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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:
Docket No. 20240026-EI
Petition for rate increase
by Tampa Electric Company.

_____/_____
Docket No. 20230139-EI
Petition for approval of 2023
depreciation and dismantlement
study, by Tampa Electric Company.

_____/_____
Docket No. 20230090-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.

VOLUME 2 - PAGES 302 - 503

PROCEEDINGS: HEARING

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

DATE: Tuesday, August 27, 2024

TIME: Commenced: 8:00 a.m.
Concluded: 7:25 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

APPEARANCES: (As heretofore noted.)

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17	466	As identified in the CEL	421
18	543-544	As identified in the CEL	421
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1 PROCEEDINGS

2 (Transcript follows in sequence from Volume
3 1.)

4 CHAIRMAN LA ROSA: All right. If y'all don't
5 mind just taking your seats, we are going to get
6 start.

7 Our court reporter is -- is running late, but
8 that's okay. We are going to transcribe from
9 recording. It's going to give her a few -- she
10 will be here in a -- in a few minutes but I don't
11 want this to did delay us too long. So I think we
12 are -- we are in good shape. So let's pick up
13 where we left off yesterday.

14 So we've got Florida Rising, LULAC, you are
15 up. Mr. Archie Collins is in the witness stand.

16 Just as a reminder, Mr. Collins, you are still
17 under oath, so -- so just, obviously, just remember
18 that. But I will go ahead and throw it over to you
19 guys when -- when you are ready.

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

21 Whereupon,

22 ARCHIE COLLINS

23 was recalled as a witness, having been previously duly
24 sworn to speak the truth, the whole truth, and nothing
25 but the truth, was examined and testified as follows:

1 EXAMINATION

2 BY MR. MARSHALL:

3 Q Good morning, Mr. Collins.

4 A Good morning, Mr. Marshall.

5 Q During your summary yesterday, you mentioned
6 fuel benefits in relation to the solar power plants that
7 TECO is adding to its system, is that right?

8 A Correct.

9 Q And as you say in your direct testimony, TECO
10 is Florida's top producer of solar energy per customer?

11 A That's -- I believe that to be true.

12 Q And so as a necessary corollary to that, that
13 would mean that TECO has more solar energy generation
14 per customer than Duke Energy Florida?

15 A Correct.

16 Q And you would agree that fuel savings is one
17 of the major benefits of having solar power plants on
18 the grid?

19 A One of the major benefits, yes.

20 Q During your cross-examination yesterday, you
21 also mentioned the fuel savings in relation to the Big
22 Bend modernization and Bayside projects, is that right?

23 A I did.

24 Q And what that means is that TECO is able to
25 generate the same amount of energy using less fuel?

1 A That's correct.

2 Q You would agree of that TECO had higher than
3 historically normal residential electricity bills in
4 2023?

5 A Higher than normal? I agree with that.

6 Q And you are aware of that TECO had the third
7 highest average residential electricity bills in the
8 nation in 2023 of electric utilities with more than
9 100,000 residential customers?

10 A I am aware of that. I consider it to be a
11 misleading comparison, but I am aware of it.

12 Q You also, I believe, testified on
13 cross-examination that if TECO got the entirety of its
14 request, its 2025 rates would be close to the 2023 rates
15 for residential customers under the proposed 4CP with
16 MDS cost of service study?

17 A That is correct.

18 Q But it wouldn't be that high if a different
19 cost of service methodology, like the one that TECO
20 filed in compliance with the minimum filing
21 requirements, was adopted?

22 A That is true.

23 Q If I could direct your attention to what's
24 been handed out as FLL-320, excerpt of FLL-320. Which
25 is Exhibit 780 on the CEL. And if I could direct your

1 attention to Bates stamp page 7024. This is a TECO
2 document?

3 A This is a TECO document. Yes, sir.

4 Q And are you familiar with it?

5 A Very familiar.

6 Q And if you could, could you read the heading
7 of this page to yourself, and then let me know if it
8 contains confidential information?

9 A It does not contain confidential information.
10 The heading is: Recent Increases in Electricity Bills
11 Create an affordability -- in quotations -- Challenge.

12 Q Okay. And if you could, if you could please
13 read the subheading in bold below that to yourself, and
14 let me know if that contains confidential information?

15 A Nothing confidential there.

16 Q If you could read it out loud, please?

17 A After years of relatively flat rates,
18 customers are feeling the impacts of a 55-percent of
19 increase in a three-year period. While there are some
20 factors out of our control, like fuel costs, we
21 recognize the need to focus on the controllable portion
22 of the bill.

23 Q And did you have an understanding of what the
24 term "controllable" means there?

25 A I do.

1 **Q And what is it?**

2 A Well, if you -- what we -- you know, what we
3 have done over the past number of years -- when we
4 started this journey back in, you know, really in 2022,
5 the first time we brought this message in front of the
6 TECO board was at this June 2023 meeting, where we were
7 -- we were making the board aware of -- of the fact that
8 -- we were trying to educate them on the regulatory
9 ratemaking equation, and exactly how that worked.

10 And we were -- and we were informing them how
11 we were educating our leaders in the business on the --
12 on the mechanics of that -- of the ratemaking equation,
13 and -- and in so doing, trying to educate our leaders on
14 what are the actions that our employees take that have
15 the effect of making rates go up, and what are the
16 actions that our employees can take that have the effect
17 of making rates go down?

18 The -- and so the controllable factors on the
19 -- on the bill would be generating other operating
20 revenues; leveraging tax credits to the -- to the extent
21 that they are available; making investments that reduce
22 fuel consumption and, therefore, fuel purchases;
23 generating subscription-based revenues, and on, and on,
24 and on. There are a myriad of things that we have
25 identified as the levers of affordability that we talk

1 about every day in the company.

2 Q And is there a bubble in the grayed out bar
3 area on the -- on the graph on this page, the first word
4 being "are"?

5 A Yes, there is something there. Yeah.

6 Q Can you read that to yourself, and let me know
7 if that -- if that contains confidential information?

8 A It doesn't contain confidential information,
9 but -- but it's not -- it's -- it's not -- it's intended
10 to be directional. The key word in that sentence is
11 "may".

12 So we were, again, trying -- we were simply
13 trying to educate the board that there are actions that
14 we take that, if we are not thoughtful about those
15 actions, could achieve an outcome that looks like this.

16 Q If you could read that bubble out loud,
17 please?

18 A I could do that, yeah: Our controllable costs
19 comprise 54 percent of the bill, which may grow to
20 67 percent by 2028.

21 Q And if I could direct your attention to -- do
22 you see a series of bullets on the left side of the
23 page?

24 A I do.

25 Q If I could direct your attention to the second

1 **bullet, and if you could read that to yourself, and let**
2 **me know if that contains confidential information?**

3 A It does not contain confidential information.

4 **Q If you could read that aloud, please?**

5 A The second bullet?

6 **Q Yes, the second bullet.**

7 A In 2023, due to a convergence of several
8 factors, including high -- higher fuel costs, storm
9 recovery and new base revenues, residential bills rose
10 to \$161, a 55-percent increase over the historical
11 average.

12 **Q And is the new base revenues referring in part**
13 **to the 2021 -- the base rate increases as authorized by**
14 **the 2021 settlement?**

15 A Yes. This would be referring to the 2023
16 GBRA.

17 **Q If I could direct your attention to the next**
18 **page Bates-stamped 7025. I believe you answered some**
19 **questions about this page yesterday, is that right?**

20 A We did.

21 **Q And --**

22 MR. WAHLEN: Mr. Chairman, I am going to
23 object. We are -- we are plowing ground that we
24 plowed yesterday. This is duplicative
25 cross-examination. The Prehearing Order

1 specifically forbids it.

2 MR. MARSHALL: Mr. Chairman, I don't believe
3 any of my questions so far have been asked and
4 answered, and I plan to ask new questions about
5 this page that were not asked yesterday. And if
6 there is a question that was asked and answered, I
7 think that would be the appropriate objection.

8 CHAIRMAN LA ROSA: Okay. If -- if you can
9 just try to avoid asking questions that were asked
10 yesterday, if you can rephrase them in a different
11 format, try not -- try not to get the same answer.

12 MR. MARSHALL: I am trying. Sometimes it's
13 foundational to set up where I need -- need to go,
14 but I can just cut --

15 CHAIRMAN LA ROSA: Understood. Yeah, please
16 proceed.

17 BY MR. MARSHALL:

18 Q And you testified that the -- the, you know,
19 that the number that appears three times on this -- this
20 page was -- is wrong, is that correct?

21 MR. WAHLEN: Asked and answered.

22 BY MR. MARSHALL:

23 Q Okay. Well, would -- would you agree that the
24 historic census data that is being cited for income is
25 -- since it's historic, is never going to match in

1 **realtime the actual rates of current present-day rates**
2 **of TECO?**

3 A I -- I really can't comment on that. And I am
4 going to repeat what I said yesterday, was this was an
5 internal analysis that is flawed. No conclusions should
6 be drawn from this material. And as I also stated
7 yesterday, increasingly economists are questioning
8 whether or not, particularly for low-income customers,
9 that this is the best way to really assess energy
10 poverty. And increasingly, increasingly, economists are
11 starting to look at what is the total household
12 expenditures of low-income customers, and comparing that
13 to the percentage that is being paid towards the
14 electricity bill. And as I also indicated yesterday,
15 over the past 30 years, that has been in decline.

16 Q **All right. So you don't know if the Census**
17 **Bureau can report realtime household income data?**

18 A I wouldn't know.

19 Q **All right. If you could read that -- the**
20 **first bullet on that -- that page to yourself, and let**
21 **me know if that contains any confidential information?**

22 A It does not contain confidential information.

23 Q **All right. If you could read it aloud,**
24 **please?**

25 A Sure: Research from economists suggests that

1 energy poverty is experienced in households where six
2 percent or more of income is spent on the household
3 energy bill, including electricity.

4 Q All right. If I could direct your attention
5 to the next page, Bates-stamped 7026. And is there a
6 series of, I will call them boxes, on that page?

7 A There is.

8 Q And do you see the one on the middle of the
9 right side of that page?

10 A Yes.

11 Q Could you read that and let me know if that
12 contains confidential information?

13 A It doesn't.

14 Q If you could read it aloud, please?

15 A Affordability is a growing concern, both for
16 distressed and discerning customers. Our ability to
17 retain our position as the customer's choice is vital.

18 Q And if I could direct your attention to
19 Bates-stamped page 7096. If you could look at the title
20 of that -- that page, and let me know if that contains
21 confidential information?

22 A It does not contain confidential information.

23 Q Could you read that aloud, please?

24 A Levers to address affordability, in quotation
25 marks.

1 **Q And can you explain what that means?**

2 A The -- what -- what the levers to address
3 affordability --

4 **Q Yeah?**

5 A -- means?

6 Well, as noted on this page, and I believe
7 there are probably other pages here as well, this --
8 this gets back to the point I made earlier, which was
9 the educational process we were taking our leaders
10 through within the company to break down the regulatory
11 ratemaking equation and try to figure out how do you
12 manipulate that equation to the benefit of customers.

13 So what you are seeing here is a -- is a
14 subset of a number of levers that we have -- we are
15 pointing out to our employees to say, these are the
16 actions we want you taking in order to achieve these
17 outcomes. The outcomes being lower the bill or lower
18 the rate.

