 CHAIRMAN LA ROSA: Okay.

19 MR. REHWINKEL: I have a paper version that I  
20 can distribute -- it's the same thing -- that I can  
21 distribute if we -- if -- just because this thing  
22 is just really hard to work through.

23 CHAIRMAN LA ROSA: No. Yeah, understood.

24 So, looking at the time, I want to make sure  
25 that we give our court reporter a break as it's

1           necessary. So it's almost five o'clock. Why don't  
2           we -- is now a good time, maybe let's take a  
3           timeout?

4           MR. REHWINKEL: It's perfect.

5           CHAIRMAN LA ROSA: Let's break, allow you to  
6           obviously distribute that, and then we will  
7           reconvene here in seven minutes.

8           MR. REHWINKEL: Thank you, Commissioner. Mr.  
9           Chairman. Thank you.

10          CHAIRMAN LA ROSA: Five o'clock. Awesome.

11          MR. REHWINKEL: Mr. Chairman, thank you.

12          (Brief recess.)

13          CHAIRMAN LA ROSA: All right. Let's jump back  
14          into our seats. And we have got the spreadsheet in  
15          front of us, Mr. Rehwinkel, and we are ready when  
16          you are.

17          MR. REHWINKEL: I am ready to go again.

18          All right. So, thank you -- thank you for  
19          that break, Mr. Chairman. I needed it, and thank  
20          you for allowing us to use this.

21                 I am only using this because it's easier than  
22                 I think the Case Center because of the size of the  
23                 document.

24          BY MR. REHWINKEL:

25                 **Q     Mr. Collins, are you familiar with this type**



1 of document in your business?

2 A I am.

3 Q Does Tampa Electric or Emera subscribe to this  
4 type of service that S&P and RRA provide?

5 A I suspect Emera does. I would not know that  
6 for sure. If you go to my -- I am not aware that we do.

7 Q Okay. You would agree that this document is a  
8 summary of awarded and pending ROEs that was prepared by  
9 S&P, right?

10 A Yes, that's what it looks to be.

11 Q Would you agree, if we go to North Carolina,  
12 that Duke Energy has ROEs of 9.8 and 10.10 in that  
13 state, as shown in the increase authorized column -- I  
14 mean, the return on equity column over on the right-hand  
15 side?

16 A Yes, I see -- I see that. Yeah.

17 Q Okay. Then if we turn to the prior page, and  
18 we look at Kentucky, would you agree that Duke Energy  
19 has a 9.75 percent ROE in Kentucky?

20 A Subject to check, I am going to agree with you  
21 there. Yeah.

22 Q Okay. Same in Ohio, 9.75?

23 A Okay.

24 Q And then in South Carolina, 9.94 and 9.56?

25 A Okay. Yes. Yeah.

1 Q Okay. So you would agree with me, would you  
2 not, that a 10.3 authorized ROE in Florida is higher  
3 than any of the other Duke companies have, right?

4 A I agree that 10.3 is higher than any of those  
5 numbers you --

6 Q Okay?

7 A -- off, yes.

8 Q Now, you mentioned Dylan D'Ascendis earlier in  
9 your testimony, right?

10 A Yes.

11 Q And he is your witness. He works for a firm  
12 called ScottMadden, is that right?

13 A Correct.

14 Q Now, if we go to -- you would agree that on  
15 April 2nd, 2024, in a first energy rate filing in  
16 Pennsylvania, Mr. D'Ascendis filed testimony seeking an  
17 ROE of 11.3 percent, right?

18 A I would not know that.

19 Q Okay. Well, you can see on the Pennsylvania  
20 page -- I'm sorry, this is -- these are the historical.  
21 If you can go to the pending cases part of this exhibit.  
22 Do you see that? And go to the second page of pending  
23 cases.

24 A Yes, I see all that.

25 Q Okay. So for FirstEnergy, which shows

1 Metropolitan Edison, Pennsylvania Electric, Pennsylvania  
2 Power, West Penn Power, they all have 11.3 requested  
3 ROEs over there on the right-hand side. Do you see  
4 that?

5 A I do see that.

6 Q And it shows they were filed on 4/2/24, which  
7 is your filing date, right?

8 A Oh, yes. Okay.

9 Q Okay. So besides, I guess, on the Duquesne  
10 Power filing just above there at 11.5, no one is asking  
11 for anything in -- approx -- approaching your 11.5  
12 request outside of Pennsylvania, would you agree with  
13 that?

14 A I am going to assume you have looked at these  
15 numbers and that is correct.

16 Q As far as this document goes, and it may --  
17 you know, maybe there is a more recent filing, but as  
18 far as this document goes, it looks like the 11.5 that  
19 you seek in Florida and the 11.3 and 11.5 in  
20 Pennsylvania are the highest pending requests, right?

21 A That appears to be the case.

22 Q And you would agree that PacifiCorp in Utah  
23 and Wyoming, and there is another state, they all have  
24 -- Oregon -- they are only asking for 9.65, and they are  
25 vertically integrated utilities as well, right?

1           MR. WAHLEN: Commissioners, Mr. Collins is not  
2           the return on equity witness. If we are going to  
3           go through this whole schedule and ask him what he  
4           thinks about it, I think we are -- we are not --

5           MR. REHWINKEL: Mr. Chairman, we are not.  
6           This is -- this is --

7           CHAIRMAN LA ROSA: Well, can we -- can we try  
8           narrowing --

9           MR. REHWINKEL: This is my last question on  
10          this.

11          CHAIRMAN LA ROSA: -- the questions, because  
12          it seems like you -- the witness has been just  
13          following along and agreeing to the statements you  
14          have been making.

15          MR. REHWINKEL: This is my last question --

16          CHAIRMAN LA ROSA: Okay.

17          MR. REHWINKEL: -- and it was before Mr.  
18          Wahlen interjected.

19          CHAIRMAN LA ROSA: Let's hear it.

20          BY MR. REHWINKEL:

21           **Q        Wouldn't it look to an outside observer like**  
22           **Emera went out and -- I mean, if you -- if you accept,**  
23           **subject to check, that Mr. D'Ascendis is the witness for**  
24           **these FirstEnergy cases, would it look like what you did**  
25           **is go -- went out and got a witness who would support a**

1 **supremely high ROE, higher and out of -- out of sync**  
2 **with what was being requested in the rest of the country**  
3 **just for the purposes of the revenue request in this**  
4 **case?**

5 A No. It might look that way, but that's  
6 certainly not what happened. I think Mr. D'Ascendis has  
7 been a witness in proceedings like this on behalf of  
8 Tampa Electric numerous times in the past.

9 It's difficult to look at -- I mean, it's  
10 difficult for me, as a non-ROE expert, to look at any of  
11 this data and extract an opinion; because, as I have  
12 said, while I am not an ROE witness, I know enough to  
13 know ROEs are generally a function of your size, your  
14 customer density, your risk level, your performance, the  
15 interest rate, the susceptibility to natural disasters.  
16 There are a series of considerations. And what's  
17 happening in the Carolinas, or Kentucky, or Oregon, I'm  
18 not sure that necessarily has relevance in Florida.

19 I mean, just recently, I saw that FEMA did a  
20 risk analysis of all 3,143 counties in the United  
21 States, and ranks Hillsborough County 15th on that list  
22 as the count -- of counties most likely to experience  
23 significant damage, either from a hurricane or from a  
24 flood event.

25 The World Bank recently reported that Tampa

1 Bay area is the 10th in the world most likely to  
2 experience significant economic impact from a natural  
3 disaster.

4 So it's considerations like that that I would  
5 say are feeding into Mr. D'Ascendis' opinion of what is  
6 an appropriate ROE for our jurisdiction.

7 **Q Does Pennsylvania have a storm protection**  
8 **clause, that you know of?**

9 A I wouldn't know.

10 **Q I told Mr. Wahlen, I guess through the**  
11 **Chairman, that I had no more questions, but if you go**  
12 **back and look at Pennsylvania, these three utilities are**  
13 **distribution utilities, are they not?**

14 MR. WAHLEN: I am going to object.

15 THE WITNESS: I wouldn't -- I don't know.

16 BY MR. REHWINKEL:

17 **Q Well, you can see it on here.**

18 A Oh, is it okay?

19 CHAIRMAN LA ROSA: Hold on. I just want to  
20 make sure I understand the objection.

21 MR. WAHLEN: The objection was he was going to  
22 ask one more question about this, and now he is  
23 getting ready to go for round two, and it's not  
24 relevant.

25 MR. REHWINKEL: Well -- okay, Mr. Chairman, I

1 can answer that. After I said that, Mr. Collins  
2 talked about comparative risk. And I -- so I  
3 thought I would just ask him if Pennsylvania  
4 utilities that are asking for 11.3 and 11.5 are  
5 just distribution utilities, and that's what this  
6 document shows. So I just would ask him if that's  
7 what he sees on here.

8 CHAIRMAN LA ROSA: Okay. The witness can  
9 answer the question if he can.

10 THE WITNESS: That's what's on here. Yes.

11 BY MR. REHWINKEL:

12 Q Do vertically integrated utilities and  
13 distribution utilities share the same risk profile?

14 A I would say no. A vertically integrated  
15 utility has greater risk.

16 Q And that's based on what?

17 A Well, it's both generation and wire side of  
18 the business.

19 Q Does a distribution utility have competition?

20 A Not that I am aware of.

21 Q Emera IOUs, PGS, 10.15 and 54 percent equity  
22 ratio, right?

23 A Correct.

24 Q Nova Scotia Power, nine percent ROE and a  
25 40-percent equity ratio, right?

1           A     I believe so.

2           Q     **New Mexico Gas, 9.375 percent ROE and a**  
3     **52-percent equity ratio, right?**

4           A     Yes.

5           Q     **Newfoundland and Labrador, nine percent and 30**  
6     **percent equity ratio, right?**

7           A     I wasn't aware of that, but I am sure you are  
8     right.

9           Q     **Okay. And those are your land, or your**  
10    **terrestrial utilities, excluding the islands, right,**  
11    **Emera's operation -- operational utilities?**

12          A     Well, I would -- I don't think I would include  
13    Emera Newfoundland in that. I think there is really  
14    four primary utilities --

15          Q     **Okay.**

16          A     -- that you listed.

17          Q     **Other than PGS and Tampa Electric, no one in**  
18    **the Emera family has an equity ratio above 52 percent,**  
19    **do they?**

20          A     I don't know the answer to that question, I --  
21    of that group of four --

22          Q     **Yes.**

23          A     -- is that what you are asking?

24          Q     **Yeah.**

25          A     Of that group of four, the answer is yes.



1           **Q**     **Okay. Barbados and Grand Bahamas, they are**  
2     **regulated on an ROR basis, are they not --**

3           **A**     **Yes.**

4           **Q**     **-- rate of return?**

5           **A**     **Return on rate base, which is just a different**  
6     **way of looking at return on equity.**

7           **Q**     **Okay. Well, it's -- it's -- they don't have**  
8     **an equity ratio, do they?**

9           **A**     **Yes, they do. And so that's how you -- how**  
10    **you see the ROR sort of being converted into an ROE so**  
11    **you can compare apples and apples. So they --**

12          **Q**     **But it's a derived equity ratio. It's not**  
13    **established by the board, is that right?**

14          **A**     **Not established by a regulating agency, is**  
15    **that what you mean?**

16          **Q**     **They don't -- they don't designate an ROE -- a**  
17    **return on equity or an equity ratio. You have to derive**  
18    **it based on the ROR award, isn't that right?**

19          **A**     **I -- I am not going to comm -- I'm not sure.**  
20    **Your -- I didn't believe that to be the case, so --**

21          **Q**     **Okay. Well, I am just asking because I am not**  
22    **sure either. I just want to know, because you used to**  
23    **be CEO out there, didn't you not?**

24          **A**     **I did. I did.**

25          **Q**     **Okay.**

1           A     And so we would always talk about an ROR, and  
2     then we would quickly convert it to -- and that's  
3     equivalent to a 12.5 or a 12.91, or -- and it was  
4     because we were -- we knew sort of what the capital  
5     structure was, and it was easy for us to do the math.

6           Q     Okay. That's what I meant by derived. The  
7     board didn't regulate you on an equity thickness or  
8     equity ratio. They regulated you on an ROR basis,  
9     right?

10          A     I don't know.

11          Q     Okay. Over the three-year term of this rate  
12     case, the revenue increase asset you have presented to  
13     the Commission, the three-year revenue requirement above  
14     the most recent approved ROE of 10.3 percent would be  
15     \$216 million of cash removed from the pockets of your  
16     customers and transferred to Emera, correct?

17          A     What -- what -- the math that you just did  
18     there, was -- it went from a 10.2 to 11.5 over a  
19     three-year period and determined what the revenue  
20     requirement was for those three years?

21          Q     Well, I did 10.3. We could do 10.2, but 10.3  
22     at three times 72 million is 216. That was the math.

23          A     Okay. Yeah.

24          Q     So if 10.2 to 10 -- 11.5 is 78 million, three  
25     times 78 would yield a different higher number, right,

1 **mathematically?**

2 A Mathematically, yes.

3 Q So that 216 or 224 million would help Emera  
4 with cash flow and provide a cushion for whatever  
5 financial distress it is suffering or exposed to,  
6 correct?

7 A Yes. But I'm going to say again, there is no  
8 connection between what we are asking for in this rate  
9 case and anything going on at the Emera level.

10 Q Okay. At the same time, this extra or surplus  
11 cash would create economic distress, or contribute to  
12 economic distress back in Florida, and make Florida  
13 customer rates even less affordable for many, while  
14 contributing to greater energy poverty and customer  
15 distress; would you agree with that?