19 **Q And do you see one that's on in the middle of**
20 **the page?**

21 A I do.

22 **Q And is -- is -- if you could read that to**
23 **yourself and let me know if that one is confidential?**

24 A It's not confidential. One of them is reduce
25 fuel cost.

1 Q And are there a series of examples and bullets
2 on the right side of the page that correspond with that?

3 A Under examples?

4 Q Yes.

5 A Yes, there are.

6 Q And are those confidential?

7 A No.

8 Q And -- and so one of them, as we already
9 discussed, was -- was solar bill, is that correct?

10 A That's correct.

11 Q And another is efficiency investment, is that
12 right?

13 A Yes, I see that.

14 Q And listed as one of the -- an example of one
15 of those efficiency investments is the AGP upgrade at
16 Bayside, is that right?

17 A That's correct.

18 Q That's all my questions for now on that
19 document. Thank you.

20 If I could direct your attention to FLL-290.
21 And I believe you already answered some questions about
22 this document yesterday.

23 If you could read the title and the subheading
24 to this page to yourself, and let me know if that
25 contains confidential information?

1 A Is it the first page?

2 Q **Yes, it's the first page.**

3 A It does not contain confidential information.
4 Happy to read it.

5 Q **Please do.**

6 A The title is: The Affordability Challenge.
7 And then the subheading is: As we continue to
8 invest capital to meet customer needs, this will
9 naturally increase the revenue requirement, i.e., it
10 increases the mortgage that customers will be obligated
11 to pay for the investments we have made on their behalf.
12 Our challenge is to manage all of the levers of
13 affordability to reduce the upward pressure on rates.

14 Q **Thank you.**

15 **If I could direct your attention to the next**
16 **page. I am not going to reask the questions that you**
17 **were -- you were already asked some questions about this**
18 **page yesterday?**

19 A Correct. Yeah.

20 Q **There are percents on this page comparing rate**
21 **base growth and -- and customer growth, is that right?**

22 A That's what's depicted on here, yes.

23 Q **Are those percents confidential?**

24 A They are -- they are only -- they are only
25 directional. They are not actual numbers, so they are

1 -- so, therefore, they are not confidential. They
2 simply are an example we were trying to illustrate of
3 the forward years of what could happen if we are not
4 thoughtful about managing the future.

5 **Q And how about the past numbers?**

6 A Those are -- I am confident that those are
7 accurate.

8 **Q Okay. And are those confidential?**

9 A No.

10 **Q And so are the time periods that are depicted**
11 **on this page confidential?**

12 A No, they are not.

13 **Q So from 1993 through 2009, this shows that**
14 **customer growth was 2.1 percent, and rate base growth**
15 **was 5.1 percent?**

16 A That's what's reflected here. Yes.

17 **Q And then it enters a period of 2010 through**
18 **2023. And that shows a rate base growth of seven**
19 **percent, and customer growth of 1.7 percent?**

20 A That's what's reflected here.

21 **Q And -- and then this is the directional part,**
22 **I believe, you have a, you know, 2024 through 2029,**
23 **directionally, a rate base of growth of 7.5 percent, and**
24 **customer growth of two percent?**

25 A That's what's reflected here. Yes. And

1 again, that's these were just -- this is a scenario to
2 illustrate a point.

3 Q If I could direct your attention to page eight
4 of this document.

5 A Is that the last page?

6 Q It's going to be the next to -- it's going to
7 be -- there is 10 pages total. So if you count from the
8 back, it's two in. It's got a vertical arrow -- yes.

9 A Okay.

10 Q Is the title of this page confidential?

11 A It is not.

12 Q If you could read it aloud, please?

13 A The title is: Affordability, Rules of Thumb,
14 which are also -- rules of thumb is in quotation marks.

15 Q And do you see a little dotted red box on the
16 bottom left -- towards the bottom left corner of the
17 page?

18 A I do.

19 Q Do you -- is the information contained within
20 that box confidential?

21 A I don't think so.

22 Q If you could read it aloud, please?

23 A One billion of CapEx invested equals \$7.50.

24 Q And that would be \$7.50 on the customer bill?

25 A That's what -- on rate base, yes.

1 Q That's all my questions on that document.

2 Thank you.

3 You have some familiarity with the customer
4 service hearings in this rate case?

5 A Pardon?

6 Q You have some familiarity with the customer
7 service hearings in this rate case?

8 A I do.

9 Q And you would agree that affordability was one
10 of the themes that customers were discussing?

11 A Yes.

12 Q Now we are going to go back to FLL-320, but
13 this is going to be Bates-stamped page 7820, which would
14 be the last page that's in there.

15 A Which page number is it?

16 Q Bates-stamped 7820. This is in FLL-320.

17 A 320. 7820?

18 Q Yes.

19 A Sorry.

20 Q Is the -- can you read the heading of this
21 page to yourself, and then let me know if that contains
22 confidential information?

23 A The title does not. The title is:

24 Understanding Community Perception.

25 Q And do you see a series of bullets?

1 A I do.

2 **Q Can you go to the fourth bullet and read that**
3 **to yourself, and let me know if that contains**
4 **confidential information?**

5 A It does not contain confidential information.

6 **Q Can you read it aloud, please?**

7 A The bullet says: Concerns about the cost of
8 electricity rank high, but there is little understanding
9 or concern for how it's made. Reliability and
10 affordability are what matters to Polk County res -- or
11 what matters to Polk County residents.

12 **Q And if I could direct your attention to the**
13 **last bullet on that -- that slide. Would you read that**
14 **to yourself, please, and let me know if that contains**
15 **confidential information?**

16 A It does not contain confidential information.

17 **Q If you could read it aloud, please?**

18 A Community concerns and skepticism are
19 prevalent when discussing CCS, but only based upon a
20 lack of understanding of the technology. Residents
21 acknowledge the potential benefits CCS can bring to a
22 community.

23 **Q Thank you.**

24 **You would agree that in 2023, overall**
25 **residential customer satisfaction with TECO dropped?**

1 A It did.

2 Q And one of the key drivers of lower customer
3 **satisfaction that TECO identified was price**
4 **satisfaction?**

5 A I believe that to be true.

6 Q And if I could direct your attention next to
7 **FLL-321, Bates-stamped page 8087.**

8 A What was the page number?

9 Q 8087.

10 A Yes.

11 Q All right. If you could read the first
12 **sentence of the -- well, the first bullet to yourself**
13 **and let me know if that contains confidential**
14 **information?**

15 A It does not contain confidential information.

16 Q All right. Can you please read that first
17 **bullet aloud, please?**

18 A As energy costs remain a concern to many
19 customers, our goal is to communicate value through the
20 lens of affordability, reliable service and resiliency.
21 How we engage with customers is now more critical than
22 every because of our request for rate relief.

23 Q And if I could direct your attention to the
24 **second to the last bullet on that page. If you could**
25 **read that to yourself, and let me know if that contains**

1 **confidential information?**

2 A It does not contain confidential information.

3 **Q If you could read that aloud, please?**

4 A As agencies struggle to secure funding, we
5 continue to see an increase in bad debt expense, which
6 is a direct correlation to increasing rates and
7 decreases in federal funding. Bad debt increase -- bad
8 debt expense increased almost five million compared to
9 2022.

10 **Q And then if I could direct your attention**
11 **within this document to Bates-stamped page 8092. If you**
12 **could look at the title of that page and let me know if**
13 **that contains confidential information?**

14 A It does not. The title is: Tampa Electric
15 Escalations.

16 **Q Then if you could look at the -- the first two**
17 **bullets of that page, and let me know if -- if those**
18 **bullets contain confidential information?**

19 A The first two bullets do not contain
20 confidential information.

21 **Q And so there was a -- a 57.4-percent increase**
22 **in total escalations 2023 compared to 2022?**

23 A That's what's reflected here, yes.

24 **Q And one of the drivers of that was high bills?**

25 A One of the many listed in the second bullet.

1 Yes, I see that. I mean, I note that the number here is
2 there were 680 escalations in 2023. We have 840,000
3 customers.

4 **Q If I could direct your attention to**
5 **Bates-stamped page 8160. And if you could, once you get**
6 **there, let me know if the title of that page is**
7 **confidential?**

8 A The title is not confidential.

9 **Q And what is the -- the title of that page?**

10 A The title of this page is: 2024 Scorecard
11 Goals Financial.

12 **Q And what are scorecard goals?**

13 A Scorecard goals are -- so within the -- within
14 Tampa Electric, total compensation is made up of fixed
15 compensation, which is someone's hourly wage or salary,
16 and then variable compensation, which is some form of
17 either short-term pay, long-term incentive, or a
18 combination of the both -- a combination of both. The
19 scorecard is the short-term incentive program that
20 applies to select employees within the company.

21 **Q And if you could look at the second and the**
22 **third column on that -- that graph there, and let me**
23 **know if those -- those specific columns are**
24 **confidential?**

25 MR. WAHLEN: Mr. Chairman, could I ask what

1 part of Mr. Collins' testimony this relates to? We
2 have a witness on compensation -- dedicated to
3 compensation. I can't find where this is
4 cross-examination on his direct testimony.

5 CHAIRMAN LA ROSA: I understand.

6 MR. MARSHALL: Yes, Mr. Chairman. The issue
7 is, is that I -- we realize there is a compensation
8 witness. I mean, it's -- we don't know that that
9 witness can testify to these documents. That's the
10 overall financial scorecard for the company,
11 because these are -- these are the confi -- you
12 know, these are the confidential board documents.

13 MR. WAHLEN: They had an opportunity during
14 discovery to find out exactly what our witnesses
15 new about. This is not related to his direct
16 testimony. It's improper cross-examination.

17 MR. MARSHALL: It is related to his direct
18 testimony, and we can find, you know, numerous
19 references to the -- the value that TECO provides
20 to its customers, its cost-effectiveness, and the
21 overall financial well-being of the company. I
22 mean, this is financial prudence and reasonableness
23 of the direction of the company, and the value that
24 they are extra -- you know, that they are trying to
25 preserve for their customers. I mean, that's in

1 numerous points throughout Mr. Collins' testimony.

2 CHAIRMAN LA ROSA: Mr. Marshall, can you --
3 can you ask the question and point to the
4 testimony?

5 MR. MARSHALL: Sure. One second.

6 BY MR. MARSHALL:

7 Q If I could direct your attention to your
8 direct testimony. Let's go to page five, line six.

9 You testified that one TECO's strategic goals
10 is you create value for customers?

11 A Correct.

12 Q And part of that, you testified to, is
13 continuously improving our business processes.

14 A Just so I see it, what line -- what -- where
15 is that line?

16 Q Lines nine to 10.

17 A Very good. Thank you. Yes, it is.

18 Q And you also testified that you focus -- and
19 this is starting at line 14 -- that you focus on
20 carefully and prudently managing our operating expenses
21 to ensure public and employee safety?

22 A I did say that. Yes, I did.

23 Q And you also testified, on lines 19 through
24 20, that you improve -- you strive to improve efficiency
25 in all areas of our operations?

1 A Yes.

2 MR. MARSHALL: And, Mr. Chairman, I can keep
3 going through his testimony --

4 CHAIRMAN LA ROSA: No. No. So point the
5 testimony, ask the question, and if the witness
6 can't answer the question and wants to point to
7 somebody else, he can.

8 MR. MARSHALL: Okay. Well, I can't ask the --
9 I can't ask the question out loud without knowing
10 whether it's confidential or not, which is why I
11 was asking the question I was on the document.

12 CHAIRMAN LA ROSA: Well, you can ask him if
13 it's confidential, and if he can't answer that
14 question and believes another witness is better
15 suited to answer that question then he can make
16 that direction.

17 BY MR. MARSHALL:

18 Q If I could direct your attention back to
19 Bates-stamped page 8160.

20 A Yes.

21 Q There is column 2 and column 3 on there. Do
22 you know if that information is confidential?

23 A It is confidential.

24 Q Okay. The -- you would agree that the first
25 line -- I will just -- that first line has the higher

1 weight?

2 A It has the higher rate?

3 Q Weight.

4 A Yes, it does. Sorry.

5 Q If I could direct your attention next to
6 FLL-321.

7 MR. MARSHALL: One second, Mr. Chairman.

8 CHAIRMAN LA ROSA: We were just in 321.

9 MR. MARSHALL: I was looking at the wrong
10 document.

11 BY MR. MARSHALL:

12 Q 321 was the one we already looked at, but back
13 321, Bates-stamped page 8279. It should be the last
14 page.

15 A Yes, I have it.

16 Q Is the title of this page confidential?

17 A It is not.

18 Q And what's the title of this page?

19 A Temp Electric Capital Expenditures.

20 Q And is there a graph on the right side of the
21 page?

22 A Yes.

23 Q Is the information contained within that graph
24 confidential?

25 A No.

1 Q And so you would agree that the biggest growth
2 capital expenditure is for solar, is that right?

3 A That is the biggest piece of the spending,
4 yes.

5 Q And then that will be followed by the, I never
6 know how to pronounce it, but the Bearss Operating
7 Center?

8 A For the year 2023, yes, the Bearss Operating
9 Center is the second largest.

10 Q And then that would be followed by the South
11 Tampa Resiliency Project and corporate headquarters?

12 A Yes.

13 Q Pretty obvious foundational question, but
14 Emera is the parent company of TECO?

15 A It is.

16 Q And they own Nova Scotia Power?

17 A Emera owns Nova Scotia Power, yes.

18 Q And Emera is headquartered in Nova Scotia?

19 A They are.

20 Q Now, the Nova Scotia provincial government has
21 limited power rate increases in Nova Scotia to 1.8
22 percent, is that right?

23 A Correct.

24 MR. WAHLEN: That's asked and answered. That
25 was covered yesterday.

1 CHAIRMAN LA ROSA: It was.

2 MR. MARSHALL: Okay.

3 CHAIRMAN LA ROSA: Please continue.

4 BY MR. MARSHALL:

5 Q All right. If I go next -- this is going to
6 be a non-confidential exhibit -- to -- this is going to
7 be FLL-82, master page F3.1-2493. And if I could direct
8 your attention to page five of that document -- well,
9 this is a document that you were asked some questions
10 about yesterday, is that correct?

11 A Yes.

12 Q All right. Next page, so this would be
13 F3.1-2498. And this page shows the capital spend
14 breakdown of the various Emera companies?

15 A It does.

16 Q And Florida Electric, that's TECO, right?

17 A It is.

18 Q And so TECO represented 61.5 percent of
19 Emera's capital spend?

20 A That's what's reflected here, yes.

21 Q And then if I could direct your attention to,
22 within this document, master page F3.1-2505. And the
23 second bullet indicates that there is seven- to
24 eight-percent forecasted rate based growth through 2029?

25 A Correct.

1 Q If I could next direct your attention to
2 FLL-83. That's master page F3.1-2515. This was the
3 accompanying press release to that presentation we were
4 just looking at?

5 A Yes.

6 Q And in it, Scott Balfour is quoted as saying:
7 We saw strong operational performance and customer
8 growth in our utilities, particularly Tampa Electric and
9 Peoples Gas, which underscores the significance of our
10 Florida operations and reinforces the strategic decision
11 to reallocate capital to invest in our strongest
12 businesses; is that right?

13 A I see that line. Yes.

14 Q If I could next direct your attention to
15 FLL-312, which is one of the confidential documents. Do
16 you recognize this document?

17 A Yes. I would not have been on the -- on the
18 receiving end of it, but I am familiar with it.

19 Q And if I could direct your attention to
20 Bates-stamped page 4015 -- 14 -- I am sorry. My
21 apologies, 14015, the last paragraph of that page, and a
22 clause that -- well, the second half of the second
23 sentence of that paragraph, if you could, one, find
24 that, and then let me know if that contains confidential
25 information?

1 A What we are looking at here is the second
2 paragraph that starts with "the primary driver"?

3 Q No. No. I am sorry. The bottom of page
4 14015 --

5 A Sorry.

6 Q -- last paragraph, the second half of the
7 second sentence.

8 A The second half of the second sentence. Okay,
9 I have read that.

10 Q Does that contain confidential information?

11 A It might. I am a little bit reluctant to read
12 this.

13 Q That's fine.

14 And this was a memo from Scott Balfour, is
15 that right?

16 A Correct.

17 Q If I could next direct your attention to
18 FLL-313. And I don't think the -- the title of this
19 item is not confidential, correct?

20 A It is not confidential.

21 Q All right. And so this is Emera's,
22 Incorporated, annual information form for the year ended
23 -- ending 2023?

24 A Yes.

25 Q I would like to direct your attention to

1 Bates-stamped page 15770, the last sentence of the top
2 paragraph that's continuing from the previous page. And
3 if you could read that to yourself, and let me know if
4 that contains confidential information?

5 A It does not contain confidential information.

6 Q You can read it aloud, please?

7 A It is anticipated that approximately 75
8 percent of Emera's \$9 billion capital investment plan
9 over the 2024 through 2026 period will be made in
10 Florida.

11 Q If could next direct your attention to Exhibit
12 FLL-198, master page F3.3-6489. This is the 2023 Emera
13 Annual Report?

14 A Correct.

15 Q And if I could direct your attention to just
16 the next page. This has the adjusted net income from
17 various Emera utilities for 2023?

18 MR. WAHLEN: Mr. Chairman, I am --

19 CHAIRMAN LA ROSA: Yes.

20 MR. WAHLEN: -- I am not sure I understand
21 what part of Mr. Collins' testimony this is
22 cross-examination on. I don't think this is proper
23 cross-examination.

24 CHAIRMAN LA ROSA: Is this a foundational
25 question to something you are about to ask?

1 MR. MARSHALL: Well -- I mean, it goes to the
2 -- the idea that the rate base and the income that
3 is being sought in this case is not for -- for
4 TECO's customers as has been testified to. So I
5 think it's properly within the scope of -- of
6 cross-examination.

7 CHAIRMAN LA ROSA: Okay. Please continue. I
8 will monitor it.

9 BY MR. MARSHALL:

10 **Q Once again, the reference to the Florida**
11 **Electric would be TECO?**

12 A It is.

13 **Q And so 54 percent of all adjusted income for**
14 **Emera came from TECO in 2023?**

15 A Yes.

16 **Q If I could next direct your attention to**
17 **master page F3.3-6492. And so this would be a similar**
18 **graph, except it would be by -- by jurisdiction**
19 **essentially?**

20 A Yes.

21 **Q And so, obviously, the percent coming from**
22 **Florida is higher than the graph we just saw, because**
23 **the other percent would come from Peoples Gas, is that**
24 **right?**

25 A That's correct.

1 Q And so it shows -- this shows 64 percent
2 coming from Florida?

3 A 64 percent of the net income in 2023 came from
4 Florida. Yes.

5 Q And this also says that Emera has 2.5 million
6 customers, is that right?

7 A It does.

8 Q And TECO has about 840,000 customers?

9 A Correct.

10 Q So as -- just as the math works out, TECO has
11 about 33.6 percent of Emera's customers, yet comprises
12 54 percent of Emera's adjusted net income?

13 A Yes.

14 Q Then if I could direct your attention to
15 master page F3.3-6495. This is three pages later. And
16 in the first paragraph, second sentence, this
17 acknowledges that affordability is of increasing
18 concern?

19 MR. WAHLEN: I don't know how many more times
20 we have to go over that, but we keep coming back
21 to -- to that. He has admitted numerous times that
22 affordability is a concern.

23 CHAIRMAN LA ROSA: Yeah, it's -- it's -- you
24 know, that question has been asked on -- from
25 multiple angles.

1 MR. MARSHALL: Okay. We can move on to the
2 next question.

3 THE WITNESS: I would just like to point out
4 on a point that you just asked about a moment ago,
5 the -- the 840,000 customers. You know, not all of
6 Emera's customers are equal; meaning, we have
7 different -- different -- different businesses,
8 different companies. They are not all electric
9 companies.

10 BY MR. MARSHALL:

11 **Q So TECO, in this case, is asking for --**
12 **because I am trying not to do an asked and answered**
13 **question -- 250 basis points above Nova Scotia Power**
14 **gets, is that right?**

15 MR. WAHLEN: That's been asked and answered.

16 MR. MARSHALL: That question has not been
17 asked and answered.

18 CHAIRMAN LA ROSA: I will allow it. Continue.

19 THE WITNESS: I don't know -- I -- I am not a
20 -- I think that Nova Scotia Power's ROE is nine
21 percent. I don't know that to be a fact. And so
22 if it is, then, yes, what we have asked for is 250
23 basis points above that.

24 BY MR. MARSHALL:

25 **Q And if TECO was at the 250 basis points lower**

1 than what it's asking for in this case, given the
2 numbers you have already provided in previous
3 cross-examination, the revenue requirement would be
4 about \$150 million less just by how the math would work
5 out?

6 A If that's how the math works.

7 Q If I can next direct your attention to FLL-6.
8 This is master page F3.1-59. And this would be the 2023
9 Sustainability Report by Emera?

10 A That's correct.

11 Q And if I could direct your attention to -- on
12 page 12, master page F3.1-70. Emera says that climate
13 change presents some of the most significant global
14 challenges of our time, particularly in the energy
15 industry, is that right?

16 A That's what it reads. Yes.

17 Q TECO does not have a documented position on
18 whether climate change is happening, does it?

19 A We don't have a documented position, but I
20 don't think anyone can argue that the climate is
21 changing.

22 Q And that would include whether humans are
23 contributing to climate change?

24 MR. WAHLEN: Mr. Chairman --

25 THE WITNESS: Ask me that question again.

1 MR. WAHLEN: -- I am going to ask again what
2 part of Mr. Collins direct testimony this is
3 cross-examination on? I don't think he had
4 anything to say in his testimony about climate
5 change and whether it was caused by humans.

6 CHAIRMAN LA ROSA: If we could point the
7 questions towards the testimony. If he just can't
8 answer the question, then he can simply state that
9 he can't answer the question, or he is not aware of
10 it.

11 MR. MARSHALL: Of course, the witness is
12 always free to do that. And we can go to his
13 testimony to ask about, you know, and reiterate --
14 go through all the parts of his testimony where he
15 references the, you know, resiliency of the
16 investments that they are making, and how they are
17 at the forefront being storm ready by NOAA, and his
18 testimony about flooding, if -- but that's going to
19 take extra time. If Mr. Wahlen wants to go down
20 that road, we can.

21 CHAIRMAN LA ROSA: Yeah. Just help us make
22 the connection, if you can pull back to it.

23 BY MR. MARSHALL:

24 **Q In your testimony, do you testify about TECO**
25 **being storm ready?**

1 A I did.

2 Q And you also testify about the prudence of the
3 investments TECO is making, such as, you know, making
4 their -- their infrastructure more resilient?

5 A Yes.

6 Q And I believe yesterday, you testified with
7 Mr. Rehwinkel about FEMA ranking Tampa Bay at higher
8 risk?

9 A Yes, I think 15th out of 3,143 counties in the
10 United States.

11 Q Isn't that because of risk of flooding that
12 can be attributed to climate change?

13 A I am not a climatologist. I will only say
14 it's what they -- what they said in the report, was that
15 because of the risk of a major hurricane or storm surge.