16 A No. I mean, again, I -- you know, our rates  
17 are very affordable. And from the perspective of -- as  
18 I have already stated, from the perspective of the  
19 energy poverty -- I think those are the words you just  
20 -- you just used, you know, again, the -- based upon the  
21 material that I have read about the ability for Tampa  
22 Electric customers in Hillsborough County to pay the  
23 bills that they receive from Tampa Electric,  
24 Hillsborough County stands in very good stead relative  
25 to the other 3,142 counties in the United States.

1           Q     You would agree that the Commission's mission  
2     is not to provide a lifeline for whatever quicksand  
3     Emera might have found itself in with regard to credit  
4     ratings or downgrades?

5           A     To the -- there is no connection between the  
6     Tampa Electric rate case and anything going on at the  
7     Emera level.

8           Q     Let's look at Exhibit 133, OPC 133, if we can.  
9     And if we could turn to the second page of that exhibit.  
10    I have taken the liberty of highlighting this. The  
11    Commission didn't do this. But this says -- well, on  
12    the first page, it says: 2023 Annual Report, Florida  
13    Public Service Commission.

14                   And on the second page, which is page -- an  
15    excerpt from it, page five, I've highlighted a sentence  
16    that reads: In the midst of industry and technological  
17    change, the FPSC's focus remains constant. How do we  
18    best ensure safety, reliability, and affordability for  
19    all customers?

20                   Do you see that?

21           A     I see that.

22           Q     Do you agree that that's what the Commission  
23    should be focused on in adjudicating this case?

24           A     Well, I am not going to -- again, it's not --  
25    it's not my -- it's not my place to speak on behalf of

1 the Commission.

2           You know, the mission statement for the FPSC,  
3 you know, identifying a requirement for safety,  
4 reliability and affordability, if this is what the  
5 Commission feels is appropriate, then this is -- this is  
6 the basis upon which they should weigh the merits of  
7 this case.

8           The definition of affordability, the  
9 interpretation of affordability, what's in -- what's  
10 intended by that word in this sentence is not something  
11 that -- I'm -- I don't know what it is, and I don't want  
12 to speak on behalf of the Commissioners in, in this  
13 regard.

14           **Q     Okay. You would agree that your current and**  
15 **requested rate levels and bill impacts present what you**  
16 **have termed an affordability challenge to the company**  
17 **and its customers, right?**

18           A     No. No. The affordability challenge is  
19 something altogether different that -- we have coined  
20 that terminology, but it is -- for us, the affordability  
21 challenge is simply acknowledging that, you know, as we  
22 continue to invest to create value for customers, rate  
23 base is increasing, electricity rates will increase, and  
24 what steps can we take to minimize those increases for  
25 customers?

1           That's something we are do -- we are educating  
2   our leaders in the company on the regulatory ratemaking  
3   equation, identifying what we call the levers of  
4   affordability. That's -- it's that campaign that we  
5   call -- we call the affordability challenge.

6           **Q    Well, haven't the Tampa Electric and Emera**  
7   **boards come to recognize that they should be addressing**  
8   **affordability in their business planning? And I mean**  
9   **affordability and customer rates --**

10          A    It's a consideration. Is it a consideration?  
11   Absolutely it's a consideration.

12          **Q    And you would agree that the level of revenues**  
13   **that you support in Issue 69 has a direct bearing on the**  
14   **concept of affordability for at least some of your**  
15   **customers, right?**

16          A    I don't want to say yes to that question just  
17   because, again, affordability is such a subjective term.

18          **Q    Would it surprise you if Fitch, the rating**  
19   **agency Fitch, stated last week in a discussion of the**  
20   **electric utility sector outlook that bill affordability**  
21   **concerns are paramount?**

22                MR. WAHLEN: I am going to object. There is  
23   no foundation that that statement was ever made.  
24   There is no proof that that was ever made. There  
25   is no document. There is no nothing. He is

1 just --

2 CHAIRMAN LA ROSA: Yeah. Mr. Rehwinkel, can  
3 you point to that in any testimony, or has that  
4 been submitted prior to, or --

5 MR. REHWINKEL: I was hoping he would just  
6 agree with me because I have a document that was  
7 produced on August 21st, 2024, by the Regulatory  
8 Training Institute, which is a sub -- an arm of  
9 NARUC, that has that statement in it. But because  
10 of your rules, it said I had to have all my  
11 exhibits before -- loaded in Case Center by the --

12 MR. WAHLEN: I will object -- I will withdraw  
13 the objection. He can answer the question if he  
14 knows, but he probably doesn't.

15 CHAIRMAN LA ROSA: Proceed, if the witness can  
16 answer the question.

17 THE WITNESS: I think counsel knows me. I did  
18 not know. I did not see this Fitch report.

19 BY MR. REHWINKEL:

20 Q Well, my question was, would it surprise you?  
21 And I could put the document in front of you.

22 A No. No, it wouldn't surprise me. No.

23 Q And I think you mentioned in a prior answer  
24 recently that, as CEO, you have personally made an  
25 effort to educate management within the company on what

1 **you have described as an affordability challenge, right?**

2 A Yes.

3 MR. REHWINKEL: Okay. And so, Mr. Chairman  
4 and Mr. Collins, I would like to go to OPC 221, if  
5 we could. This is a -- I guess I need to find  
6 where this is in -- this is 446, Mr. Chairman. And  
7 it is June 2023 BOD, Board of Directors  
8 Presentation, Market Trends.

9 CHAIRMAN LA ROSA: You are talking about a  
10 confidential document?

11 MR. REHWINKEL: It's a confidential, yes, sir.

12 BY MR. REHWINKEL:

13 **Q Are you familiar with this --**

14 **COMMISSIONER FAY: I am sorry, Mr. Chairman.**  
15 **Which exhibit?**

16 **CHAIRMAN LA ROSA: Yeah. Do you mind, Mr.**  
17 **Rehwinkel, repeating the exhibit?**

18 MR. REHWINKEL: It is -- it's 221, OPC 221.  
19 In the folder, it's behind 221, but it is CEL  
20 Exhibit 446.

21 THE WITNESS: Yes, I am familiar with this.

22 BY MR. REHWINKEL:

23 **Q This is a document from the TECO Peoples Gas**  
24 **strategy board meeting, June 6th through 7th, 2023. Do**  
25 **you agree with that?**



1           A     I do.

2           Q     So if you could turn to Bates page 7025. I  
3 don't -- it's the big dark black at the bottom of the  
4 portrait.

5                     Are you familiar with this page?

6           A     7025?

7           Q     Yes.

8           A     Yes, I'm familiar with this page.

9           Q     Can you read to yourself the heading of this  
10 document? And is this something that you can read  
11 aloud, just the biggest font?

12          A     Yes.

13          Q     Please do so.

14          A     Yeah. "As rates increase, more customers face  
15 energy poverty."

16          Q     Okay. Now, this -- the bold sentence below  
17 that with the percentage there, is there anything in  
18 that that's confidential?

19                     MR. WAHLEN: We have --

20                     THE WITNESS: Yes. I would say yes, there is.  
21 And I would also say, this -- and I think you know  
22 this -- this -- this is something that we prepared  
23 for our board to be directional, not necessarily  
24 accurate.

25                     We were simply trying to paint a picture for

1           our board on why the affordability challenge that  
2           we were talking to them about was something that  
3           they should be supportive of, and that they --

4                   And so we were intending to make a point to  
5           the board, a very obvious point, which is, as the  
6           rate of -- as the cost of anything increases, it  
7           stands to reason that there is an -- there is a  
8           ever-increasing portion of your -- of your customer  
9           base that likely is struggling to make ends meet.  
10          That was the only point that we were trying to  
11          make.

12       BY MR. REHWINKEL:

13           **Q     Is there -- this was done in June of '23,**  
14       **right, this slide?**

15           A     This document was done in June of '23,  
16       correct. Yeah.

17           **Q     I -- there is an affordability challenge**  
18       **document that we may talk about later. When was that**  
19       **document produced?**

20           A     I think the one you are referring to is from  
21       June of '24. But the affordability challenge, the  
22       documents that have surrounded that have been something  
23       we have been working on for two-and-a-half years.

24           **Q     Okay. But at least in terms of this Exhibit**  
25       **446 and the June '24 discussion of affordability**

1 challenge, they were separated by about a year, right?

2 A Correct.

3 Q Okay. The number that's embedded in the  
4 second sentence, or the bold underneath the sentence you  
5 read aloud, that number, and then that same number in  
6 the third bullet, those were produced by the United  
7 States Census Bureau, correct?

8 A I think this entire page -- with all due  
9 respect to the Tampa Electric strategy team that put  
10 this material together, this -- this page needs to be  
11 taken with a grain of salt. It's not -- there is no --  
12 there is -- this was an internal document that was  
13 intended to be directional, not accurate.

14 Q Okay.

15 A And, in fact, as evidence of its inaccuracies,  
16 on one hand, it points to income from one year and rates  
17 from another. There is sort of a mismatch in the timing  
18 of how this was sort of pieced together. So I don't  
19 think that you can look at this and draw credible,  
20 defensible conclusions from the content.

21 Q Okay. Are you -- so you are just saying that  
22 this is wrong?

23 A It's wrong.

24 Q Okay. And the number, the percentage here is  
25 wrong?

1           A     I would say it's wrong, yes.

2           Q     Okay. Did the Census Bureau get it wrong, or  
3 **did --**

4           A     The way we manipulated all the data to produce  
5 these outputs is the part that we got -- we got it  
6 wrong.

7           Q     Okay. Now, there is a footnote 1, research  
8 **from economists -- and it's almost impossible to read**  
9 **this -- but that -- that's a public document, would you**  
10 **agree, that talks about the percent that defines energy**  
11 **poverty?**

12          A     It would appear so, yes.

13          Q     Okay. All right. Now, this document refers  
14 **to energy poverty in the context of a level of**  
15 **residential rates, does it not?**

16          A     Ask me that question again.

17          Q     Yes. The percentage -- or the discussion  
18 **about energy poverty is in the context of a level of**  
19 **rates as of April of 2023, right -- a level of bills?**

20          A     Yes. Correct.

21          Q     Okay. And that number is right? We have  
22 **talked about that number.**

23          A     Yes. That number is right.

24          Q     Okay.

25          A     Could I make one other point on this?

1           **Q     You are entitled to.**

2           A     This issue of energy poverty is a -- is an  
3     issue that recently has been getting a bit of traction.  
4     And as you begin to dig into it, the way that the -- the  
5     way that this report was compiled, it's a -- it's sort  
6     of a comparison of trying to create a metric between the  
7     level of your electricity bill and the level of  
8     household income.

9                     And based upon all the reading that I have  
10    done on this, increasingly, there is recognition. This  
11    is a bit of a flawed metric, insofar as, you know, to  
12    the extent that you have students who are on government  
13    assistance, well, that doesn't get factored into the  
14    methodology. If you have senior citizens who are  
15    drawing from their savings. That's not being -- that's  
16    not being drawn in on the math. If you've got employees  
17    working in the service industry who have lots of, you  
18    know, who are receiving tips, and it's not necessarily  
19    reported income, that doesn't show up in the evidence.

20                    So increasingly what you are seeing for people  
21    who sort of do this sorts of assessment, is rather than  
22    a metric of what is your electricity bill relative to  
23    household income, it tends to be what is the electricity  
24    bill relative to the rest of your household expenses.  
25    How is that tracking?

1           And it is that metric that I referred to a  
2 while ago, that if you look at, over the past 30 years,  
3 is actually in decline for customers in Tampa Electric's  
4 service territory.

5           **Q     So if I looked at -- and footnote 2 is not a**  
6 **confidential piece of information, is it? Only the**  
7 **percent on this page is confidential, right?**

8           A     Yeah. The information -- the in -- this is  
9 publicly available information.

10          **Q     Okay.**

11          A     These are sources that were drawn and then  
12 pieced together to make a point.

13          **Q     So if someone went to US Census Bureau, 2021,**  
14 **household income in the past twelve months, S-1901, they**  
15 **would not find this percentage that is in this three**  
16 **times in this document?**

17          A     That's correct.

18          **Q     Did you know what the accurate number is?**

19          A     I do not.

20          **Q     In June of 2023, when you were looking at this**  
21 **in the strategy session, this is contemporaneous with**  
22 **the time that you were putting together the 2024 and**  
23 **2025 budget and forecast, right?**

24          A     Yes.

25          **Q     It's in the summers when you do --**

1           A     Yes.

2           Q     And in '23, if it wasn't a rate case event,  
3     you would be doing the budget for '25 -- 4, and the  
4     forecast for '25, right?

5           A     So the typical cadence is that in April, May,  
6     we produce a five-year, a long-term forecast. August,  
7     September, October, we are producing the budget for the  
8     following year. That's typical cadence.

9           Q     Okay. But in a rate case context, you kind of  
10    have to do a budget for '25 with a little more rigor  
11    than you would do with a forecast for purposes of the  
12    test year, right?

13          A     Yes.

14          Q     Okay. So when you were doing that was when  
15    you were looking at this energy poverty information.  
16    Those were in the same timeframe, right?

17          A     Yes. Completely separate exercises, but, yes,  
18    the timing overlaps.

19          Q     And when you were doing that -- well, when you  
20    are educating people in the business about how to set  
21    rates, you are asking them to be cognizant of --  
22    cognizant of energy poverty and affordability, are you  
23    not?

24          A     Yes. We are educating them to be cognizant of  
25    the actions they take that either have the effect of

1 increasing rates or moving rates down.