16 Q And if I could direct your attention to master
17 page F3.1-71. And this page from Emera discusses the
18 climate change transition, and has a table listing
19 capital projects?

20 A That appears to be the case, yes.

21 Q Several of these projects are TECO projects?

22 A Yes, that's the case.

23 Q And some of those projects are part of this
24 rate case?

25 A Correct.

1 Q Including some of the solar investments in
2 battery storage?

3 A Correct.

4 Q And you would suspect that TECO would
5 represent the single largest entity by dollar amount of
6 making capital investments in this table?

7 A I think so.

8 Q And then if I could direct your attention to
9 master page F3.1-73, also in this document. And this
10 page discusses the climate adaptation framework to
11 mitigate the potential physical risk of climate change.

12 A So the page I am seeing starts with "our
13 approach, climate change physical", is that --

14 Q Yes.

15 A Okay.

16 Q And it -- this discusses basically -- it says:
17 Our climate adaptation framework?

18 A I see that now. Yes.

19 Q And this page also discusses several projects
20 at issue in this rate case, including the new
21 headquarters away from an area prone to flooding?

22 A Yes, I see that.

23 Q And also discusses the -- TECO's new climate
24 resilient energy control center?

25 A Correct.

1 Q And that's a reference to the Bearss control
2 center?

3 A Yes. Yep.

4 Q If I could direct your attention now to master
5 page J1198. This is a form 10-K that was filed with the
6 minimum filing requirements in this case?

7 A Yes.

8 Q And you are responsible for final sign-off on
9 this document?

10 A I am.

11 Q And if I could direct your attention to page
12 J1207. And in the middle of the page, TECO discusses
13 that it is subject to several risks that arise, or may
14 arise from climate change?

15 A I see that.

16 Q And that includes the risk of property damage?

17 A Yes.

18 Q If I could next direct your attention to
19 Exhibit FLL-84. That would be master page F3.1-2519.
20 This is an Emera Notice of Annual Meeting of Common
21 Shareholders and Management Information Circular?

22 A Correct.

23 Q And if I could direct your attention to,
24 within that document, to page F3.1-2615. A summary of
25 your compensation is on this table?

1 A Huh.

2 Q And it has been going up, and was valued at
3 little over 2.7 million in 2023?

4 A Yes, Canadian dollar.

5 Q And so there would be -- there would be a
6 little -- there would be a bit of discount to get that
7 into U.S. dollars?

8 A A fair discount.

9 Q Somewhere in the range of, like, 75 percent,
10 80 percent, depending on the value of the dollar versus
11 the Canadian dollar?

12 A I think it's 73 or 74 cents today.

13 Q All right.

14 Thank you, Mr. Collins.

15 MR. MARSHALL: Thank you, Mr. Chairman. That
16 is all my questions for Mr. Collins.

17 CHAIRMAN LA ROSA: Thank you.

18 All right. Next up is FIPUG. Mr. Moyle, you
19 are recognized when you are ready.

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

21 EXAMINATION

22 BY MR. MOYLE:

23 Q Good morning, Mr. Collins.

24 A Good morning, Mr. Moyle.

25 Q I have some questions for you. I am going to

1 run through them, and as you heard from the Chair, a
2 yes/no answer will suffice. I have tried to craft them
3 with a yes or no.

4 I just want to confirm for the record, Tampa
5 Electric supports the 4CP cost methodology approach,
6 correct?

7 A We supported filing the 4CP methodology. Yes.

8 Q And you also support and have filed the
9 minimum distribution system cost allocation approach,
10 correct?

11 A Is that 12CP?

12 Q Minimum distribution, do you know what the
13 minimum distribution MDS is?

14 A So I am not an expert on, you know, ratemaking
15 methodology and cost of service. I think those are
16 questions better put to witness Jordan Williams.

17 Q Are you aware the Florida Legislature recently
18 stated the goals by which states -- Florida's energy
19 policy must be guided?

20 A Loosely.

21 Q Yeah. I mean, you are the -- you are the team
22 captain, right? I am sure you get reports on what the
23 Legislature has done.

24 A I am aware of what the Legislature has done,
25 yes. I couldn't rhyme off the goals that are embedded

1 within the energy bill.

2 Q If I read you two, could you tell me whether
3 you think that's right or not?

4 A Yes, I could.

5 Q Supporting economic growth?

6 A I am sure that's correct.

7 Q That energy policy must be guided to support
8 economic growth and to promote economic growth?

9 A Yes. I actually have a copy of the energy
10 policy right here in front of me if you want to point me
11 the page you are reading.

12 Q Well, I -- you know, I know we are trying to
13 get this done in a week. I can reference it in my
14 brief. I just, you know, I think I have what I need on
15 that --

16 A Okay.

17 Q -- so thank you -- thank you for the offer to
18 do that though.

19 A brief follow-up on that. I mean,
20 notwithstanding the legislative change that directly
21 says energy policy must be guided to support economic
22 growth and promote economic growth, it's been TECO's
23 policy for a long time to support and promote economic
24 growth, correct?

25 A Correct.

1 Q Do you know what a base energy charge is?

2 A I do.

3 Q What is it?

4 A Well, I understand it to be the -- the base
5 charge that all customers will be required to pay
6 regardless of energy consumption in any given month.

7 Q Yeah. And we asked -- we talked about this in
8 your deposition, but could you just confirm that 1,000
9 kilowatt residential customer does better on the base
10 energy charge part of the bill using the 4CP approach
11 rather than the 12CP approach?

12 A Mr. Moyle, could you ask that question again?

13 Q Sure.

14 Under the base energy charge portion of the
15 bill, for the 1,000 kilowatt residential customer does
16 better by about \$3 a month under the 4C approach -- the
17 4CP approach rather than the 12CP approach, correct?

18 A That appears to be the case. Yes.

19 Q You -- there has been a lot of -- a lot of
20 discussion about affordability by the lawyers who have
21 previously cross-examined you. I have just a few
22 questions about that topic. And you have said that you
23 believe that's a subjective term --

24 A Correct.

25 Q -- affordability?

1 A Correct.

2 Q Would it -- would it be an example of how it
3 means different things to different people? If I asked
4 you about what affordability meant to a large commercial
5 or industrial customer who was competing in a regional,
6 national or international marketplace, do you think they
7 might have a different view of affordability than --
8 than others?

9 A I don't think so.

10 Q And in terms -- in terms of from a business
11 perspective, you would agree it would mean, I got to
12 make my product in a way that I can compete in those
13 markets, correct? It has to be affordable for my
14 customers?

15 A I agree with that -- the premise of that.
16 That's one interpretation of the word affordable.

17 Q Right.

18 And you were here yesterday for the opening
19 statements. Did you -- were you here for that, or did
20 you listen to it?

21 A I was here.

22 Q Okay. Our friends from MacDill, they put
23 forward another arguably view of affordability when
24 their lawyer said, sometimes we will have to choose
25 between missions or energy. That is another possible

1 view of affordability, wouldn't you agree with that?

2 A I suppose so.

3 Q Do you have familiarity with what happens to a
4 large business or commercial industrial customer when it
5 goes out of business?

6 A Do I have any idea what happens to the
7 business when it goes out of business?

8 Q I mean, you have been -- you have been -- how
9 long have you been in the -- in the energy business? 40
10 years?

11 A 34 years.

12 Q I am sorry. My apologies.

13 You have had times when your customers, your
14 large customers have gone out of business, correct?

15 A Absolutely.

16 Q All right. And that's not a - that's not a
17 good thing for the business. It's not a good thing for
18 the community. Jobs are lost --

19 A Not a good thing --

20 Q -- all those --

21 A -- for electric either. So not a good thing
22 for anyone, no.

23 Q You were -- you were shown a document during
24 your cross-examination with Mr. Marshall. It was
25 entitled, Understanding Community Perception, 7820 of

1 their Exhibit No. 320. I don't know if you have a copy.
2 You were asked to read certain bullet points from that,
3 and I have a couple of follow-up questions on that
4 document.

5 A I have it.

6 Q Okay. Do you know -- well, let me ask you
7 this: The first -- the first bullet point, I assume, is
8 not confidential, correct?

9 A Not confidential.

10 Q Would you please read it?

11 A Polk County residents want businesses and
12 high-paying job growth that they see in neighboring
13 Tampa and Orlando. Growth and change are good if done
14 responsibly.

15 Q And that's the first bullet point in this
16 document, correct?

17 A It is. I don't know that we can draw any
18 conclusions from that, but it is the first bullet on
19 this page.

20 Q The -- you would say that that, based on your
21 work experience, holds true for people beyond Polk
22 County, but just about everybody in your service
23 territory, correct?

24 A Just -- I am sure.

25 Q Could you also read the fifth bullet point,

1 **please? Assuming it's not confidential, could you read**
2 **it out loud? Or if it is confidential, you can tell me.**

3 A It's not confidential. And so it reads:
4 Residents accept the long-term necessity of fossil
5 fuels, particularly natural gas, which is seen as
6 reliable, cleaner than coal and cheaper. They
7 acknowledge that there are emissions, but see the
8 benefits over costly renewable alternatives. They don't
9 see natural gas going away anytime soon.

10 **Q Is that a -- is that a view that's consistent**
11 **with the company's view?**

12 A Not entirely. I mean, I think the company
13 would have the view that fossil fuels are necessary as
14 we work through the energy transition. Certainly
15 cleaner than coal. More reliable. More cost effective.
16 The company does not see natural gas going away anytime
17 soon.

18 But that middle point of, you know, there are
19 benefits over costly renewable alternatives, I don't
20 think we would prescribe to that, you know, the entirety
21 of that sentence.

22 **Q And why not?**

23 A So -- I mean, renewable -- the renewable
24 investments that we are making but, you know, are cost
25 effective. Otherwise, we would not be making them.

1 Over the term of their lifetime, the capital costs that
2 we are incurring at the front end is more than offset by
3 fuel savings we will -- that we will -- we will save
4 over the -- over the life of the asset.

5 And so from our perspective, investing in
6 renewable is -- we consider that to be a physical hedge,
7 a physical hedge against fossil fuel price volatility,
8 or just -- or just fossil fuel pricing in general.

9 **Q And when you say they are cost effective,**
10 **isn't it true that they are cost effective because --**
11 **that you are assuming that there is a tax on carbon?**

12 **A** No. We make no attribution in the business
13 case for the cost of carbon, because it simply doesn't
14 exist. There is no cost of carbon today.

15 **Q And that's not an assumption that was made**
16 **when doing your -- your analysis --**

17 **A** No.

18 **Q -- with respect to cost-effective --**
19 **effectiveness?**

20 **A** No.

21 **Q How about with respect to production tax**
22 **credits, isn't it true that the renewables are not cost**
23 **effective without the tax credits?**

24 **MR. WAHLEN:** Mr. Chairman, we have got a
25 witness, Mr. Aponte, who talks extensively and

1 sponsors the company's cost-effectiveness analysis.
2 I don't see where this level of detail is in Mr.
3 Collins' testimony, so this is not appropriate
4 cross.

5 MR. MOYLE: And it's just one question,
6 whether he knows --

7 CHAIRMAN LA ROSA: If we can just, yeah, ask
8 the question that you think is relevant, but --

9 MR. MOYLE: I will dig --

10 CHAIRMAN LA ROSA: -- to your point, that
11 there is another witness that can go in more depth.

12 THE WITNESS: I think the question on the
13 table is: Would solar investments be
14 cost-effective in the absence of tax credits in
15 some form, PTC, ITC, anything else?

16 (Multiple speakers.)

17 THE WITNESS: I don't know -- I don't know the
18 answer to that, I -- but I suspect the answer is
19 no. That's why the PTC credits are there, is to
20 encourage investments in renewable assets that
21 would otherwise not be made.

22 BY MR. MOYLE:

23 **Q Okay. I have a handful of follow-up questions**
24 **from things you have already testified to. I think the**
25 **record would be benefited by -- by these.**

1 You were asked questions yesterday by Mr.
2 Rehwinkel about -- about rates and rates comparisons,
3 and you used the phrase "all-in rate", and -- and I am
4 not familiar with that term. Could you explain what you
5 mean by all-in rate?

6 A I am simply trying to draw a distinction
7 between -- I mean, this proceeding is focused on the
8 base rate portion of the rate. The -- when we -- when
9 we, within the company, speak about our electricity rate
10 for residential customers today, we would say the
11 residential rate is \$136 per 1,000 kilowatt hours of
12 consumption. And so we -- we generally talk about the
13 all-in rate, \$136 per 1,000, as opposed to just the
14 basic service charge, or the base energy charge, or any
15 of the other individual components.

16 Q So given that answer, is it -- is it right
17 then -- are you including revenues that are coming in
18 from the fuel clause or the storm protection clause with
19 respect to the all-in rate, or is -- is that right?

20 A That's correct.

21 Q You also answered a question with respect to
22 -- well, let me -- let me -- let me hold on to that.

23 I had a follow-up on your comment about
24 residential rates have remained the same as adjusted for
25 inflation. Over what period of time has that been?

1 A Over the last 10 years.

2 Q Okay. And do you have an idea with respect
3 to, you know, if that's likely to continue?

4 A I can comment on that.

5 Q Okay.

6 A I don't know what will happen with inflation.

7 Q You were asked some questions about -- about a
8 number of storms names, Debby, and I think the point
9 that was trying to be made was that, and you would
10 agree, that the higher category of a storm rating
11 typically results in higher damages?

12 A Typically, yes.

13 Q You talked about the project, the smart grid,
14 give the grid a brain, and there was a document that
15 showed a pretty substantial savings, I think from 70
16 minutes to 30 minutes based on, I don't know if it was
17 actual or projections.

18 Is most of that time made up because you don't
19 have to have people calling into a call center and
20 reporting, and it's a matter of your system being able
21 to self-identify there is an outage over it here and
22 then sending people there so that the step that is being
23 avoided is the one that made up a lot of time?

24 A Yes, I would agree with that. That's
25 certainly a big portion of it, as we would call that

1 self-healing capability. The grid can identify where
2 there is a fault and it can isolate around it.

3 So not only -- not only is it reducing the
4 outage time, but it also is reducing the O&M expense of
5 having to go and resolve the issue, because now -- now
6 the worker knows exactly where the fault is and it can
7 drive to that location.

8 Q Okay. You were asked a lot of questions
9 about, you know, comparisons, and comparisons -- you
10 know, comparisons of Emera operating companies,
11 comparison to other utilities. You said you compare
12 yourself to your competing utilities in the -- in the
13 state of Florida.

14 As a -- as a matter of value in, not for a
15 legal term, but just meaningful -- I was going to say
16 relevancy -- you would agree, would you not, that
17 looking at the return on equity -- return on equities
18 awarded by commissions across the country is meaningful
19 and important information when this commission considers
20 the ROE?

21 A I agree with that.

22 Q And you also made a comment, I think in
23 response to a Mr. Rehwinkel question related to ROE that
24 the -- about the interest rate environment.

25 Do you have an understanding as to how the

1 interest rate environment affects ROEs, the correlation?
2 And if you do, could you explain that at a high level?

3 A That's a -- I only know there is -- there is a
4 correlation, but exactly how they correlated is a
5 question better put to Witness D'Ascendis.

6 Q So if -- if the feds, or the Canadian
7 equivalent of the feds, took the interest rate up to 20
8 percent, you wouldn't -- you wouldn't have a belief one
9 way or the other as to whether your return on equity,
10 that that move would cause your return on equity needs
11 to go up or down?

12 MR. WAHLEN: I think he has answered the
13 question.

14 CHAIRMAN LA ROSA: Yeah, I think he has
15 answered the fact that that would be suited for
16 another witness.

17 MR. MOYLE: Well, I don't have another
18 opportunity to ask him a question because I am
19 done, but I appreciate your -- your testimony and
20 your time.

21 And also would just like to say, my clients
22 appreciate the service that your company provides,
23 particularly in the storm response time, so thank
24 you for your time today.

25 THE WITNESS: Thank you.

1 CHAIRMAN LA ROSA: Thank you, Mr. Moyle.

2 MR. WAHLEN: Mr. Chairman, I just wonder -- we
3 are trying to think ahead to our next witness. I
4 don't want be too optimistic, but I was wondering
5 if we could get a forecast on how much more
6 cross-examination we have for Mr. Collins so we can
7 do some planning.

8 CHAIRMAN LA ROSA: Sure.

9 So next up is FEA then -- then FRF, Walmart,
10 then staff. So can I just kind of take maybe a
11 quick poll -- oh, I'm sorry, and Sierra Club. So
12 I'm sorry. So FEA, Sierra Club then FRF. Can we
13 just kind of take a quick poll on what you guys
14 think on timing that you need, or question?

15 CAPTAIN GEORGE: Mr. Chairman, I don't have
16 any cross for this witness.

17 CHAIRMAN LA ROSA: Okay. Well, that was --
18 that was simple.

19 Sierra Club?

20 MR. SHRINATH: Mr. Chairman, I think we might
21 have about an hour of cross almost.

22 CHAIRMAN LA ROSA: Okay.

23 MR. WRIGHT: Mr. Chairman?

24 CHAIRMAN LA ROSA: Yep.

25 MR. WRIGHT: I think very little -- Mr.

1 Collins has been wonderful at answering questions
2 directly. I think I may have 15 or 20 minutes.
3 Hopefully less than 15.

4 CHAIRMAN LA ROSA: Okay.

5 MS. EATON: I may have, like, one or two
6 minutes.

7 CHAIRMAN LA ROSA: Okay. Staff, do we
8 anticipate --

9 MR. SPARKS: Staff does not anticipate asking
10 any questions.

11 CHAIRMAN LA ROSA: Okay. Commissioners may
12 have a few questions, but maybe not, is that fair
13 to say?

14 Okay. So -- so does that give you a good
15 idea? It's 9:30 now. I am going to break here in
16 a -- in a few minutes. No, I take that back. I am
17 going to break, right before 10 o'clock. Give us a
18 little bit of time, give the court reporter a
19 little bit more time, and then we will break again
20 at noon. So it sounds like around the -- before
21 noon, we will probably get to the next witness, is
22 that fair?

23 MR. WAHLEN: Thank you.

24 CHAIRMAN LA ROSA: Sure.

25 All right. So FEA, just for the record, has

1 stated that they do not have any questions for
2 this -- for this witness?

3 CAPTAIN GEORGE: That's correct, Mr. Chairman.

4 CHAIRMAN LA ROSA: Okay. Great. Thank you.

5 CAPTAIN GEORGE: And thank you, Mr. Collins.

6 CHAIRMAN LA ROSA: Let's move to Sierra Club,
7 then FRF.

8 MR. SHRINATH: Wonderful.

9 EXAMINATION

10 BY MR. SHRINATH:

11 Q **Good morning, Mr. Collins.**

12 A Good morning.

13 Q **Nice to see you again. How are you doing**
14 **today?**

15 A Very good.

16 Q **I am going to start off by asking you a few**
17 **questions about TECO's chosen resource mix. You have**
18 **input into that, correct? You are the head coach, as**
19 **you said before?**

20 A Yes.

21 Q **Okay. Great.**

22 **Could you please refer to your direct**
23 **testimony, page five, lines four to six?**

24 A Okay.

25 Q **You describe -- and I think we saw this**

1 today -- you describe one of TECO's goals as to provide
2 clean and reliable generation, is that correct?

3 A That's correct.

4 Q And TECO's generation mix is, in terms of
5 generation, well over 90 percent fossil fuel today,
6 correct?

7 A It's roughly 90 percent. Correct.

8 Q And if you can look at page 18 of your direct
9 testimony, lines, I think, two to four?

10 A I see that.

11 Q And it says: About 8.6 percent of the
12 electricity we generated in 2023 came from the sun, is
13 that correct?

14 A That's what that line says. Yes.

15 Q Okay. How does this 90 percent fossil fuel
16 generation compare to your peers, to utilities across
17 the country?

18 A I would not know that. I mean, I think
19 Florida, by virtue of the fact that there isn't -- you
20 know, we don't have hydroelectricity. There are a
21 couple of nuclear power plants littered across the
22 state, but generally fossil fuel is the fuel of choice
23 for utilities within the state of Florida. How that
24 compare to the rest of the country, I am not entirely
25 sure.

1 Q Okay. That's all right.

2 And as covered, you know, today and yesterday,
3 TECO customers pay some of the highest residential bills
4 in the country, is that correct -- or I guess you
5 dispute that, but that's --

6 A That was asked by Mr. Marshall. I am aware of
7 that stat. And as I said when I responded the first
8 time, it's a -- we don't consider that to be a fair data
9 point.

10 Q And TECO's service territory is relatively
11 typical in size and scope to other investor-owned
12 utilities, would you say that's correct?

13 A No, I would disagree with that. Our -- you
14 know, our -- our service territory is coastal, compact.
15 It's only 2,000 square miles. We have -- our customers
16 are very concentrated, much more concentrated than most
17 utilities. And a very flat terrain. So I would not
18 categorize it as similar to the geographies of other
19 utilities.

20 Q There are other utilities that exist on
21 peninsulas and are -- that are concentrated in -- or,
22 you know, around urban areas though, is that correct?
23 TECO is not unique, singularly unique?

24 A I am sure we are not unique, but I really
25 can't -- I can't point to other comparators that I would

1 say, there is one that sort of looks and feels like
2 Tampa Electric.

3 **Q Is it -- is it fair to say that TECO's service**
4 **territory does not necessitate exorbitantly high bills,**
5 **geography, its environment?**

6 A That it does not necessitate?

7 **Q Yeah. It does not necessarily lead to?**

8 A No, I mean, I -- I -- nothing that
9 necessitates it. I would say this is -- this is the
10 sunshine state, and clearly, air conditioning demand in
11 the south is higher than in other parts of the United
12 States. But outside of that point, there is nothing
13 else that distinguishes the Tampa Electric geography and
14 drives higher prices.

15 **Q Okay. Great. Thank you.**

16 **Some of TECO's generation assets are quite**
17 **old, would you say that's correct?**

18 A I -- really, I would only categorize one as
19 aging. I wouldn't call it old. I would say it's aging.
20 And that would be Big Bend 4. See, that's the only one.
21 I wouldn't categorize the rest of them as -- they have
22 plenty of remaining -- remaining like, or other -- other
23 assets.

24 **Q And when were Big Bend 4 and Polk 1**
25 **constructed, do you know?**

1 A Big Bend 4, I believe was constructed in 1984.
2 Don't quote me on that. And I think Polk 1 was const --
3 the gasifier was constructed in 1995.