2 **Q Okay. Let's look at OPC 237, if we can.**

3 MR. REHWINKEL: Oh, Mr. Chairman, this is -- I  
4 need to explain this one.

5 CHAIRMAN LA ROSA: 237?

6 MR. REHWINKEL: 237 is a document that we put  
7 together after the cutoff, but it is an excerpt  
8 from information that is part of -- that is part of  
9 LULAC's 320, Exhibit 320.

10 So we extracted two pages from that large set  
11 of information. We prepared an exhibit that I  
12 would like to ask him questions about, but I think,  
13 based on your order, I need to get permission, or  
14 show good cause why we should be allowed to use  
15 that, I think. I don't know how the Commission  
16 feels.

17 MS. HELTON: Well, can I just ask a question?  
18 Why can't we just use LULAC's -- I'm sorry, I  
19 didn't remember what --

20 CHAIRMAN LA ROSA: 320.

21 MS. HELTON: LULAC's 320?

22 MR. REHWINKEL: It's over hundreds of pages,  
23 and I just extracted two pieces of paper to make it  
24 much easier. Oh, is it six pages? Okay. I am  
25 sorry.



1           CHAIRMAN LA ROSA: Are you talking about 3 --  
2           LULAC's 320C, the confidential documents?

3           MR. REHWINKEL: I think so. Yeah. Is that  
4           one you already have?

5           THE WITNESS: Yeah. It's only six pages.

6           MR. WAHLEN: Mr. Chairman, I don't know if it  
7           will help, but I don't think we object to what  
8           Public Counsel has done here. We don't object to  
9           what Public Counsel has done here.

10          CHAIRMAN LA ROSA: With his pulling --

11          MR. WAHLEN: He has just taken stuff out of  
12          other documents and -- I question why it's  
13          relevant, but I am not going to worry about that.

14          CHAIRMAN LA ROSA: Sure.

15          MR. REHWINKEL: Mr. Marshall assures me that  
16          their excerpt of 320 does not include these two  
17          pages. So unless there is any problem, I would  
18          like to use this exhibit for cross-examination.

19          CHAIRMAN LA ROSA: So now I am confused. So  
20          it's not part of LULAC's 320?

21          MR. REHWINKEL: It is. It's not part of --  
22          they have in the -- what they passed out to you  
23          today --

24          CHAIRMAN LA ROSA: Right.

25          MR. REHWINKEL: -- they have six pages of this

1 giant exhibit --

2 CHAIRMAN LA ROSA: Gotcha.

3 MR. REHWINKEL: -- and I have two that are not  
4 in that six.

5 MR. MARSHALL: Correct. If there was a whole  
6 document, you know, objection, we were prepared to  
7 provide the hundreds of pages that are in Exhibit  
8 320, which was one document provided to us. But  
9 what we provided is a small excerpt for cross  
10 later. This is a different excerpt from that  
11 document that is not in the excerpt that we  
12 provided today.

13 CHAIRMAN LA ROSA: We appreciate you not  
14 providing hundreds of pages. So if staff is okay  
15 with that --

16 MS. HELTON: I --

17 MR. REHWINKEL: I think that -- go ahead.

18 MS. HELTON: So is this -- I guess we are --  
19 the whole -- one of the purposes of doing it this  
20 way is so that we don't have to stop the hearing to  
21 distribute exhibits, and so that everyone is on the  
22 same page with respect to what exhibits are going  
23 to be offered and used, and it's kind of a due  
24 process thing.

25 So I am -- I guess I am still confused. Mr.

1 Bradley offered up an entire exhibit, and so -- on  
2 the C -- or when he gave us the list, but he has  
3 only provided certain excerpted pages. So Mr.  
4 Rehwinkel could have had the -- made the assumption  
5 that you would also have provided those other pages  
6 and could have relied on that. To that extent, I  
7 am not sure that I am bothered, but I guess we are  
8 stopping the hearing now to distribute this?

9 MR. REHWINKEL: Well, it's already  
10 distributed.

11 CHAIRMAN LA ROSA: Yeah, it's already been  
12 distributed.

13 MS. HELTON: Okay, it's already distributed?  
14 Okay. Well, then if it's already distributed,  
15 then --

16 MR. MARSHALL: I think for, you know, just to  
17 help -- it might be helpful just to give this a  
18 separate exhibit number from our excerpt of 320, or  
19 it could be given the same exhibit number as our  
20 320. It would just be understood that there is two  
21 different exhibits.

22 MR. REHWINKEL: I think it ought to just be  
23 given a separate, because --

24 CHAIRMAN LA ROSA: Let's give it a new exhibit  
25 number. We will enter it in after testimony.

1 MR. REHWINKEL: Yeah. What's the next?

2 CHAIRMAN LA ROSA: Let me ask staff. What is  
3 the next exhibit number?

4 MR. REHWINKEL: 837?

5 CHAIRMAN LA ROSA: Yeah. Repeat that number.

6 MR. REHWINKEL: 837?

7 CHAIRMAN LA ROSA: 837. Let me just confer  
8 with staff if that's okay.

9 Is 837 a sufficient exhibit number?

10 MS. HELTON: This is where I am confused, and  
11 I am so sorry, Mr. Chairman. I think probably part  
12 of it is that this is getting late in the day.

13 So is what OPC is identifying as OPC 237,  
14 which now is Exhibit No. 837, that's contained  
15 within FLL 320C?

16 MR. REHWINKEL: That's correct, but 320C was  
17 never going to be dumped into the record.

18 MR. MARSHALL: I mean, it potentially could be  
19 if there is a whole document objection from TECO,  
20 but otherwise, that was not our intention.

21 MS. HELTON: So your excerpt is -- OPC's  
22 excerpt is different than LULAC's?

23 MR. REHWINKEL: That's correct.

24 MS. HELTON: Okay. Okay. So when I pull -- I  
25 open Mr. Bradley's folder, I am not going to see

1           what Charles is going to offer --

2           MR. REHWINKEL: That's correct.

3           MS. HELTON: -- what Mr. Rehwinkel is going to  
4           offer?

5           MR. REHWINKEL: That's correct.

6           CHAIRMAN LA ROSA: Okay. If there is no  
7           objection, it's 837. Let's move on.

8           MR. REHWINKEL: Okay.

9           (Whereupon, Exhibit No. 837 was marked for  
10          identification.)

11          BY MR. REHWINKEL:

12           **Q     So, Mr. Collins, are you generally familiar**  
13          **with these two documents?**

14           A     I am.

15           **Q     One is from May 9th, 2023, and the other is**  
16          **from November 7, 2023, right?**

17           A     That appears to be the case. Yeah.

18           **Q     And the May document just shows planning,**  
19          **really early planning for this rate case. Is that fair**  
20          **assessment?**

21           A     Yes.

22           **Q     Okay. It has your name on here as the head**  
23          **coach, right?**

24           A     Uh-huh. Yes.

25           **Q     On the upper left side. And it just shows**

1 tasks, what you are doing. You are getting ready to put  
2 your case together. That's what the task completed and  
3 task progressing gold boxes show there, right?

4 A Yes. We were just educating the board on the  
5 timeline.

6 Q Okay. And you had certain kind of assumptions  
7 about the case timeline, but that was a year -- over a  
8 year ago, right?

9 A Yes.

10 Q And then, in the next steps, it looks like you  
11 are getting closer in November of shaping things up.  
12 You have more definite information about the schedule  
13 and your -- the three bullet points here show this --  
14 the late stage of your case preparation relative to the  
15 other document, correct?

16 A Yes.

17 Q Okay. So sandwiched in between these two  
18 events was the document that we just discussed about  
19 energy poverty, right?

20 A Yes, the -- this -- the -- it is the June  
21 strategy meeting where we were having an in-depth  
22 discussion with the board on the affordability  
23 challenge.

24 Q Okay. Now, it's also true, is it not, that  
25 during this period, you were experiencing high bills

1 that we have already talked about at length today, that  
2 began in April and continued through much of the summer  
3 and early fall months -- or much of the summer?

4 A Yes. Certainly July and August of 2023.

5 Q Okay. During this time, when you were  
6 experiencing high bills and serious customer experience  
7 service issues, it would have truly been the time to  
8 ensure that you developed a revenue requirement,  
9 including an ROE that was not as high as the one that  
10 you brought forward, wouldn't it; isn't that correct?

11 A Ask the question again.

12 Q Wouldn't this have been the time for you to be  
13 responsive to the distress that your customers were  
14 feeling at that time?

15 A I mean, everything we do within the comm --  
16 within TECO is obviously interconnected, but these were  
17 -- these were independent exercises. I mean, the -- our  
18 -- the team starting to think about where would ROEs be  
19 in the year 2025. And then working backwards from that,  
20 and laying out the case, is really -- at that point,  
21 it's largely a mathematical exercise of trying to  
22 determine what will costs be, what's the depreciation  
23 study, et cetera, et cetera, et cetera, and seeing where  
24 things would fall.

25 Q But during this -- the lead-up to the case,

1 weren't there capital dollars that were pushed into the  
2 test year, and other capital dollars that were pulled  
3 into the test year in a way that optimized or maximized  
4 the test year revenue requirement?

5 A No, I can't agree with that.

6 Q Well, you deferred or accelerated capital  
7 dollars into the test year, did you not?

8 A I mean -- so, as I said earlier, we  
9 continuously are refining our operating spending, our  
10 capital program. So that's not -- that's not unusual  
11 that we would be moving things around. The -- at no  
12 time was there some kind of a sinister plot to try to  
13 purposefully push things and pad the test year.

14 Q Let's look at OPC 19, if we can. This is a  
15 confidential document. And this is from June 6th and  
16 7th, 2023. The same strategy session where you  
17 discussed energy poverty, right?

18 A That is correct.

19 Q Okay. And it's a confidential document. Can  
20 you turn to 7074, the Bates 7074? And can you read the  
21 title of this page without revealing confidential  
22 information?

23 A Strengthen and modernize the grid. Reliable,  
24 resilient and smarter.

25 Q Okay. Are you familiar with this document?



1           A     Yes.

2           **Q     Would you -- can you tell me, generally, what**  
3 **this document talks about without revealing confidential**  
4 **information?**

5           A     Yeah.  So in general terms, it's sort of --  
6 it's acknowledging that the -- the demands on the grid  
7 are changing; that, you know, the traditional grid,  
8 which was just wires and poles, and really what we would  
9 call a dumb grid.  We would say to people, if your  
10 power's out, we don't know your power is out unless you  
11 call and tell us.  If an energized wire is on the ground  
12 creating a public hazard, we don't know that until  
13 someone, the public calls in and tells us that  
14 information.

15                     And so there are -- there are a number of  
16 things that are changing, that need to change with the  
17 grid in order for us to sort of keep up with the  
18 evolving nature with which customers are now interacting  
19 with the grid.  We call this giving the grid a brain.

20           **Q     Is this document, does it have any to do with**  
21 **the Grid Reliability Resilience Project?**

22           A     Yes.  Yes.

23           **Q     Is this where it was kind of the -- is this**  
24 **where it was born, so to speak?**

25           A     No.  No.  This -- the -- the grid -- the GRR

1 was really born back in 2018 or '19, and started --  
2 started with AMI, grateful it was approved in the 2021  
3 settlement. That was sort of the first -- the first  
4 brick in the wall. And this is a continuation. And,  
5 you know, this has really -- this has really been a 12-  
6 or 13-year journey that we are on to give the grid a  
7 brain.

8 Q Okay. If I could get you to -- would you  
9 agree that this document does not use the terminology  
10 grid reliability and reliance, or GRR?

11 A I am sure it uses all three of those words,  
12 but maybe not all in a row.

13 Q Fair enough.

14 And if you could turn to 7075, or the little  
15 159, which is probably the page in the board book that  
16 this came out of, right?

17 A Yes.

18 Q Do you see if -- on 159, where there is the  
19 blue dot with a one inside it, do you see that?

20 A Yes.

21 Q Do you see a number in the first line there?

22 A Yes.

23 Q Is that sentence, just that sentence that  
24 starts with the letter A, can that be read aloud without  
25 revealing confidential information?

1           A     Yes.  Yeah.  Do you want me to read that first  
2 sentence?

3           **Q     Yes, please.**

4           A     A multi-year comprehensive portfolio of about  
5 70 projects and initiatives.

6                     Keep going?

7           **Q     Yes, just to the end of that sentence.**

8           A     Our grid modernization plan is being executed  
9 and operationalized in many respects.

10          **Q     Okay.  Can you turn to the next page, 160,  
11 Bates 7076?**

12                     **Do you see the heading -- can you read the  
13 heading of that without revealing confidential  
14 information?**

15          A     I can.  The heading is:  The grid  
16 modernization strategy has built a foundation.

17          **Q     Okay.  And just one last thing.  Can you --  
18 can you read to yourself the bold line underneath that,  
19 and then tell me if you can read that aloud?**

20          A     I can read that one aloud:  Over 65 projects  
21 are included in four categories of the strategic pillar  
22 strengthen and modernize the grid.

23          **Q     Okay.  I think we can put this down, and --  
24 well, was this document foundational in the GRR as it  
25 materialized in this case?**

1 A Probably --

2 Q I have abandoned the word --

3 A -- probably. You know, as -- as -- you know,  
4 as the -- as the years were passing and we were really  
5 beginning to refine, you know, what was -- what was  
6 prudent, what was needed, what was the appropriate  
7 sequencing of the projects that constituted what is  
8 noted here as ADI, but now we call it GRR. As the years  
9 passed, we were really -- it was really starting to get  
10 tighter and tighter.

11 And I dare say that this -- this document in  
12 '23, it was getting close to final, and was certainly  
13 beginning to form some of the investments that have  
14 shown up in this -- in the test year and in the  
15 subsequent year adjustments as well.

16 MR. REHWINKEL: Chairman, I need just a  
17 second. I have written down the wrong exhibit  
18 number in my questions here. Let me see.