4 **Q So that's been -- it's been about 40 and 30**
5 **years respectively, is that correct?**

6 A Yes.

7 **Q And what would you say is the lifespan of**
8 **these kind of -- types of fossil fuel generation**
9 **facilities normally?**

10 A Well, I mean the depreciation studies that
11 have been done on -- let's take Big Bend 4 as an
12 example. I -- I don't know exactly what the lifespan
13 was. But I know the contemplated retirement date for
14 Big Bend 4 is the year 2040, which must mean that it was
15 in the neighborhood of a 60-year life.

16 Polk 1, I am not as familiar with what the end
17 of -- what the contemplated end-of-life for Poke 1 is.
18 Although, I suspect it's somewhere around that same 2040
19 timeline as well.

20 **Q Would you agree that as power plants age, they**
21 **become less reliable and more expensive to upgrade and**
22 **maintain?**

23 A No. Only -- I mean, only if you -- only if a
24 company is consciously electing to invest at a lower
25 level in that asset because it is becoming less

1 efficient. It's -- it is -- it's -- it's not needed as
2 much as it -- as it previously was because of the fact
3 it's less efficient.

4 So the reliability of a generating asset is
5 really a function of how do you continue to invest in it
6 and make sure that it maintains its operability and
7 reliability.

8 **Q Okay. Understood.**

9 **Polk Unit 1, though, for example, has been**
10 **quite unreliable in recent years, would you agree with**
11 **that?**

12 A From the persp -- the -- you know, I think the
13 metric you are pointing to is the weighted av -- the
14 weighted equivalent forced outage rate, which, for a
15 number of years on Polk 1, has been elevated.

16 **Q Can you please refer to Sierra Club Exhibit**
17 **DG12, which is, I believe, Bates No. 3599, Exhibit 124**
18 **in the CEL?**

19 **Mr. Collins, you understand the concept of net**
20 **equivalent forced outage rate, correct?**

21 A It's -- just give me a moment. It's not
22 coming up here. Just one moment.

23 **Q Yeah. Yeah. Of course. No problem.**

24 A Okay. I got it.

25 MR. WAHLEN: While he is doing that, I wonder

1 if we could find where Mr. Collins' testimony he
2 talks about this level of detail. We have a whole
3 witness on our generation fleet, Mr. Aldazabal.

4 CHAIRMAN LA ROSA: Can -- can you help point
5 us the direction of the questions that you are
6 looking to --

7 MR. SHRINATH: Yeah. Absolutely.

8 BY MR. SHRINATH:

9 Q Mr. Collins, you talk in your testimonies
10 about how important reliability is to TECO's generation
11 mix, is that correct?

12 A Correct.

13 Q And you are familiar with net equivalent
14 forced outage rate?

15 A I am.

16 Q Okay. It's a metric that measures the amount
17 of time a unit is unavailable for service due to forced
18 outages, or D ratings, when it's needed for load, is
19 that correct? Is that accurate?

20 A I am not so sure about the when it's needed
21 for load part, but I -- but I agree with everything else
22 that you -- that you said.

23 Q And so this exhibit shows that in 2021, Polk 1
24 had a 67-percent net equivalent forced outage rate. Is
25 that -- is a plant with that forced outage rate

1 **reliable?**

2 A The data would indicate it's not reliable,
3 but -- but this -- but it needs context. And the
4 context is, Polk 1 and Big Bend 4 -- although you are
5 not asking about that -- are the least efficient
6 generating assets in our fleet, which means they are the
7 last units to dispatch.

8 And so because we are so focused on
9 affordability, we don't -- we don't treat every
10 generating asset -- we don't respond to maintenance
11 issues with the same level of urgency.

12 And so in 2021, as issues were arising with
13 this unit, we would have consciously taken our time with
14 doing the repairs in order to minimize the overall
15 expense that would have otherwise been attributed to
16 customers.

17 Q Okay. And you don't know whether this rate
18 takes into account the need for load part, right? You
19 said you -- that you are not -- you are not sure whether
20 that rate takes that into account, so I should maybe ask
21 Mr. Aldazabal about that?

22 A That's a good question for Mr. Aldazabal, but
23 I -- but I -- to the extent that while Polk 1, for
24 example, was down, that it was cost-effective and needed
25 to be brought back into service, I am going to say that

1 that -- if it -- if that circumstance arose over the
2 course of the year, it was a very short duration.

3 Q Okay. And has TECO presented an alternative
4 metric that could show that in this right case or
5 elsewhere that --

6 A I can't comment on that. That's a question
7 for Mr. Aldazabal.

8 Q Okay. Big Bend has -- Big Bend 4 has also
9 been relatively unreliable in the past as well due to
10 the same -- under the same metric, is that correct?

11 A Correct.

12 Q You noted -- you have noted previously that
13 reliability should be less of an issue at Polk because
14 of recent efficiency upgrades, is that right?

15 A Because of -- because of the -- because of the
16 investment we are intending to make, not that we have
17 already made. I think the --

18 Q I am sorry. Yes, because of investments you
19 are intending to make, is that right?

20 A Yes.

21 Q Okay. But Big Bend 4 still contains an older
22 design with a pour unit efficiency, is that right?

23 A That is true.

24 Q So is it fair to say that TECO customers can
25 expect similar reliability issues at Big Bend going

1 **forward?**

2 A I don't think so. And the reason I say that
3 is Big Bend 4 is now capable of operating on 100 percent
4 natural gas; whereas historically, it was a 100 percent
5 coal.

6 Coal is a -- the reliability impact of
7 operating on coal is -- it's much more challenging to
8 operate on coal. So we rarely consume coal in that unit
9 now. Only under unusual circumstances do we consume
10 coal in the Big Bend 4. And so by virtue -- by virtue
11 of that, you are going to see improved reliability on
12 Big Bend 4.

13 Q **And in order to convert -- or in order to**
14 **allow Big Bend to run on both coal and gas, customers**
15 **incurred substantial costs, correct, for those upgrades**
16 **that were made in the past; is that correct?**

17 A The cost to convert Big Bend 4 to natural gas
18 was \$4 million.

19 Q **And so you are contending that Polk 1 and Big**
20 **Bend 4 will be more reliable in the future because of**
21 **the upgrade from refurbishments that TECO customers paid**
22 **for in recent years, is that right?**

23 A I am contending that on Big Bend 4, by virtue
24 of the fact that the unit now largely consumes natural
25 gas, it will be more reliable. For Polk 1, it's the --

1 the investments we intend to make in the year 2025 will
2 improve its reliability.

3 Q Okay. Could you please refer to Mr.
4 Aldazabal's rebuttal testimony at page 14? When I refer
5 to you something that Mr. Aldazabal said and you can --
6 if you are not familiar with it, you are not -- or you
7 don't understand it, that's all right as well.

8 MR. WAHLEN: Can --

9 CHAIRMAN LA ROSA: Go ahead, Mr. Wahlen.

10 MR. WAHLEN: Is he going to cross-examine Mr.
11 Collins on Mr. Aldazabal's testimony? I think
12 that's improper cross.

13 CHAIRMAN LA ROSA: I am curious to hear the
14 point that he is about to ask. I know you
15 referenced it with if he knows or not, but state
16 the question and I will make --

17 MR. SHRINATH: Yeah, I believe that what Mr.
18 Aldazabal testified to contradicts to something Mr.
19 Collins just said. I wanted to -- to shine a light
20 on that.

21 CHAIRMAN LA ROSA: State the question, and if
22 the witness can answer the question, then -- then
23 he can feel free to do so, or push it off to the
24 witness -- to the other witnesses.

25 MR. SHRINATH: Sure.

1 BY MR. SHRINATH:

2 Q So, Mr. Collins, if you could just read to
3 yourself on page 14, the answer starting on line 12, and
4 then ending on line 21, please -- ending on line 20.

5 A 12 to 20?

6 Q Yep.

7 A I read -- I see all that.

8 Q So it sounds like -- and you can tell me if
9 this is accurate -- it sounds like TECO had to refurbish
10 several primary equipments to like new condition during
11 outages in 2020, 2021, 2022, and that Mr. Aldazabal is
12 contending that that will solve the reliability issues
13 at Polk 1 --

14 MR. WAHLEN: I am going to make the same
15 objection. He is cross-examining on Mr.
16 Aldazabal's testimony. That's an improper cross.

17 CHAIRMAN LA ROSA: Yeah. Let's -- let's move
18 on. I think we are getting too deep into the weeds
19 into what another -- what another witness has
20 stated. That's a fair question for Mr. -- if you
21 want to go back to this witness and ask if there is
22 something else been said, I understand that. But
23 asking this witness on something else that he has
24 not said, I think, is improper.

25 BY MR. SHRINATH:

1 **Q** I guess what I am asking is, is it future
2 **upgrades or is it past up -- past refurbishments that**
3 **are going to make Polk 1 more reliable?**

4 A This would say it's a combination of the two.
5 This would say there was some work done on the
6 combustion turbine and generator, but this -- these
7 refurbishments along with the combustion system upgrades
8 associated with the planned simple cycle conversion,
9 it's the sum total of the two that will really move the
10 needle on reliability --

11 **Q** **Okay.**

12 A -- and the ladder is what's planned for '25.

13 MR. SHRINATH: Okay. And now I can move on.

14 CHAIRMAN LA ROSA: Okay. Great.

15 BY MR. SHRINATH:

16 **Q** **So these repeated efficiency and equipment**
17 **failure upgrades wouldn't be necessary for younger or**
18 **newer facilities, is that correct?**

19 A Well, yes. I mean, you know, mid -- midlife
20 refurbishments are not necessary for brand new assets.

21 **Q** **Is it accurate to say that it's expensive for**
22 **TECO customers to keep old facilities like Big Bend 4**
23 **and Polk 1 running?**

24 A No, it's not accurate.

25 **Q** **Can you guarantee that Big Bend 4 and Polk 1**

1 won't need additional upgrades in the near future to
2 keep reliable?

3 A No, I can't guarantee that.

4 Q The Polk Flexibility project, which would
5 convert Polk 1 into a combustion turbine, will cost
6 customers over \$80.5 million, is that correct, subject
7 to check?

8 A Correct. Yeah.

9 Q And that's to improve the efficiency of Polk,
10 correct?

11 A And the reliability.

12 Q TECO is planning to sink another 52.9 million
13 into the Polk Fuel Diversity project, is that correct?

14 A That is correct.

15 Q And that's a fuel oil project intended to
16 provide the fuel diversity that coal has not provided
17 to -- at Polk recently, is that correct?

18 A That coal has not provided?

19 Q Or that solid fuel has was not provided at --

20 A I wouldn't draw a link between that. I would
21 just simply say, you know, the -- we -- we -- I -- I
22 said in my opening statement that we are guided by three
23 principles, cost-effectiveness, value creation, risk
24 mitigation.

25 One of the risks we have as an organization,

1 in fact the entire state has this risk, is there are
2 three gas pipelines that bring natural gas into the
3 state. And -- and because -- because of the dependency
4 on natural gas, it's important that we have backup fuel.
5 To the extent there was ever a mechanical failure, a
6 cyber attack, something that affects the flow of, of
7 natural gas, we need to have backup fuel. And that's
8 what the fuel -- the backup fuel project at Polk is
9 intended to provide to us.

10 **Q And TECO is keeping gasification technology in**
11 **long-term standby at Polk at cost to ratepayers as well,**
12 **correct?**

13 A Yes, but -- but very limited cost ratepayers.
14 We don't do any maintenance on the gasifier. We keep it
15 on -- in a nitrogen blanket to preserve its operability.
16 But other than that, there is no ongoing O&M
17 expenditures for the gasifier.

18 **Q In planning its resource mix, is it accurate**
19 **to state that TECO's current solution is to keep making**
20 **capital expenditures into broken down and inefficient**
21 **assets, rather than investing in alternative resources**
22 **that could replace that capacity?**

23 A No. No. I mean that's -- you know, every
24 year, we undertake a generation extension plan. Our
25 Ten-Year Site Plan is updated every year, which means

1 at -- at a minimum of an annual -- at a minimum
2 annually, we are critically analyzing our growth, our
3 load forecast, our generation mix, and we are trying to
4 make sure that we are doing what needs to be done in
5 order to ensure that we are generating the least cost
6 alternative for customers. And so the day may come
7 where we reconsider the approach we are taking with the
8 gasifier and Big Bend 4, but it's not today.

9 **Q** **TECO might very well have to make future**
10 **environmental compliance upgrades at Big Bend and Polk**
11 **in order to take those plants to their currently planned**
12 **retirement dates, is that right?**

13 **A** I am not aware of any -- you know, that's pos
14 -- anything is possible that could affect any of our
15 facilities. I am not aware of any pending or
16 contemplated environmental legislation which would
17 require us to take actions at Polk 1, and neither at Big
18 Bend 4.

19 The recently released power plant rules that
20 affected existing coal-fired power plants have no impact
21 on Big Bend 4, other than we need to retire it one year
22 earlier than we were contemplating.

23 **Q** **For example, TECO believes that it can avoid**
24 **costs related to EPAs effluent limitation guidelines**
25 **with deep water deep well injection, is that right?**

1 A We have --

2 MR. WAHLEN: Mr. Chairman, could we -- I don't
3 find any of this in Mr. Collins' direct testimony.
4 We have a witness on these issues. This is
5 improper cross.

6 CHAIRMAN LA ROSA: Can you point to where in
7 testimony on the basis of the question?

8 MR. SHRINATH: Yeah. I mean, Mr. Chairman,
9 this -- I am trying to establish foundation in
10 order to essentially get to asking Mr. Collins
11 about how TECO, on a broad -- on a higher level,
12 plans its generation mix and plans to retire its
13 assets.

14 CHAIRMAN LA ROSA: Okay. Can we try to make a
15 more direct route to get that?

16 MR. SHRINATH: Sure.

17 CHAIRMAN LA ROSA: If this helps, it's five
18 minutes till 10:00. Why don't we take a 15-minute
19 break and reconvene at 10 minutes to 10:00 -- or 10
20 minutes after 10:00.

21 MR. SHRINATH: Great.

22 CHAIRMAN LA ROSA: All right. Perfect.

23 (Brief recess.)

24 CHAIRMAN LA ROSA: All right. Let's -- LET'S
25 come back together here.

1 Where we were at, Sierra Club was asking
2 questions of the witness, and you were gaining your
3 thoughts, it was a good point to -- to break, so I
4 will give it back to you and let you continue.

5 MR. SHRINATH: All right. Great.

6 BY MR. SHRINATH:

7 **Q Can we refer to, Mr. Collins, your direct**
8 **testimony, page one?**

9 A Page one?

10 **Q Yes.**

11 **You describe your duties and responsibilities**
12 **here, correct?**

13 A Correct.

14 **Q And you are responsible for environmental**
15 **compliance, is that correct -- or you oversee it?**

16 A I don't -- I don't oversee it. I oversee --
17 you know, the employees who are responsible for this
18 area of the business report up through me.

19 **Q Okay. And the same goes for energy, supply**
20 **and delivery, correct?**

21 A Correct.

22 **Q And -- so in your work, you are familiar with**
23 **TECO's obligations when it comes to effluent limitation**
24 **guidelines, correct?**

25 A Obligations to what?

1 **Q** **With regards to EPA's effluent limitation**
2 **guidelines, correct?**

3 **A** I am somewhat familiar. I think that's -- you
4 know, getting into the specifics of that is certain
5 questions that would be better handled by other
6 witnesses besides myself.

7 **Q** **Okay. And I will keep this high level. TECO**
8 **believes it can avoid costs associated with compliance**
9 **because of -- of the deep well -- the deep water**
10 **injection wells that it built, correct?**

11 **A** Yes.

12 **Q** **If TECO's speculation is inaccurate, couldn't**
13 **Big Bend face major environmental compliance costs?**

14 **A** I think that's speculative. And I -- we --
15 the -- we are in -- it is compliant. We don't have any
16 doubt on that.

17 **Q** **Okay. Okay. But EPA has not confirmed --**

18 **A** I can't -- I can't comment on that. That
19 would be a better question for Witness Aldazabal.

20 **Q** **Okay. And I will -- I will save that for Mr.**
21 **Aldazabal.**

22 **TECO already spent about 30 million at both**
23 **Big Bend and 30 million at Polk to build these deep**
24 **water injection wells, is that correct?**

25 **A** I a not -- I can't say yes or no to the dollar

1 value. I am aware that the investments were made, but I
2 don't know what the dollar value was.

3 **Q Can we just quickly pull up SC12, Bates No.**
4 **F6207 and 208?**

5 **You have -- you have seen these tables and**
6 **these numbers before, is that correct, Mr. Collins?**

7 MR. WAHLEN: Mr. Chairman, I am going to
8 object. This is not an interrogatory answer that
9 Mr. Collins sponsored. It's not relevant --

10 CHAIRMAN LA ROSA: Agreed --

11 MR. WAHLEN: -- or part of his cross -- it's
12 not proper cross-examination?

13 MR. SHRINATH: Can we -- can we see if the
14 witness has seen these tables before? I mean --

15 CHAIRMAN LA ROSA: No. Let's -- let's --
16 let's move on.

17 MR. SHRINATH: Okay.

18 BY MR. SHRINATH:

19 **Q Well, subject to check, Mr. Collins, you would**
20 **agree that TECO spent tens of millions of dollars on**
21 **deep water injection wells at Big Bend and Polk, is that**
22 **fair?**

23 MR. WAHLEN: I think he -- I thought we were
24 moving on.

25 CHAIRMAN LA ROSA: Yeah. It -- I am going to

1 allow -- I am going to allow the question because
2 it is -- it is a general question, but I am trying
3 to avoid going into the weeds into something that
4 he did not sponsor.

5 MR. SHRINATH: Understood. Understood.

6 THE WITNESS: Yes, subject to check.

7 BY MR. SHRINATH:

8 Q I think what I am getting at, Mr. Collins, is
9 don't these upgrades and fixes and refurbishments add up
10 at Polk 1 and Big Bend 4, like, these aren't small
11 capital expenditures, isn't that true?

12 A They add up, but -- but if the point of -- but
13 if the point of all of this is why aren't you just
14 retiring Big Bend 4, or why aren't we just discontinuing
15 consuming coal in Big Bend 4?

16 The answer to that question is because the
17 evidence shows it would cost our customers more if we
18 were to discontinue consuming solid fuel in Big Bend 4.
19 If we had to replace Big Bend 4's coal capacity with
20 natural gas, if you are going to do that, you have to
21 make sure that the natural gas that you are purchasing
22 is firm natural gas. That math would show we would need
23 to incur an added expense of \$27 million a year in
24 pipeline capacity if we did not have the ability to
25 consider Big Bend 4 a coal-burning unit, even though we

1 rarely burn coal in that unit, and so that is the
2 reason.

3 In the name of affordability, if we come back
4 to that word -- I mean, again, everything we do is about
5 balance. Environmental obligations, costs,
6 environmental risk, affordability is one of those. The
7 evidence would show right now, if we were to discontinue
8 consuming coal in Big Ben 4, it would cost our customers
9 more money, not less.

10 **Q But you -- you have stated that TECO is not**
11 **planning to use a lot of gas at Big Bend 4, correct,**
12 **going forward?**

13 A No, I wouldn't necessarily say that. I think
14 that Big Bend 4 is lower in the -- in our stack, as we
15 call it, but -- but as our -- our load grows every year
16 by 50 megawatts a year, and so increasingly, you see the
17 demand on Big Bend 4, especially if it continues to
18 operate up until 2039. It will operate more.

19 **Q Forgetting coal versus gas, can one reason**
20 **that TECO's bills are so high be that TECO keeps**
21 **gold-plating these clunkers, rather than phasing them**
22 **out and replacing them with alternative generation?**

23 A No. I mean, as I just said, it would actually
24 cost our customers more if we were to discontinue
25 consuming coal in Big Bend 4.

1 **Q Compared to what?**

2 A Compared to the alternative, right? The
3 alternative of discontin -- of not having the capability
4 of consuming coal in Big Bend 4 means you need to
5 replace that -- you need to replace that capacity with
6 something else. And if the -- and if the cheapest of
7 the something else was simply natural gas in Big Bend 4,
8 you need to be certain that you can get the natural gas
9 when you need it, and that would incur an added expense
10 of \$27 million a year.

11 **Q Has TECO studied this and presented that --**
12 **this in the comprehensive fashion?**

13 A I can't -- we study it extensively on a
14 continuous basis. I can't comment whether or not it was
15 -- it was presented.

16 I can't -- I can't say it -- I can't say it
17 any more clearly than this. We would love to
18 discontinue consuming coal at Tampa Electric. It would
19 be good for our reputation. It would be good for the
20 liquidity of our investment community. It would
21 probably cause Emera's share price to increase, but we
22 -- but we have to do what's right for customers. We
23 have to do what presents the least cost alternative for
24 our customers. And right now, continuing to maintain
25 the operability of the gasifier and coal capability at

1 Big Bend 4 is the least cost alternative. And we have
2 the evidence that demonstrates that.

3 **Q But that evidence is not presented, it's**
4 **internal analysis, and we will have to take your word**
5 **for it, is that correct?**

6 A I can't comm -- I don't know. I don't know
7 what was -- I don't know what was asked for and provided
8 through this rate proceeding.

9 **Q All right. I will move on.**

10 **You ref -- you keep referencing least cost --**
11 **least cost. TECO will clear -- I'm sorry, let me**
12 **rephrase.**

13 **TECO does not issue all sorts of RFPs for**
14 **battery storage, correct?**

15 A We don't issue RFPs for battery storage?

16 **Q TECO intends for its future battery storage**
17 **projects, to build those projects themselves, correct,**
18 **to gold-plate them, essentially?**

19 A That's a good -- again, now that may be a
20 question better put to either Witness Aponte or
21 Aldazabal. Exactly what the procurement strategy will
22 be for our future investments, I don't know. My
23 expectation, however, is we do intend to build them
24 ourselves. That's why they show up in the capital plan
25 in their SYAs.

1 **Q Wouldn't it be in customers' interest to issue**
2 **all sorts of RFPs and get the least cost battery storage**
3 **build-out?**

4 MR. WAHLEN: Mr. Collins just explained that
5 he did not know what the procurement strategy was,
6 and that was a better question for another witness,
7 and if he keeps asking the question.

8 CHAIRMAN LA ROSA: Yeah, sustained. Let's
9 move on.

10 MR. SHRINATH: I mean, I can move on, but Mr.
11 Collins also just opined on what TECO's procurement
12 strategy would be, but we can ask Mr. Aldazabal.