19 CHAIRMAN LA ROSA: Okay.

20 MR. REHWINKEL: Oh, I think I put this in the  
21 wrong spot.

22 Okay. Let's go to 214. OPC 214. And I  
23 guess, before we do that, a bit of housekeeping.

24 OPC 19 -- OPC 19 is Exhibit 244. I just  
25 wanted to make a note for the record that we have

1 discussed that document.

2 CHAIRMAN LA ROSA: Okay.

3 MR. REHWINKEL: Okay.

4 CHAIRMAN LA ROSA: Yeah, the document we were  
5 just on now, but now we are moving to 214?

6 MR. REHWINKEL: Yes. Yes, sir, Mr. Chairman.

7 So let's go to 214, and that is 439.

8 CHAIRMAN LA ROSA: Okay.

9 BY MR. REHWINKEL:

10 Q And this is a document dated August 2nd, 2023,  
11 would you agree with that?

12 A Yes.

13 Q Are you familiar with this document?

14 A I am.

15 Q This -- this is -- can you turn to the first  
16 page of this exhibit, Bates 7274, and can you read aloud  
17 anything on here without revealing confidential  
18 information?

19 A I can: The next phase of grid modernization  
20 Advanced Distribution Infrastructure project.

21 Q And this was from a board meeting on August  
22 2nd, 2023, right?

23 A Correct.

24 Q And is it fair to say that this is the  
25 follow-up to the June document that we just discussed in

1 OPC 19?

2 A Yes, this was a follow-up.

3 Q Okay. Can you go to 7275? And I want you to  
4 look at the first bullet, read it yourself, and then  
5 tell me if you can read any of that aloud without  
6 revealing confidential information.

7 A I can.

8 Q Please do.

9 A This project, which we are naming the Advanced  
10 Distribution Infrastructure project, builds on the grid  
11 modernization initiative that is core to our business  
12 strategy.

13 Q Does the use of the phrase, "we are naming",  
14 indicate identification of this as a discrete project  
15 that is just getting underway?

16 A I am not sure what you mean by that, but --  
17 but the -- there were -- there were -- this was the  
18 banner under which a body of work was being performed.

19 Q What is the significance of the phrase "we are  
20 naming"?

21 A I don't think there is any significance.

22 Q Well, it didn't have a name before, right?

23 A That's true. That's true. But I don't think  
24 there is any significance to it. I think we were simply  
25 acknowledging that as we undertake this body of work,

1 multi-year series of investments thoughtfully sequenced  
2 to minimize the overall cost of the investments and  
3 maximize the value they generate, we were putting it  
4 together and calling it an Advanced Distribution  
5 Infrastructure project. So I just think it made it  
6 cleaner for people to say, what are you working on? I  
7 work on the Advanced Distribution Infrastructure  
8 project.

9 **Q Okay. Did this ADI that you named the ADI in**  
10 **August of '23, did it -- did it still involve 70 or 65**  
11 **projects?**

12 **A** I can't comment on that. It certainly has --  
13 now we say it's only 40. So as time has evolved, we  
14 have tightened it, and tightened it, and tightened it.  
15 And I think most recently, we would consider it's --  
16 it's an aggregation of 40 discrete projects. So in  
17 August, I don't know where it was in its journey.

18 **Q All right. In the second bullet, is there any**  
19 **-- can you read that yourself, and then tell me is there**  
20 **anything here you can read aloud?**

21 **A** I can read that aloud.

22 **Q Okay.**

23 **A** ADI is a single consolidated program that  
24 spans the entire distribution system, from back office  
25 IT systems, to control center OT systems, to

1 telecommunications, to end-use controllable devices.

2 **Q And going to the fourth bullet, can you read**  
3 **that aloud -- to yourself, and then tell me if you can**  
4 **-- what, if anything, in that entire bullet you can read**  
5 **without disclosing confidential information?**

6 A I think I can read all of that without  
7 disclosing confidential information.

8 **Q Please do.**

9 A The ADI project does not represent new  
10 investments. Rather, ADI represents an aggregation of  
11 discrete investments currently embedded within Tampa  
12 Electric's long-term forecast. By aggregating these  
13 projects under a common heading, the overall approach is  
14 better coordinated and results in a more efficient  
15 spending of capital. It also results in considerably  
16 more AFUDC during construction.

17 **Q What is the meaning of the last sentence you**  
18 **read there about AFUDC?**

19 A What was intended by the sentence?

20 **Q Yes.**

21 A I am going to do my best to answer that, but  
22 this might be a question better put to Witness  
23 Chronister.

24 I think the rules within the state of Florida  
25 dictate that if you are working on a project, a project



1 has to have a life of more than one year, and a dollar  
2 value that exceeds some de minimis value, maybe around  
3 \$50 million, in order for it to qualify for AFUDC.

4 And so what we were -- what -- what we had --  
5 what we found by really forensically examining the  
6 long-term forecast is you had one group in the company  
7 who were intending to make an investment in the grid,  
8 and another group in the company was intending to make  
9 an investment in the grid.

10 And we began to realize, these are all  
11 initiatives working towards a common objective put them  
12 together under a single banner called ADI. It's a  
13 single project, and -- and doing so just results in  
14 better project management, better overall cost structure  
15 and optimizes the value, and generates incremental  
16 AFUDC; because now you have taken projects, some of  
17 which were less than 50 million, and by making them part  
18 of a bigger pie, the total now is earning AFUDC.

19 **Q So doing that made rate base larger, right?**  
20 **Doing -- let me strike that and ask this: Putting those**  
21 **under one label meant that you could enlarge rate base**  
22 **purely by the AFUDC, correct?**

23 **A** I am not the right person to ask that question  
24 to.

25 **Q It says here all these investments, they were**

1 **sitting in the forecast --**

2 A They were.

3 Q -- before somebody went and stitched them  
4 together, right?

5 A We didn't stitch them together, but -- but it  
6 went -- you know, when we could see there was an  
7 efficiency, there was an efficiency to be gained by  
8 actually doing these projects in a different way, one of  
9 the outcomes of that stitching was that, yes, there was  
10 an incremental volume of AFUDC earnings generated.

11 Q And that AFUDC, that's a benefit that  
12 shareholders get, right, because they have an equity  
13 return embedded in it, right?

14 A Yes. I mean, I think it's really -- it has --  
15 you know, it's minimizing some level of regulatory lag.  
16 But again, maybe this is a question better put to  
17 Witness Chronister.

18 Q Okay. Does the phrase "considerably more"  
19 mean that by doing this under this ADI convention, that  
20 you would get more AFUDC than doing each component  
21 separately?

22 A Yes.

23 Q On the next page, if you can, can you read  
24 just the heading of this page without revealing  
25 confidential information?

1 A Are we on 7276?

2 Q **Yes, sir. I'm sorry.**

3 A Executive summary. Key drivers.

4 Q **All right. And then in bullet number two, is**  
5 **there -- can you read just the bold there and tell me if**  
6 **you can read that aloud without revealing confidential**  
7 **information?**

8 A Yes, I can read that: The components of ADI  
9 have been packaged as a program that delivers system  
10 benefits greater than the benefits of completing these  
11 investments as discrete projects.

12 Q **And then bullet three, can you read that to**  
13 **yourself and then decide if it can be read aloud? Just**  
14 **the bold.**

15 A Yes, I can read that: ADI is an acceleration  
16 of planned capital that meets the pace of  
17 electrification change and customers' desires.

18 Q **What does acceleration mean? Does that mean**  
19 **that you are deploying the capital sooner than you were**  
20 **going to?**

21 A Yes. Yeah. Originally, the intent was, I  
22 think, that the ADI projects were -- if you looked at  
23 them as they were laid out in the LTF without any  
24 thought to the sequencing or the efficiency of the  
25 spending of that capital, I think the projects went out

1 to maybe 2032, and we pulled it into 2030.

2 So some of that had to do with, again, trying  
3 to undertake this work and minimize the capital spend.  
4 Some of it was also driven by the pace at which we are  
5 seeing rooftop solar growth within our service  
6 territory, and just feeling in order to kind of get  
7 ahead of that and make sure that our grid can manage  
8 that level of distributed energy, we had to move the  
9 project up by about a two-year period.

10 **Q Two years, did you say?**

11 A Yes.

12 **Q Into what years?**

13 A From 2023 to 2030.

14 **Q What was the two years, though? What did you  
15 accelerate?**

16 A It -- some of the projects had originally gone  
17 out, I think, into 2031 and 2032.

18 **Q Okay. In that second bullet, there is a  
19 phrase that starts "by bundling" there. Do you see that  
20 sentence in the middle of that?**

21 A Oh, sorry. Bullet. Sorry. Yes, I see it. I  
22 see it.

23 **Q Can you read that aloud without revealing  
24 confidential information?**

25 A I can: By bundling capital projects, we

1 improve capital savings, which improves customer bill  
2 impacts and creates a potential AFUDC opportunity.

3 **Q Are you familiar with the changes that you**  
4 **made to your GRR project as requested in this case, and**  
5 **reflected in a filing made this week -- or last week?**

6 A Only loosely.

7 **Q What -- what -- tell me what you know about**  
8 **it.**

9 A A change was made. I don't know anything more  
10 than that.

11 **Q Well, were some of the elements, or components**  
12 **of GRR, were they taken out of the revenue request?**

13 A I think so. Yeah. Yes. I mean, that's  
14 what's changed. I think at least one piece of the -- of  
15 the SYA in one of the outer years.

16 **Q Did that --**

17 A That's as much as I know.

18 **Q Okay. Well, given the discussion we just had,**  
19 **did the subtraction of those components from the overall**  
20 **GRR, did they undermine any of the synthesis or benefits**  
21 **that are discussed here?**

22 A No, because I don't think it changes in any  
23 way our intent to undertake that work. It just means we  
24 won't be seeking recovery through this proceeding, so  
25 they will be subject to some future rate case.

1 Q So ADI and GRR, they are synonymous, right?

2 A Synonymous, yes.

3 Q Let's go, if we can, this is a  
4 non-confidential exhibit, 140 -- OPC 145.

5 Are you familiar with this document?

6 A Okay. It took a little while to load here.

7 This is something to do with the CLT? That's --

8 Q I may have -- I may have designated the wrong  
9 document.

10 A Oh, no. Project ADI?

11 Q Yes.

12 A Okay. I see that. Project 309.

13 Q Yes. And this shows -- well, this is  
14 late-filed exhibit for Mr. Whitworth's deposition, and  
15 -- do you see that?

16 A Yes.

17 Q It says: Attached are materials related to  
18 the Capital Camp, Capital Leadership Team and Tampa  
19 Electric board approvals for the Grid Reliability and  
20 Resilience Project, referred to as ADI in the attached?

21 A Yes.

22 Q Now, at Bates -- or not Bates. At 7211, there  
23 is a back -- this is the beginning of a memo dated May  
24 28th, 2024, for CLT or Capital Leadership Team approval.  
25 Do you see that?

1           A     Yes. I would just clarify one thing, though.  
2     The CLT don't approve anything. They just --

3           **Q     Well --**

4           A     -- they just endorse or --

5           **Q     Okay.**

6           A     -- or not endorse.

7           **Q     Okay. So your signature on the fifth page of**  
8     **this memo, at 7215, this -- your and Greg Blunden, your**  
9     **signature would be that you recommend that senior**  
10    **management approve the allocation of capital of up to**  
11    **\$900 million to this project?**

12          A     The process that exists within the company is  
13    that any capital project greater than, I believe, \$5  
14    million runs through the CLT. I am not a member of the  
15    CLT. And it is a diverse group of leaders within Tampa  
16    Electric who are charged with the responsibility to sort  
17    of listen to the merits of a proposed capital project  
18    and either push back, or ultimately endorse. Meaning,  
19    we are giving you a green light. If you would like to  
20    take this to the board and seek approval for this  
21    project, you are free to do so.

22                   And so that's sort of what's happening here,  
23    is the CLT has endorsed the project. Greg Blunden, CFO  
24    of Emera, and myself are signing off on it, which is  
25    sending a signal back to the team, you can now prepare

1 the materials to seek TECO board approval.

2 Q Okay. Just, since we are talking about CLT,  
3 you said LTF earlier, and you meant long-term forecast,  
4 right?

5 A Yes.

6 Q Okay. You filed your case on April 2nd, 2024,  
7 right?

8 A Yes.

9 Q And we looked at two documents that were part  
10 of the evolution of what became ADI in June and August  
11 of '23, right?

12 A Yes.

13 Q And another document we might look at is the  
14 actual board approval of ADI, which occurred in June of  
15 '24, right?

16 A That's correct.

17 Q So the case -- I mean, this project was  
18 approved after you filed your case, right?

19 A It was.

20 Q Okay. Is there a reason for the -- that  
21 timeline being that way?

22 A No. No. I mean, other than it's, you know,  
23 in aggregate, because it's seven years worth of capital  
24 spending in an aggregation of 40 different projects.

25 The price tag, it's a \$900 million project. And it just



1 took the team a period of time to build, get it tight so  
2 that it would withstand, you know, my scrutiny, but  
3 ultimately the TECO board's scrutiny, so there is  
4 nothing more to it than that.

5 Q But components of the ADI had already been  
6 approved, had they not?

7 A Yes --

8 Q Okay?

9 A -- they had.

10 Q So, I mean, it just seemed -- well, in the  
11 rate case, you call it -- after calling it ADI in  
12 August, you call it GRR in the rate case, and then now  
13 after the rate case is filed, it's back to ADI. What's  
14 -- what's there?

15 A I think we just -- I mean, the terms are used  
16 very interchangeably now.

17 Q But there is no approval document that calls  
18 it GRR. That's -- that was a construct for the rate  
19 case, right?

20 A You are catching me -- so you are -- I will  
21 tell you, you are catching me off guard there.

22 So what went to the -- what went to the TECO  
23 board was not called the GRR for approval, it was ADI  
24 for approval?

25 Q Well, we will look at that.

1 A I am going to trust you that that's the case.

2 Q I am not representing that --

3 A Yeah.

4 Q -- we are going to look at that document.

5 A And I would just say they are -- they were  
6 just used interchangeably, and we could have used one  
7 just as easily as another.

8 Q In your rate case testimony, you never used  
9 the term ADI, would you -- is that -- is that your  
10 understanding?

11 A I bet -- I -- I think that might be true.

12 Q Is that because you didn't want to use the  
13 word "distribution" in seeking SYA recovery of these  
14 projects, because it would have looked like it's just  
15 part of the day-to-day work you do in the distribution  
16 network?

17 A No.

18 Q Well, what other reason would there be to call  
19 it ADI for internal approval and then GRR for the  
20 Commissioners to look at it?

21 A So GRR is used -- is used commonly within the  
22 company now. So I don't think it was -- it was nec -- I  
23 don't think there is a bifurcation between how we speak  
24 about it externally versus how we speak about it  
25 internally.

1 I think, if anything, we were -- we came to a  
2 point where we were finding that the -- the value, the  
3 purpose of ADI was being misunderstood a bit. And by  
4 calling it grid, you know, the GRR, its purpose and  
5 value were much easier to understand.

6 **Q But here in May of 2024, it's back to ADI. No**  
7 **mention of GRR in this document, is there?**

8 A This document -- this CLT project --

9 **Q That's correct.**

10 A -- approval? I am going to -- I am going to  
11 say okay. But again, there is -- it wasn't that we were  
12 shying away from a particular word. That had nothing to  
13 do with -- these are used very interchangeably.

14 And it actually is a surprise to me, as you  
15 could tell a moment ago, that the Emera board -- or the  
16 TECO board approval did not make reference to the GRR  
17 project.

18 **Q Well, don't hold me to that, but we will**  
19 **explore that at the right time.**

20 **On this, if we can stay on the first page of**  
21 **this CLT project review. In the background here, there**  
22 **is a reference in the second sentence -- I will just**  
23 **read it. It says: The ADI program operationalizes and**  
24 **executes projects identified through the Grid**  
25 **Modernization Discovery Team -- Teams. Do you see that?**

1           A     Yes.

2           **Q     Is the -- is the Grid Modernization Discovery**  
3 **Team, were they people charged with going through and**  
4 **kind of looking at the projects that were in the queue**  
5 **and see what they could put together into this ADI**  
6 **project?**

7           A     No, the grid -- so as I -- as I stated  
8 earlier, our -- our -- our grid modernization journey  
9 began back in 2018, 2019. The Grid Modernization  
10 Discovery Teams was taking about 100 employees from  
11 across the business who were knowledgeable of the grid,  
12 putting them together into various teams and giving them  
13 the task of anticipating what will the demands be on the  
14 grid in the year 2035? And what do we need to do  
15 between now and then to ensure that our grid can handle  
16 what's coming? So that was -- the Grid Modernization  
17 Discovery Teams hearkens back to that body of work.

18           **Q     Well, we saw in '23, there were 70 and then**  
19 **65, and now here, on the project description, there is**  
20 **40 interdependent investments across electricity**  
21 **delivery. How did you get from 65 to 40?**

22           MR. WAHLEN: Mr. Chairman --

23           THE WITNESS: I can't comment on that.

24           MR. WAHLEN: -- I have a -- I don't know if  
25           it's an objection or a comment, but I was looking

1 at Mr. Collins' testimony, and I think he has five  
2 lines in his testimony on grid reliability and  
3 resilience. Mr. Lukcic has an entire set of  
4 testimony on this.

5 We are getting Mr. Collins way into the weeds  
6 on this. If we are going to do this, we are going  
7 to be here a long time. And maybe I shouldn't say  
8 anything. I try not to interfere with Mr.  
9 Rehwinkel's cross-examination, but the kind of  
10 questions he is asking now really ought to be asked  
11 to Mr. Lukcic, I think.

12 CHAIRMAN LA ROSA: Thank you. Point made.  
13 And the last couple of questions the witness  
14 couldn't -- couldn't answer. You know, to the  
15 point that was -- that was just stated, there is a  
16 witness that has, you know, full-on of this  
17 testimony.

18 MR. REHWINKEL: I don't know that there was a  
19 pending question, and I want to ask him about  
20 another page in this document.

21 CHAIRMAN LA ROSA: Okay. Can we -- can we try  
22 to avoid digging into the weeds and maybe get into  
23 an area where the witness can answer the questions?  
24 I mean, we are talking about somebody else's  
25 testimony.

1           MR. REHWINKEL: Well, I am not really -- I am  
2           trying to understand how the 2025 test year and '26  
3           and '27 test years were built. So I -- let me just  
4           see if we can ask this, 7226.

5           CHAIRMAN LA ROSA: Go ahead and proceed.

6 BY MR. REHWINKEL:

7           Q     That's going to need to be flipped around.  
8           Do you see this document?

9           A     Whoa. Yes.

10          Q     Okay. So this is a summary, ADI Program  
11          Capital Cost, and it identifies the total investment  
12          over the seven years is \$900 million, which is --

13          A     Yes.

14          Q     Okay. But what I am interested in is, of the  
15          program investment, 869.6 million was already accounted  
16          for in the 2023 long-term forecast. Do you see that?

17          A     Yes.

18          Q     So my question is, is didn't -- didn't TECO,  
19          or Tampa Electric, go into the 2023 long-term forecast  
20          and find projects that they could put together and seek  
21          subsequent year adjustment for in a way that would give  
22          you additional rate relief and AFUDC earnings?

23          A     I am going to kind of rephrase that question.

24                    So, first of all, the fact that there is a  
25          delta between the 869 that you referenced and the 900,

1 the LTF goes out five years. This project goes out  
2 seven. So it would stand to reason that there is a, you  
3 know, there is spending that's still occurring in '29  
4 and '30 that was never in the LTF. That's what accounts  
5 for that delta.

6 The -- again, the purpose of thoughtfully  
7 examining the work that had come out of the Grid  
8 Modernization Discovery Teams and other parts of the  
9 business, and then really started to look at it  
10 objectively and saying, is there a better way? Is there  
11 a way to do this that results in a reduced level of  
12 capital spending, better project governance, more  
13 optimized delivery of the value associated with this?  
14 That was the purpose.

15 The fact that there was some incremental  
16 amount of AFUDC, which, quite frankly, I bet is nominal,  
17 was just a happy outcome.

18 **Q Well, 869 over 900 is about 96.2 percent,**  
19 **would you accept, subject to check?**

20 **A Yes.**

21 **Q Okay.**

22 **A Yeah.**

23 **Q So you were going to spend 96 percent of this**  
24 **\$900 million based on the way you developed your**  
25 **forecast --**

1           A     We were going to --

2           **Q     -- before you stitched this together into ADI,**  
3 **right?**

4           A     We were going to spend 100 percent of what's  
5 here.  It's just the two years of it were happening  
6 after the most recently completed LTF.

7           **Q     But it was just going to be part -- the things**  
8 **that you went and started to put together in '23 while**  
9 **you are putting this rate case together, those things**  
10 **were resident in your long-term forecast, and you had**  
11 **committed through whatever process to spend those**  
12 **dollars, whether they were put together in ADI or not,**  
13 **right?**

14          A     Yes.

15          **Q     Because they were good for the distribution**  
16 **network?**

17          A     Yes.  And I will bet if we were to go back and  
18 really peel it all back, the actual total probably would  
19 have been 950 million.  You understand my point?  
20 Meaning, doing them all sort of individually and  
21 disparately all over the organization, the -- by the  
22 time we were done with the body of work as this whole  
23 series of individual projects, we would have spent more  
24 than doing it this way.

25          **Q     But even if you speculate about that, you**



1 don't know whether that would have hit '25, '26 and '27,  
2 right? That meaning this \$50 million delta that you are  
3 postulating.

4 A I agree with that.

5 Q Let's go, since we are at 205, Exhibit 205 --  
6 I don't know if I have kept track of the exhibits.

7 CHAIRMAN LA ROSA: Mr. Rehwinkel, just to -- I  
8 am just looking at the clock and trying to manage  
9 the rest of the evening. How many more -- how much  
10 more time do you believe -- you think you need for  
11 questioning?

12 MR. REHWINKEL: I really don't know, Mr.  
13 Chairman. It's significant.

14 CHAIRMAN LA ROSA: Okay.

15 MR. WAHLEN: Mr. Chairman, I will notice that  
16 the document we are putting up here is an exhibit  
17 from Mr. Lukcic's deposition, and that may be one  
18 of the reasons why it's taking so long, because we  
19 are not asking the right witness about the right  
20 questions.

21 CHAIRMAN LA ROSA: Yeah. And I know we have  
22 gone back and forth on this. So let's try to --  
23 and I don't know what you are about to ask, but  
24 let's try to keep the questions in line where the  
25 witness can answer. If the witness can't answer

1 the question, then, you know, he can point to the  
2 direction of the witness that can.

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

4 BY MR. REHWINKEL:

5 Q This is, as Mr. Wahlen helpfully pointed out,  
6 the late-filed exhibit that -- from Mr. Lukcic's  
7 deposition, which is the board's approval, I believe;  
8 would you agree with that?

9 A I lost you. What -- what number is it?

10 Q I apologize. 205 in the book. 205.

11 A 205. Okay, I got it. Okay. Okay. Look at  
12 that, GRR.

13 Q Where is that?

14 A I just noticed it on the red page.

15 Q Oh, that was my -- I called it that.

16 A Oh.

17 Q Because that's what it's called in the  
18 discovery request. I am not sure we even knew it was  
19 called ADI at that time.

20 You would agree with me, this is the approval  
21 document for the ADI project?

22 A Yes.

23 Q And on page, which is -- I have given it Bates  
24 numbers because it didn't have any page numbers on it.  
25 But Bates 15, and the Public Counsel shows the

1 recommended action. This is how the board takes action  
2 on a recommendation or approval of an expenditure,  
3 right?

4 A Correct.

5 Q Okay. So somebody could go through this and  
6 see that, or decide whether GRR was mentioned other than  
7 an OPC-provided cover, right?

8 All right. And you would agree that this  
9 happened in June of '24, is that right?

10 A Correct.

11 Q Before we put that away, on the third page of  
12 this exhibit, there is a propose -- there is a  
13 recommendation -- or there is a benefit identified from  
14 the ADI project that revolves around the number 30. Do  
15 you see that?

16 A I do.

17 Q Is that something that you can vocalize or  
18 explain out loud to the Commission?

19 A I can, yeah. There is nothing confidential  
20 about that.

21 I mean, it's simply an aspirational goal that  
22 we have set for ourselves to reduce what's known as  
23 SAIDI, the average time customers are without power over  
24 the course of a year, reducing that to 30 minutes by the  
25 year 2030. That's just one of the many benefits

1 associated with the GRR investments.

2 Q Okay. Back on the CLT document, which we  
3 talked about in OPC 145, there was a mention that you  
4 would achieve that 30-second benefit over the next seven  
5 years in concert with SPP, do you recall that? Or we  
6 can go look at it. It's on 7215. If we can go to that  
7 page.

8 A Yeah, I mean -- so I trust you on that. The  
9 SPP --

10 Q Go -- yeah, go down one more. Go back up.  
11 So right there, you would agree that it talks  
12 about in concert with SPP?

13 A Yes. I mean, the investments that we make to  
14 improve the resilience of our grid, the SPP investments,  
15 we make those investments to ensure that we are better  
16 prepared to handle gray sky events, but they also -- you  
17 know, the investments also yield a benefit during blue  
18 sky days as well.

19 Q And can you tell me, sitting here, which --  
20 how much of that 30 seconds would be because of SPP and  
21 how much because of ADI?

22 A I can't. I wish it was 30 seconds. It's 30  
23 minutes.

24 Q I am sorry. 30 minutes. I apologize.

25 A If it was 30 seconds, we would be gold-plating

1 the grid.

2 The -- I can't. The bulk of it -- we are  
3 reaching -- quite frankly, we are reaching a point of,  
4 you know, the -- sort of the physical limitations of the  
5 dumb grid. And the only way to really move the needle  
6 now is to give the grid a brain.

7 And so I dare say the bulk of our movement  
8 from 73 minutes down to 30 minutes is going to be  
9 through this automation and distributed -- this  
10 intelligence that we are going to invest in the grid.

11 **Q The -- well, SPP is designed to significantly**  
12 **improve that number, is it not?**

13 A No. No, I wouldn't say that it is. It's --  
14 it delivers that benefit, but it is an unintended  
15 consequence of it.

16 Grid resilient -- I mean, the strengthening of  
17 the grid is intended to ensure that when an Ian, or an  
18 Idalia, or any other named storm comes through, the  
19 impact is limited, because by virtue of the fact we have  
20 strengthened the grid. So that's -- it really has to  
21 do -- SPP is more about resilience, storm preparation,  
22 storm recovery.

23 **Q But outages in a storm are counted in that**  
24 **average, are they not?**

25 A They do not. They are excluded from this

1 calculation.

2 Q My mistake. Thank you.

3 Let's go and look, if we can, at OPC 220. And  
4 this is an Emera budget document, would you agree?

5 A This is an Emera document. Yes.

6 Q Okay. And -- now, you participate in all  
7 Emera board meetings, do you not?

8 A Yes. I am invited to every board meeting. I  
9 don't -- I don't get to sit in on the entirety of every  
10 board meeting, but I am invited to the Emera board  
11 meetings.

12 Q Can you go to 16099, please? And I would ask  
13 you to direct your attention to the second -- below the  
14 second relevancy redaction there, and the bullet that's  
15 underneath that. I just want you to read to yourself  
16 that first sentence -- actually, the first two  
17 sentences.

18 A So I'm on the second sub-bullet of the second  
19 bullet, is that what you are --

20 Q Yeah, I'm sorry. It's just the very last  
21 bullet on the page.

22 A Oh, the very last. Okay. The one that starts  
23 with, "we continue"?

24 Q Yes.

25 A Okay. Yes.

1           **Q     Are you familiar with this concept, or what**  
2 **was discussed here?**

3           A     Yes and no.  And the reason I say -- I answer  
4 that question that way is, I was -- I was certainly  
5 aware by virtue -- I referenced it earlier, that we had  
6 taken, I don't know, \$250 million of capital out of '23  
7 and '24 because of -- because of what's noted here, and  
8 sort of re -- some of it was cut, some of it was  
9 reprofiled, but it was all sort of getting at the fact  
10 that with interest rates where they were, things were  
11 challenging for Emera.

12           **Q     Okay.  So let's go to 16093 of this same**  
13 **document.**

14           A     16093?

15           **Q     Yep.  And I just want to ask if you can read**  
16 **this first square bullet to yourself, and then the**  
17 **little circle underneath it, read it and tell me if you**  
18 **can read that aloud.**

19           A     I can read that aloud.

20           **Q     Okay.**

21           A     The first round bullet?

22           **Q     Yes, please.  And then the little subheading**  
23 **there.**

24           A     Okay.  So the subheading is:  Sustaining  
25 capital.

1           And the bullet is: This spend is certain, and  
2 captures the ongoing annual investment required to  
3 maintain operations.

4           **Q     This is a pretty fundamental definition that**  
5 **you, at Tampa Electric, operate under as far as how that**  
6 **capital is defined, right? I mean, sustaining --**

7           A     Yes --

8           **Q     -- capital is important?**

9           A     -- yeah. Very important, yeah.

10          **Q     Isn't it correct that Tampa Electric, at the**  
11 **direction of Emera, has reprofiled capital in the**  
12 **lead-up to the preparation of this case?**

13          A     Ask me the question again.

14          **Q     I think you have answered it --**

15          A     I have --

16          **Q     -- in your previous answer --**

17          A     -- I think so.

18          **Q     -- but I wanted to know, did Tampa Electric,**  
19 **at the direction of Emera, reprofile capital in the**  
20 **lead-up to the preparation of this rate case?**

21          A     We did the work. It wasn't necess-- you know,  
22 it was -- it wasn't in lead-up for the preparation of  
23 this rate case. It was -- it was -- it had to do with  
24 simply the macroeconomics that were existing in the  
25 moment in time.



1 Q And those macroeconomics were ones that apply  
2 to Emera, not Tampa Electric, right?

3 A Oh, no. They apply to us as well.

4 Q When assets were reprofiled, or capital was  
5 reprofiled, as you described, it resulted in rate base  
6 for the test year being larger, did it not?

7 A I can't -- I can't comment on that. That  
8 wouldn't have been the objective, and I am not aware  
9 that that was the outcome.

10 Q Okay. Let's look, if we can, to -- at OPC  
11 219. And this is a letter. We have already identified  
12 this as Exhibit 444. This is that letter that you wrote  
13 to Mr. Balfour in advance of the November 7 board  
14 meeting, right?

15 A Yes, it is.

16 Q So I had you read the first part of a sentence  
17 that starts, "as a result".

18 A Yes, I see, as a result, I see that, yeah, in  
19 the second paragraph?

20 Q Yes. Can you read that entire sentence down  
21 through the word "developed", and tell me if you can  
22 read that aloud without revealing confidential  
23 information?

24 A I don't think it's confidential.

25 Q And I am trying to be careful here. I am not

1     **trying to --**

2           A     Yeah.

3           **Q     -- goad you into --**

4           A     I don't think it's confidential.

5           **Q     Okay.**

6           A     I mean, it's public -- it's known now. I  
7 mean, we would have communicated this to the investment  
8 community.

9           **Q     So can you read --**

10          A     You want me to read this?

11          **Q     Yes, read that sentence aloud, please.**

12          A     As a result of these higher debt costs,  
13 coupled with a flagging Emera share price that is also  
14 being impacted by higher interest rates, we made the  
15 decision to reduce 2023 full-year capital spending by 70  
16 million, and we have removed 200 million from the  
17 original 2024 capital investment plan that we developed.

18          **Q     On this same document, can you look at the**  
19 **second bullet and read just the first sentence of that**  
20 **to yourself, and then tell me if you can read that**  
21 **aloud?**

22          A     I can read that aloud.

23          **Q     Please do.**

24          A     We are seeking board approval to pull Phase 2  
25 of the South Tampa Resiliency Project forward by three

1 years.

2 Q Okay. So did that happen? In other words,  
3 the South Tampa Resiliency Project costs in the rate  
4 case were increased by pulling investment dollars  
5 planned for three years out into the test year?

6 A Maybe this is a better question for Carlos  
7 Aldazabal. Maybe. I have a -- I don't know when the  
8 original timeline was to complete the second half of the  
9 -- of the South Tampa Resiliency Project, but if it was  
10 intended to be operational in '28-'29, that really means  
11 you were -- you were doing the spending in '26 -- you  
12 were -- these are multi-year capital projects. So it's  
13 possible that pulling it forward placed incremental  
14 capital spending in the '25, '26, '27 period.

15 Q Okay. Let's look at OPC 125, if we can,  
16 please. This is a confidential document. This is 350  
17 on the staff exhibit list.

18 So this is -- would you agree, this is a  
19 document dated November 8th, 2023, an Emera board  
20 document?

21 A Yes.

22 Q And can I read just the title of that aloud?

23 A For sure.

24 Q 2024 Budget. You would have been at this  
25 board meeting, right?

1 A I am cer -- I must have been.

2 Q I mean, I looked at the minutes and it said  
3 you were.

4 A Okay --

5 Q So I assumed you were.

6 A -- there you go.

7 Q Let's go to 16412, if we can, which is -- and  
8 under the black relevancy redaction there, there is a  
9 two-word subheading. Can you read that aloud without --

10 A Capital Investment.

11 Q Yes.

12 Okay. So what I would like to do is ask you,  
13 next to the square bullet under Capital Investment, if  
14 you could read to yourself, the second sentence, it  
15 starts with, "we have made".

16 A Yes, I see that.

17 Q Okay. Is that a sentence that can be read  
18 aloud?

19 A I think so.

20 Q Are you sure? I mean, I am --

21 A Yeah.

22 Q -- happy, if you have any reserve --

23 A No, it is fine.

24 Q -- reservations?

25 A I think it's fine.

1           **Q     Okay. Please do.**

2           A     Starting with "we"?

3           **Q     Yes.**

4           A     We have made the decision to defer  
5     approximately 520 million -- that would be Canadian  
6     dollars -- of capital investment from '23 and '24 to '25  
7     and '26 to relieve near-term pressure on funding  
8     requirements in a high cost of capital environment and  
9     to minimize regulatory lag.

10          **Q     Does some of that relate to Tampa Electric  
11     Company?**

12          A     Some of it might. I don't know how -- I don't  
13     know what portion, though.

14          **Q     Okay. If we look on 16420, there is a box --  
15     well, can you read the heading on this page aloud?**

16          A     June Long-Term Forecast to 2024 Budget Capital  
17     Expenditures Variance.

18          **Q     Okay. Can you read the italicized language in  
19     the box below that without revealing confidential Emera  
20     information?**

21          A     Yep: Capital, capital expenditures have  
22     decreased by 215 million compared to the June LTF.

23          **Q     And does this show -- there is a reference to  
24     Tampa Electric at the bottom of that page. Do you see  
25     that?**

1           A     Yes.  Yeah.

2           **Q     Can you read that to yourself and then decide**  
3 **whether it can be read aloud?**

4           A     Yes, I can read that.

5           **Q     Okay.**

6           A     Primarily due to a strategic reduction and  
7 timing of capital investment in solar and battery  
8 storage projects and decreased sustaining capital  
9 investment, capital reductions have been -- CapEx  
10 reductions have been targeted to maintain safety and  
11 system reliability while reducing regulatory lag.

12          **Q     Okay.  What is the reference to regulatory lag**  
13 **there?**

14          A     I can only assu -- I am not the author of  
15 this.  I am going to interpret it to mean that there was  
16 some portion of this 266 million which was moved out,  
17 which was going to go in service at some point prior to  
18 the test year.

19          **Q     So pushing it into the test year meant that**  
20 **you could get more certainty of recovery of that asset,**  
21 **right?**

22          A     I don't -- I don't think so.  I mean, I think  
23 if it was already in service, it would have been part of  
24 rate base and, therefore it would have -- it would have  
25 been part of -- part of the test year by virtue of that.

1           **Q**    Well, your -- you -- this increased rate base,  
2   **did it not?**

3           **A**    No. It decreased rate base, right? We were  
4   cutting capital.

5           **Q**    Well, it increased test year rate base is my  
6   **question.**

7           **A**    I am not -- I don't know that it did, and I  
8   don't know to what extent. I don't know what the  
9   in-service timings would have been. But if -- but if  
10  the projects -- if those \$266 million of projects had  
11  all been completed in November of '24, 100 percent of it  
12  would have been in the test year.

13          **Q**    Okay. But does this say that it would not  
14  **have gone into service? Were they deferring the project**  
15  **until it could be recovered in the test year?**

16          **A**    Say that again.

17          **Q**    Doesn't that say that they are deferring the  
18  **project until they could recover it in the test year,**  
19  **the CapEx -- you can't do a project without spending the**  
20  **capital, right?**

21          **A**    That's true. I mean, the reference here to  
22  reducing regulatory lag, again, I'm -- that's the  
23  inference. I'm not the author. And I'm a little  
24  baffled by it, because, as I say, if that capital was  
25  spent and was operational in 2024, 100 percent of it

1 would have been in the test year.

2 Q The waterfall chart here that shows Tampa  
3 Electric, this is the value of what's being talked about  
4 here in this -- the bottom of the page, is that right?

5 A It is.

6 Q In Canadian dollars probably?

7 A Probably. Yeah, I would say -- dare say.

8 Q All right. 16425, if we could go look at  
9 that. Can you read the heading on this page?

10 A Capital Deferrals.

11 Q Okay. Does this show Tampa Electric's and a  
12 share of some of the deferrals, or reprofiling that we  
13 saw in the earlier parts of the document?

14 A Yes.

15 Q Does this language under Capital Deferrals,  
16 next to the square bullet there, show that these  
17 deferrals are made for the benefit of Emera's broader  
18 financing concerns?

19 A Where are you reading that?

20 Q Well, given that this relates to more than  
21 just Tampa Electric Company --

22 A Right.

23 Q -- I am asking if the second sentence that  
24 starts with "when", if you can read that to yourself  
25 through the rest of that.



1 A Okay. I see the -- I see that sentence.

2 Q Okay.

3 A And the question?

4 Q Does this relate to benefits that Emera -- or  
5 needs that Emera has that caused them to engage in  
6 capital deferrals that affect Tampa Electric Company?

7 A Yes.

8 Q Okay. And this last sentence there, can you  
9 read that -- those last two sentences to yourself and  
10 decide whether they can be read aloud?

11 A I can read those aloud.

12 The two sentences are: This capital will be  
13 deployed in '25 and '26. Capital deferrals are not  
14 expected to negatively impact operations.

15 Q Is this an example of capital being reprofiled  
16 in a way that increases test year rate base?

17 A I don't think so. I mean, again, as I have  
18 said, the -- if we had executed all that spending in  
19 '24, it would have been in rate base in the test year.

20 Q Well, let's talk about that for a second.

21 You entered into a settlement agreement in  
22 2021 for the years '22, '23 and '24, right?

23 A Right.

24 Q Okay. So the settlement agreement provided  
25 you with certain level of revenues to cover your costs,

1 **expense, capital, return, right?**

2 A Yes.

3 **Q And to the extent that budgeted or forecasted**  
4 **dollars in that period ended up not being spent, but**  
5 **deferred into the next rate cases test year, wouldn't**  
6 **that mean that customers would end up paying more, all**  
7 **things considered, in terms of a higher 2025 rate base?**

8 A I don't think so. I mean, I -- you know,  
9 again, you may want to ask Witness Chronister that  
10 question, but I don't -- I don't think so.

11 These were -- anything that was -- that we  
12 were able to carefully defer from '23 or '24, and move  
13 farther out, meant that rate base was going to grow less  
14 quickly than it otherwise would have.

15 **Q Well, earnings would be improved at the Tampa**  
16 **Electric and Emera level by that deferral for 2024,**  
17 **right?**

18 A I don't know that it has any impact on  
19 earnings. It would -- but ROE would be better, right?  
20 Because you don't have -- you don't have projects going  
21 in service that customers are not yet paying for. So it  
22 has the benefit of improving ROE. I don't know that it  
23 has any impact on earnings.

24 **Q Well -- so I asked you --**

25 A See -- but I should -- I am not -- I am not a

1 financial guy either. I am not sure what I am, but  
2 suddenly --

3 Q You are an engineer.

4 If I just ask you to back up from the two  
5 sentences that I asked you about, and then just look at  
6 the sentence before that and the two words in front of  
7 "impacts".

8 MR. WAHLEN: Mr. Chairman, I am probably going  
9 to stop soon, but we have a financial witness. His  
10 name is Mr. Chronister. We had a GRR witness. His  
11 name was Mr. Lukcic. Mr. Collins just said he was  
12 not the financial witness. Mr. Rehwinkel is  
13 continuing to ask the same question over and over  
14 again.

15 CHAIRMAN LA ROSA: Yeah. No, I -- I  
16 understand.

17 Mr. Rehwinkel, can we direct the questions in  
18 a line to where we believe he can answer them?  
19 Again, similar to the -- to the last go round. The  
20 witness explained that he couldn't answer certain  
21 specific questions.

22 MR. REHWINKEL: He can put this exhibit aside  
23 and we can talk about another document, but these  
24 are relevant to his support for the 2025 revenue  
25 requirement.

1           We just heard evidence that they moved certain  
2 millions of dollars out of '24 and into '25. And I  
3 was asking him about the language in front of the  
4 word "impact" here, which was a follow-up to a  
5 question I just asked him. And, I mean, I know Mr.  
6 Wahlen doesn't want me to ask about this, but --

7           MR. WAHLEN: No, I just want him to ask the  
8 right witness about this.

9           CHAIRMAN LA ROSA: Yeah. I am concerned as we  
10 move along. But are we moving on -- are you moving  
11 on to additional questions with this witness?

12          MR. REHWINKEL: I do have additional  
13 questions.

14          CHAIRMAN LA ROSA: Okay. So let's do this,  
15 it's seven o'clock now. Let's take -- it's been  
16 about two hours since we took our last break.  
17 Let's take a break now, and then we will reconvene  
18 here in 10 minutes.

19          (Brief recess.)

20          CHAIRMAN LA ROSA: All right. It is about  
21 7:13 p.m. Let's kind of pick back up where we are  
22 at.

23          Mr. Rehwinkel, do you have an idea of time for  
24 this witness, or something I can a gauge?

25          MR. REHWINKEL: I really don't, Mr. Chairman.

1 I mean, some of the answers are rather long. He  
2 has given me answers that don't require me to go  
3 to -- go to extra lengths, so I just have to work  
4 the best I can with getting the points that we need  
5 to make on cross-examination.

6 CHAIRMAN LA ROSA: Okay.

7 MR. REHWINKEL: I just don't have a good idea.

8 CHAIRMAN LA ROSA: Okay. Is it fair for me to  
9 state what I stated earlier, that try to -- we will  
10 try to answer with a yes or no, we will elaborate  
11 if it's necessary?

12 MR. REHWINKEL: Yeah, that would be helpful --

13 CHAIRMAN LA ROSA: Okay.

14 MR. REHWINKEL: -- you know.

15 CHAIRMAN LA ROSA: Okay. Cool. I will --

16 MR. REHWINKEL: He is the CEO of the company.  
17 I am not trying to -- it's difficult to say he  
18 can't talk, but --

19 CHAIRMAN LA ROSA: No. No. And, no, and we  
20 are not trying to say that.

21 Okay. So let's -- I will let you introduce  
22 where we are at, and --

23 MR. WAHLEN: Mr. Chairman.

24 CHAIRMAN LA ROSA: -- and then based on where  
25 we are going with questioning, we will determine

1 kind of how much later we go today. But I think  
2 Mr. Wahlen, or someone --

3 MR. WAHLEN: Yeah.

4 CHAIRMAN LA ROSA: Go ahead, Mr. Wahlen.

5 MR. WAHLEN: We want Public Counsel to be able  
6 to answer -- get their questions answered. We have  
7 a CEO here, and he has been on now for five hours,  
8 and he is asking a lot of questions of our CEO that  
9 really should be asked by -- to our technical  
10 witnesses. I think Mr. Collins is showing a lot of  
11 grace and patience answering his questions.

12 I am hoping that if we go through all of this  
13 with Mr. Collins, then we don't have to spend as  
14 much time with our technical issues on our  
15 technical witnesses.

16 MR. REHWINKEL: And I think there is a fair  
17 chance of that happening --

18 CHAIRMAN LA ROSA: Excellent.

19 MR. REHWINKEL: -- at least from the Public  
20 Counsel standpoint. I can't speak for others, but  
21 I -- so I think there is a chance that Mr. Collins  
22 has answered questions that will obviate the need  
23 to go through these documents with other people.  
24 So we will keep that in mind as we go through this,  
25 and we will try to deliver on that as we go

1 forward, and through the rest of the week.

2 CHAIRMAN LA ROSA: Okay. I -- and, listen, I  
3 think this is fair. The only request I have, if  
4 there is an objection, let's state the objection  
5 and then -- and let's move maybe a little quicker  
6 than we have been, especially as the late night  
7 that it is.

8 So, Mr. Rehwinkel, you are recognized.

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

10 BY MR. REHWINKEL:

11 Q And hello again, Mr. Collins.

12 I do still want to get an answer, if I can, on  
13 this Bates 16425. And I think I asked if the sentence  
14 before that, especially the two words in front of the  
15 word "impacts", indicated that there was a benefit to  
16 earnings to Tampa Electric by the capital deferrals that  
17 we have been talking about. And this is -- we are still  
18 on --

19 A Yeah.

20 Q -- 125.

21 A 125.

22 There was no benefit to earnings. The point  
23 that was being made there -- what page was that on?

24 Q 16425.

25 A The point that was being made there was that

1 there was -- I mean, we are very careful with any  
2 capital deferrals that we don't make -- take an action  
3 that has a negative impact on safety, reliability, et  
4 cetera, et cetera. And I think the point that's being  
5 made here is the capital cuts were not -- was not  
6 capital that was growth capital that was earning AFUDC.  
7 So we -- we were -- it made no impact to '24 from an  
8 earnings perspective.

9 Q So if we look on 16425, in the table under  
10 Tampa Electric, there are two categories of capital that  
11 show reductions, is that correct?

12 A Correct.

13 Q One of them is -- can you say what they are?

14 A Growth and sustaining.

15 Q So there is some reduction to sustaining?

16 A A modest --

17 Q Okay.

18 A -- reduction. Yes, there was.

19 Q All right. Let's go, if we can, to OPC 209.  
20 This -- it says, Emera rating agency presentations, and  
21 it's 434.

22 And does this appear to you to be Emera  
23 meetings with the rating agencies back in March of 2023?

24 A That's what it appears to be. Yes.

25 Q Okay. And I just want to take you quickly to



1 10918, which I represent to you is the Fitch  
2 presentation that follows the Moody's presentation on  
3 the front, but you can see on 10897, it's the start of  
4 the Fitch --

5 A 10897? Sorry.

6 Q -- presentation.

7 A Yes, I see that. Yes.

8 Q Okay. So then if we go to 10918.

9 A Yes.

10 Q And is there a way to read out loud the  
11 heading of this page?

12 A Sure: Road to Incremental Credit Metric  
13 Improvement.

14 Q That refers to Emera overall, right?

15 A It does.

16 Q And then the third bullet, can you read that  
17 bullet without revealing confidential Emera information?  
18 And it's fine --

19 A I think so, yeah. I mean: Working capital  
20 optimization, in particular, fuel inventories at Tampa  
21 Electric and Nova Scotia Power, to reduce debt financing  
22 needs.

23 Q I apologize. I meant to ask you to read this  
24 second one.

25 A Oh, lord. Yep: Reprofileing of capital to

1 reduce near term financing needs.

2 Q You would agree with me that that second  
3 bullet is a method to contribute to achieving the  
4 objective that is in the sentence in the bold above? It  
5 says -- it starts with the word "out"?

6 A Yes.

7 Q Okay. All right. We can put that one aside.  
8 That went quick.

9 MR. REHWINKEL: Mr. Chairman, my delay is  
10 striking questions that he has answered.

11 CHAIRMAN LA ROSA: Thank you.

12 MR. REHWINKEL: This is helping.

13 BY MR. REHWINKEL:

14 Q Let's look, if we can, again at 220, OPC 220.  
15 Actually, maybe it is the first time. This is 445, and  
16 it's Emera LTF document.

17 Are you somewhat familiar with this document,  
18 or recognize it as a --

19 A I am recognizing it as something that gets  
20 presented to the Emera board from time to time. Yes.

21 Q Okay. On Bates 16085, if we could go there  
22 real quick. Can you read the heading of this page?

23 A I can read the heading. EPS Outlook.

24 Q Okay. Can you look on the upper right-hand  
25 quadrant of this document -- actually the far right, the

1 two bullets, and I want to direct you to the second  
2 bullet. Is there something that you can read at least  
3 through 2025 there?

4 A I can read that. You want me to read that  
5 bullet?

6 Q Yes, sir.

7 A I will just leave out the last part: Growth  
8 accelerates post 2024, primarily due to expected base  
9 rate increases at Tampa Electric in 2025.

10 Q Thank you.

11 So does this indicate that Emera is counting  
12 on this rate case to help earnings per share, or EPS?

13 A Yes. You know, I mean, as the shareholder, I  
14 mean, Emera is -- has a -- has an interest in the  
15 outcome of this rate proceeding.

16 Q On the next page, 16086, there is a reference  
17 in the bullet at the bottom of the page to certain  
18 government action. Could you take a look at that?

19 A On the first bullet? Yes, I see that.

20 Q Okay. Is there anything there that you can  
21 read aloud?

22 A Sure. Yeah, I can read that.

23 Q Okay.

24 A The June 2022 LTF was updated in February 2023  
25 to reflect material changes to the business and the

1 macroeconomic environment, including the estimated  
2 impact of Bill 212 on Nova Scotia -- NSPI's forecast,  
3 revised foreign exchange assumptions, and the impact of  
4 interest rate increases.

5 Q Didn't Mr. Balfour travel to Tampa in October  
6 of 2022 and speak to the Tampa board about this item?

7 A Not that I am aware of.

8 Q Okay. If we could just look at OPC 224. And  
9 this is -- it says, TEC February 2023 Board Documents,  
10 and it is Exhibit 449, and I just would like to direct  
11 you, if I could, to Bates 6040.

12 Do you see that this is minutes from a  
13 directors meeting of Tampa Electric Company on October  
14 27, 2022?

15 A I see that. Yes.

16 Q And could you turn to 6042, two pages over?  
17 And in the second paragraph, the one underneath the one  
18 that starts, Mr. Collins, where it starts, Mr. Balfour.

19 A Yes.

20 Q Can you read that to yourself, and/or just  
21 tell me if you can read that aloud?

22 A I can read that aloud. Yeah.

23 Q Please do.

24 A Mr. Balfour then provided information to the  
25 board regarding an issue occurring in Nova Scotia with

1 respect to Nova Scotia Power -- Nova Scotia Power's rate  
2 case, in which the government had introduced legislation  
3 to cap the utility's ability to increase rates at 1.8  
4 percent, and other related restrictions. The board  
5 discussed the impact of this legislation on the Emera  
6 group of companies, the political climate and related  
7 matters.

8 **Q So he used the phrase -- or the minute-taker**  
9 **used the phrase "companies" there, plural, right?**

10 A Yes.

11 **Q Would that have included Tampa Electric**  
12 **Company?**

13 A That that legislation was impacting Tampa  
14 Electric? It wasn't the intent of the -- I mean, the  
15 way it's written here, it was really intended, what's  
16 the impact on Emera and Nova Scotia Power, you know, and  
17 maybe Emera Newfoundland by -- because they are such  
18 close partners, but it did not mean TECO.

19 **Q Okay. Oh, actually -- let's see. Let's go**  
20 **back, if we can -- we can put 224 aside and go back to**  
21 **220. And this is -- can we read this aloud, the title**  
22 **of this?**

23 A Of the document itself?

24 **Q Yes.**

25 A Long-Term Forecast Details.

1 Q I'm sorry. On 16096. You probably should  
2 have read my mind that that was the number I was  
3 thinking of. Sorry.

4 A The title of 16096 is: Financing, Plan and  
5 Credit Metrics.

6 Q Okay. And this is, again, Emera -- an Emera  
7 board document, right?

8 A Correct.

9 Q If we could get you to look at 16097. Does  
10 this first bullet relate in any way to the presentation  
11 Mr. Balfour made to the Tampa Electric board in October  
12 of 2022? If you could review it.

13 A I would say, yes, there was a connection  
14 between what he was ref -- covered in that board meeting  
15 in that first bullet.

16 Q Okay. There is a reference in this, in the  
17 third line, and -- that includes -- there is a phrase  
18 that includes the word "benefits". Do you see that?

19 A Yes.

20 Q Does this indicate that there is a specific  
21 mention of -- there is a specific mention here related  
22 to Florida investments?

23 A Yes.

24 Q Can you say what the -- what type of  
25 investments this refers to, aloud without revealing

1 confidential information?

2 A Solar investments.

3 Q Okay. Can you tell me what the type of  
4 benefits are being discussed here?

5 A Tax credits.

6 Q Okay. Does this information give any  
7 indication of why Tampa Electric is resistant to quicker  
8 customer beneficial credit of available benefits in a  
9 way that could help reduce upward pressure on rates and  
10 help keep rates more affordable?

11 A There is no connection.

12 Q Well, Emera needs as much cash as they can out  
13 of Florida to help with their credit metric issues, do  
14 they not?

15 A No, I am not going to -- I -- I really can't  
16 agree --

17 Q Okay.

18 A -- agree to that statement.

19 Q Let's go to 16099, and just see if you can  
20 read aloud the heading of this page.

21 A I can. Financing Plan Scenarios.

22 Q And then the very last bullet here. I think  
23 we talked about this before. But does this indicate  
24 that increased cash flow, or delayed capital in Florida  
25 can contribute to healthier credit metrics of Emera?

1           A     My -- you know, I think what it's saying is  
2     reducing capital has a short-term benefit to help with  
3     credit metrics, but it reduces earnings, right? It's  
4     reducing EPS. It's reducing.

5           **Q     Okay.**

6           A     Which, again, I think is supporting the point  
7     that I was making earlier, that the capital reductions  
8     that were made by Tampa Electric in '23 and '24 would  
9     have helped Emera's debt metrics, but it reduced rate  
10    base. It reduced what otherwise would have been a  
11    larger rate -- this rate case would have been larger if  
12    not for that action.

13          **Q     But it improved earnings in the sense that**  
14    **your achieved earnings were measured against a smaller**  
15    **rate base for that year.**

16          A     No, I don't think it -- again, you should ask  
17    Witness Chronister this, but I don't think it had any  
18    impact on earnings. It improved ROE, but not earnings.

19          **Q     Well, achieved ROE is what you mean, right?**

20          A     Yes, achieved.

21          **Q     I think maybe we are talking past -- that's**  
22    **what I mean, is earnings. I mean, achieved ROE is**  
23    **improved earnings.**

24          A     Okay.

25          **Q     Would you agree with me that Tampa Electric,**



1 in 2024, has seen a spike of 60 percent increase in  
2 forecasted 2024 bad debt expense since the beginning of  
3 this case?

4 A You are asking whether or not 2024 bad debt is  
5 higher than what was contemplated in the prior year in  
6 the MFRs?

7 Q That what the MFRs contemplated for 2024 prior  
8 to the 2025 test year.

9 A I am going to try to answer your question.  
10 Our expectation of bad debt in '25 is higher than what's  
11 profiled in the MFRs.

12 Q Is that because of economic distress among  
13 your customers?

14 A I don't want to speculate on what, you know,  
15 what is influencing higher bad debt, but it is -- since  
16 we have seen a reduction in available federal support  
17 money in our region, there has been an increase -- sort  
18 of a corresponding increase in bad debt.

19 Q The federal money really went away in 2023,  
20 did it not?

21 A Question for Karen Sparkman, but I think you  
22 are right.

23 Q You support the United Way in the Tampa area,  
24 don't you, Tampa Electric Company?

25 A I am sure that we do, but I don't know that to

1 be a fact.

2 Q Are you aware that, according to a report from  
3 the United Way, nearly half of Floridians are struggling  
4 to meet ends meet, according to a study they performed?

5 A I am not aware of that, no.

6 Q Okay. I apologize. I should have written  
7 this -- let's go to OPC 3, if we can. I think that's a  
8 non-confidential exhibit. Oh, I am sorry, that's the  
9 wrong Alice. OPC 10. I am sorry.

10 Are you familiar with what this document  
11 shows?

12 A I am not.

13 Q Would you -- well, would you accept that it  
14 says what I asked you about, that United Way says nearly  
15 half of Floridians are struggling to make ends meet,  
16 half meaning 46 percent?

17 A I will agree with that. Yeah.

18 Q Would -- if true, would this information be  
19 consistent with the affordability and energy poverty  
20 concerns that the company has discussed in the last year  
21 or so?

22 A Is it consistent? Is that what your questions  
23 is?

24 Q Yes, sir.

25 MR. WAHLEN: I am going to object. I am not

1           sure why this is relevant. This is households in  
2           Florida. It's the United Way. There is no  
3           foundation for what this is, how it was done, any  
4           of those things. This is just sort of fishing  
5           around to see what Mr. Collins thinks about  
6           affordability.

7                   CHAIRMAN LA ROSA: Mr. Rehwinkel, you have  
8           asked three questions relating to the United Way.  
9           Can you -- can we direct the question?

10                   MR. REHWINKEL: The questions I asked -- that  
11           are asked and answered I am good with.

12                   CHAIRMAN LA ROSA: Okay. All right. Let's  
13           move on.

14           BY MR. REHWINKEL:

15                   **Q     I think we talked about this before, but Mr.**  
16           **Balfour is the chair of the TECO board, right?**

17                   A     Correct.

18                   **Q     Dan Muldoon, Executive Vice-President, Project**  
19           **Development and Operations Support, he sits on board**  
20           **meetings?**

21                   A     He is also a board member. Yes.

22                   **Q     Okay. Greg Blunden, he participates in board**  
23           **meetings?**

24                   A     Not a board member, but sits in.

25                   **Q     General Counsel Mike Barrett from Emera, he**

1 generally participates via teleconference?

2 A Yes.

3 Q So my only question here is, is there is a  
4 significant amount of Emera -- high-level Emera  
5 executive involvement in your governance process --

6 A Well, by virtue --

7 Q -- your board?

8 A -- of the fact that the -- the chair of the  
9 board is the President and CEO of Emera, yes. Dan  
10 Muldoon is also a contributing board member. Greg  
11 Blunden and Mike Barrett I don't think have ever spoken  
12 at a board meeting in the three years that I have been  
13 CEO.

14 Q Okay. Let's go to Exhibit 20. This is the  
15 affordability challenge document. And this is 220,  
16 which would make it -- I am sorry, 20, not 220, 20 --  
17 which would make it 245.

18 You are familiar with this document, are you  
19 not?

20 A Yes, I am.

21 Q This was discussed at a recent TECO board  
22 meeting -- Tampa Electric board meeting?

23 A Yes, it was.

24 Q Do you know when that -- when that was? Was  
25 it in June?

1           A     I believe this is the June 2 -- yeah, this is  
2 definitely the June 2024 board meeting.

3           Q     Okay. This document guided discussion at the  
4 board about affordability, right?

5           A     It did.

6           Q     And is it safe to say we can say aloud the  
7 title of this page. I have Bates-numbered these since  
8 they don't have any identifying page numbers. On page  
9 one, can you read --

10          A     The Affordability Challenge?

11          Q     Yes.

12                    You would agree that this addresses the issue  
13 seriously enough that executive management at Emera and  
14 Tampa Electric Company discussed it in the month of  
15 June, right?

16          A     It's serious enough that we discussed it with  
17 the -- with the TECO board, yes. Let me rephrase that.  
18 It's strategic enough that we discussed it with the TECO  
19 board.

20          Q     Okay. Can you tell me what the gray bars in  
21 this document indicate for the years '25 through '29?

22          A     What's -- those bars on this graph represent,  
23 it looks like residential customer rates. And, again,  
24 it's noted as a potential scenario. It was intended to  
25 make a point.

1 Q Okay.

2 A It's not -- it's not precise. It's  
3 directional.

4 Q Okay. Can you go to the second page, and can  
5 you read the title of this page and tell me if you can  
6 read it aloud?

7 A I can read that aloud.

8 Q Okay.

9 A Capital investments are outpacing annual  
10 customer growth, putting upward pressure on rates.

11 Q Can you read the bold blue beneath that aloud?

12 A Yes.

13 Our investment in utility plant, i.e., capital  
14 investments that go into rate base, is outpacing the  
15 customer growth rate. As the gap grows, we must  
16 effectively utilize all the levers of affordability to  
17 manage down the resulting rate impact that customers  
18 experience.

19 Q There are two curves on this page here. There  
20 is a blue one and a gold one at the bottom. Do you see  
21 that?

22 A Yes.

23 Q Can you tell me what the blue curve represents  
24 aloud without sacrificing confidentiality?

25 A Again, I am go -- so I think what the blue

1 line is intended to represent is rate -- is rate base  
2 growth. And, again, it's directional. It's not --  
3 these are -- this is not -- there is nothing  
4 mathematical about this. It was intended just to make a  
5 point.

6 Q Okay. So the -- what is it, the -- I always  
7 get my X and Y axis -- on the left there, it says,  
8 cumulative growth rate. Do you see that?

9 A Yes.

10 Q So you are saying that's not to scale, or  
11 anything like that?

12 A Not to scale. Exactly. We were trying to  
13 make the point -- simply trying to show in a -- in a  
14 picture form the point that was in blue.

15 Q Okay. Turn to the next page, if you will.  
16 And I want to ask if you can read the title of this  
17 slide aloud?

18 A Yes, I can read that aloud: Why Affordability  
19 -- in quotations -- is so Important?

20 Q What about the blue bold underneath that?

21 A I can read that.

22 Although what's affordable can be subjective,  
23 there is no disagreement in the industry that  
24 maintaining affordable rates for customers is important  
25 for several reasons.

1           **Q**     So the last thing I want to ask you on this  
2     page is if you can read anything in the upper left-hand  
3     blue box aloud without revealing confidential  
4     information?

5           A     I don't think there is anything confidential  
6     in that.

7                     The -- so the box is titled -- so, again, this  
8     is on a page that says: Why is affordability so  
9     important? And one of a number of points we were trying  
10    to make to the board was, one of them is distressed  
11    customers.

12                    High utility bills, on top of other household  
13    inflationary costs, puts stress on customers and leads  
14    to higher bad debt expense and increases the frequency  
15    of disconnections, which can lead to social pressure.

16           **Q**     And if you could go to page 10, please. What  
17    are they writing, assuming that title is not  
18    confidential?

19           A     Not confidential.

20           **Q**     Under pace of -- well, under the blue  
21    left-hand box there, can you read the title and a blurb  
22    underneath that?

23           A     I can read that.

24                    So the title of this page is: Key Takeaways  
25    on Affordability.



1           And the specific box is: The pace of recent  
2 rate increases. Recent rate increases have outpaced the  
3 inflation rate, creating a challenge for many customers  
4 struggling to pay bills and pressuring the  
5 competitiveness of electricity.

6           **Q     So is it accurate that recent rate increases**  
7 **have outpaced the inflation rate, is that intended to --**

8           A     Yes. I mean, what we were talking about here  
9 was the very -- 2023 is really what we were talking  
10 about. And, clearly, the increase between '22 and '23,  
11 despite inflation, jumped significantly over those two  
12 -- those two years.

13          **Q     You are talking about more than just base**  
14 **rates here?**

15          A     Yes, the all-in rate. Yep.

16               MR. REHWINKEL: Mr. Chairman, I am making a  
17 lot of progress here.

18               CHAIRMAN LA ROSA: Okay.

19               MR. REHWINKEL: Well, at least in crossing off  
20 questions, maybe not elsewhere.

21               CHAIRMAN LA ROSA: My plan is to get us out of  
22 here somewhere around eight o'clock. Obviously, I  
23 will take kind of the tone and direction of your  
24 questions and kind of see where you land. If you  
25 land somewhere close to there, we -- we excuse the

1 witness for the time being, great. If not, we will  
2 bring him back if you haven't --

3 MR. REHWINKEL: Okay.

4 CHAIRMAN LA ROSA: -- but I also don't want to  
5 go extraordinarily late knowing that I would like  
6 to get started early tomorrow morning, which I will  
7 address before we exit.

8 MR. REHWINKEL: Mr. Chairman, could I ask for  
9 a brief break to consult --

10 CHAIRMAN LA ROSA: Yes.

11 MR. REHWINKEL: -- about where I might need to  
12 go --

13 CHAIRMAN LA ROSA: Yes.

14 MR. REHWINKEL: -- with the remaining  
15 questions?

16 CHAIRMAN LA ROSA: Yes.

17 MR. REHWINKEL: Maybe two or three minutes  
18 would be good.

19 CHAIRMAN LA ROSA: Sure.

20 MR. REHWINKEL: Thank you.

21 (Brief recess.)

22 CHAIRMAN LA ROSA: All right. Mr. Rehwinkel.

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

24 Mr. Collins has some very good friends  
25 sitting behind me, as they encouraged me, and I was

1           amenable to it, to stop here and let Mr. Collins  
2           talk to other people. So thank you for sitting  
3           through this.

4           THE WITNESS: Thank you, Mr. Rehwinkel.

5           CHAIRMAN LA ROSA: Okay. So this is what I am  
6           going to do, right? So knowing, you know, the  
7           time, and I wanted to kind of exit around eight  
8           o'clock, I am going to -- we are not going to move  
9           on today with questioning. But we will get started  
10          tomorrow at 8:00 a.m.

11          I didn't want to derail us by going too late  
12          this evening. It's still late, but, hopefully  
13          maybe we can all get home at a decent time, then  
14          just try to get back at this tomorrow.

15          My plan is eight o'clock start, 10 o'clock  
16          break, 12 o'clock lunch, and then reconvene after  
17          lunch at one o'clock.

18          The intentions are to take us close to the  
19          seven o'clock hour tomorrow, if we can. And,  
20          again, we will just make that judgment call based  
21          on where we are at.

22          Any questions? Thoughts?

23          MR. MARSHALL: Just a housekeeping matter. I  
24          believe we need to pick up the confidential  
25          exhibits that were --

1 CHAIRMAN LA ROSA: Yeah.

2 MR. MARSHALL: -- handed out.

3 CHAIRMAN LA ROSA: Yeah. So do you guys -- do  
4 you guys want to pick them up, is that what you are  
5 -- is that what you are asking?

6 MR. MARSHALL: Yeah. I am just asking what  
7 that procedure is.

8 MS. HELTON: Mr. Chairman, what we had talked  
9 about with Charles was the staff will pick up  
10 staff's, the advisor's and yours, and lock them in  
11 the file cabinet here. And then each party can --  
12 if you want to take up the parties', but I think if  
13 each party could keep theirs, and Charles has the  
14 witness, I think we are good to go.

15 MR. MARSHALL: Perfect. Thank you.

16 CHAIRMAN LA ROSA: Okay. All right. So we  
17 will leave ours up here, and we will see everyone  
18 tomorrow at 8:00 a.m.

19 (Proceedings concluded at 7:54 p.m.)

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## CERTIFICATE OF REPORTER

STATE OF FLORIDA     )  
COUNTY OF LEON     )

I, DEBRA KRICK, Court Reporter, do hereby  
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DATED this 19th day of September, 2024.



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