13 BY MR. SHRINATH:

14 **Q Mr. Collins, when I say PRM, or planning**
15 **reserve margin, do you know what I mean?**

16 A I believe so.

17 **Q TECO has relatively high winter reserve**
18 **margins for the next few years, is that correct, I**
19 **believe 30 percent, 23 percent and 23 percent?**

20 MR. WAHLEN: Could you point to where that is
21 in Mr. Collins' direct testimony?

22 CHAIRMAN LA ROSA: Can you help direct us in
23 that question, pointing to it in the testimony?

24 MR. SHRINATH: When Mr. Collins was deposed
25 last month, he -- we referred to this as well. I

1 can refer to that deposition if that --

2 MR. WAHLEN: This is cross-examination on his
3 direct testimony, not cross-examination on his
4 deposition, which has not been entered into the
5 record.

6 CHAIRMAN LA ROSA: Correct. Sustained. Let's
7 -- let's move on.

8 BY MR. SHRINATH:

9 Q Mr. Collins, you referred to the risk of a
10 reliance on natural gas, correct? You talked about
11 having to build additional pipeline capacity into Big
12 Bend 4, is that correct?

13 A That is a risk. Yes.

14 Q Why is TECO reinvesting in Polk 1 and natural
15 gas by turning into the combustion turbine, then, in the
16 Polk 1 Flexibility project?

17 A Polk 1 is a combustion turbine. It has always
18 been a combustion turbine since 1995. That -- that's --
19 that has never changed. The only thing that's different
20 is that, for years, it was fed with syngas, effectively
21 hydrogen gas that was produced in the gasifier and now
22 it is fed directly from natural gas. That's the only --
23 that's the only thing that's changed -- that has changed
24 with Polk 1.

25 Q Let me rephrase. TECO is reinvesting in Polk

1 1 and natural gas by converting it from a combined-cycle
2 generation unit to a simple-cycle, unit, is that
3 correct?

4 A That's correct.

5 Q Doesn't that -- doesn't upgrading that old
6 unit entrench more reliance on natural gas, even
7 customers vulnerable to price and supply shocks?

8 A It -- yes, it increases the dependency on
9 natural gas, but it's also the least cost alternative.
10 It is -- this is -- this is the most cost-effective way
11 for the company to keep up with increasing customer
12 demand for electricity.

13 Q There are non-fossil fuel assets, though, that
14 can add fuel diversity to utility generation mix, isn't
15 that correct?

16 A That's correct.

17 Q For example, solar doesn't require
18 pipelines --

19 A That's true.

20 Q -- to deliver fuel, it doesn't have fuel
21 costs, is that correct?

22 A That's true.

23 Q And battery storage can meet reserve margins,
24 is that correct, by supplying capacity at --

25 A Yes, it has to be charged from something, but,

1 yes, it is -- it is capacity.

2 Q Can we please -- actually -- Mr. Collins, are
3 you familiar -- you are familiar with the gasifier at
4 Polk Unit 1, right, and the Polk 1 Flexibility project?

5 A I am.

6 Q And TECO intends to keep Polk 1's gasification
7 components on-line into -- for the foreseeable future,
8 is that correct?

9 A It intends to keep them operable, but
10 currently in long-term layup.

11 Q Okay. And that's for reliability reasons, is
12 that correct?

13 A Rephrase that question, please.

14 Q TECO intends to keep the gasifier on-line in
15 order to be able to burn coal or petcoke in the future
16 in the event that it cannot use natural gas at the -- at
17 the facility and needs it, is that --

18 A No, I wouldn't -- I wouldn't say it that way.
19 I think the -- the gasifier is preserved so that if
20 there was ever a long-term structural change in the
21 relative price of solid fuel and natural gas that MADE
22 consuming solid fuel at Polk 1 economical again for our
23 customers, then we have that flexibility of returning
24 the gasifier TO service.

25 Q Okay. And returning that gasifier into

1 **service would, again, incur capital costs to customers,**
2 **is that correct?**

3 A I don't know. The answer is, yes, but I don't
4 know how much.

5 Q **And since 2018, subject to check, TECO has not**
6 **burned gas at Polk 1 -- or has not burned coal -- sorry**
7 **-- at Polk 1, is that correct?**

8 A The gasifier has not been operated at Polk
9 since sometime in 2018.

10 Q **And there have been natural gas price shocks**
11 **since 2018, is that correct?**

12 A Yes.

13 Q **And so the gasifier was not used during**
14 **natural gas price shocks to help relieve TECO customers**
15 **of those high fuel costs since 2018 --**

16 MR. WAHLEN: Mr. Chairman, I am struggling to
17 find where this is in Mr. Collins' testimony.

18 CHAIRMAN LA ROSA: Yeah, I -- I agree.

19 MR. WAHLEN: We have a witness -- two
20 witnesses on generation.

21 CHAIRMAN LA ROSA: We do, and I think we are
22 being repetitive to the question. So if we could
23 move on and try to direct the questions to the
24 witness that is best posed for it.

25 MR. SHRINATH: Mr. Chairman, that was my last

1 question. I am just trying to get at -- Mr.
2 Collins talking about TECO's generation mix and how
3 it's the least cost generation mix, and he -- and
4 he spoke about keeping coal on-line for reliability
5 reasons that I am getting at a time when TECO's
6 customers needed coal, or needed a reliability
7 asset and was not used. So I am getting directly
8 at that question, and questions that Mr. Collins
9 has answered today. That was my last question. I
10 would love to be able to finish that question.

11 CHAIRMAN LA ROSA: Okay. Let -- continue if
12 that's -- if that is a direct question.

13 MR. SHRINATH: Absolutely.

14 BY MR. SHRINATH:

15 **Q So, Mr. Collins, when customers could have**
16 **used a non-fossil -- a non-natural gas asset, or**
17 **non-natural gas generation during natural gas price**
18 **shocks since 2018, the gasifier was not utilized, is**
19 **that correct?**

20 A Was not utilized. That's correct. And the
21 reason for that being, as I said earlier, it only makes
22 sense to do that if there is a structural change in the
23 relative pricing between solid fuel and natural gas. So
24 in 2022, when natural gas prices increased, solid fuel
25 increases -- increased 10 times, and so it just -- it

1 didn't make sense in that moment.

2 Q Okay. And do you have a -- do under -- do you
3 have an estimate or an understanding of what a, you
4 know, a change would look like that would dictate?

5 A That's a question that would be for Mr.
6 Aldazabal.

7 Q Okay. I will move on.

8 Could you please turn to Sierra Club Exhibit
9 1 -- sorry, this is Exhibit 788 in the Comprehensive
10 Exhibit List, page five. This is a magazine, I believe,
11 interview.

12 Are you familiar with this interview, Mr.
13 Collins?

14 A I am familiar with that. Yes.

15 Q On page five, or page 27 of the magazine, so
16 F65, you state: I tell employees all the time that we
17 are not in the business of selling electricity. That's
18 not what we do. We are in the business of providing
19 customers with security, safety, comfort and
20 convenience; is that right?

21 A I believe -- yeah, that sounds like something
22 I would say.

23 Q And in your direct testimony, you state -- and
24 sorry to flip around -- but on page six, you state: Our
25 team members work and live in the communities we serve,

1 and it's important to Tampa Electric to be a positive
2 force in those communities. Does that also sound like
3 something you would say?

4 A Yes.

5 Q Mr. Collins, did you attend the public service
6 hearings for this case?

7 A I did not.

8 Q You did not, okay.

9 Did you see any recordings, hear any comments,
10 or did you read any of the press coverage?

11 A I did -- I did not see any recordings. I
12 heard anecdotal feedback. I probably saw some press
13 coverage.

14 Q Okay. Could you please refer to -- and again,
15 sorry to flip around -- SC3. So that's Exhibit 790, and
16 then F613 is the page?

17 This article refers to the public service
18 hearings and concerns that community members raised
19 about high rates and shutoffs. Are you aware of those
20 concerns?

21 A Could you ask -- sorry, I missed the question.

22 Q This article references the public service
23 hearings and concerns that community members raised
24 about high rates and shutouts within Tampa's -- TECO's
25 service territory. Are you familiar with those

1 narratives --

2 A Yes.

3 Q -- those feedback?

4 Have you met with community members or
5 community advocates about these concerns?

6 A Yes.

7 Q Have you met with the -- and sorry, this
8 article also references that community members raised
9 concerns around the continued pollution from coal
10 plants, including at Big Bend. Have you met with
11 residents of the Apollo Beach community or other
12 communities to hear their concerns about Big Bend?

13 A Not in group setting, and not recently.

14 Q How did TECO incorporate the feedback you
15 received from the meetings that you said you had?

16 A Any -- any feedback on our disconnection
17 policy, or those sorts of things, are better -- are
18 better directed to Witness Sparkman who is following me.

19 Q Okay. How does TECO follow up with
20 communities after meetings like these?

21 A So it's a very vague question. I -- I would
22 just say it depends -- it depends what it is. I mean,
23 there are meetings that I think are being held monthly
24 facilitated by Hillsborough County that we attend every
25 month. And so by virtue of that, we are present. We

1 are -- we are following up. We are listening to new
2 concerns. And so I think it just depends upon what
3 group it is, so it varies.

4 **Q And so when you say that TECO intends be a**
5 **positive force in the community, I guess what I am**
6 **asking is how do you -- how do you make sure that's**
7 **actually the case?**

8 A Well, I think the -- the way that we would
9 assess it is really through the J.D. Power customer
10 satisfaction. We are trying to get a read from our
11 customers on how are they feeling about all of the
12 various drivers of satisfaction. And one of them is our
13 community mindedness. That's -- that is one of the six
14 drivers.

15 And so that's a way for us -- it's a bit of
16 litmus test on -- on how we are doing; whether that is
17 how we are showing up in the community, the investments
18 that we support, our level of volunteerism, our
19 environmental impact. I mean, there are a number of
20 things that we would put into the camp of that's how we
21 assess whether or not we are a force for good in the
22 community.

23 **Q That concludes my questioning. Thank you, Mr.**
24 **Collins.**

25 A Thank you.

1 MR. SHRINATH: Thank you, Commissioner.

2 CHAIRMAN LA ROSA: Thank you.

3 Next up is Florida Retail Federation.

4 MR. WRIGHT: Thank you, Mr. Chairman. Good
5 morning.

6 CHAIRMAN LA ROSA: Good morning.

7 EXAMINATION

8 BY MR. WRIGHT:

9 Q Good morning, Mr. Collins.

10 A Good morning.

11 Q How are you doing?

12 A Great.

13 Q Good deal. I don't think -- you answered
14 questions very directly, and I don't think this is going
15 to take very long. I have a bunch of questions, most of
16 which are yes or no, and we can proceed through them.

17 I wanted to clarify one follow-up to a
18 question -- to an answer you gave to Mr. Marshall. In
19 -- earlier this morning, you said that not all of
20 Emera's ultimate customers are electric customers. Can
21 you tell us roughly how many of the two-and-a-half
22 million Emera customers are electric customers?

23 A I am going to say maybe one-and-a-half million
24 of the two-and-a-half million.

25 Q Thank you very much.

1 These are going to seem like very simple and
2 straightforward questions, but I don't think they -- I
3 don't think the answers to them appear directly in the
4 record, so bear with me.

5 You will -- will you agree that Tampa Electric
6 is a public utility that provides electric service to
7 retail customers in Hillsborough, Polk and Pasco
8 Counties in Florida?

9 MR. WAHLEN: That's in Mr. Collins' direct
10 testimony.

11 BY MR. WRIGHT:

12 Q So the answer is yes?

13 A I agree. Yeah. Yes.

14 Q I don't recall seeing the counties in -- in
15 his testimony.

16 And surely you will agree -- these are
17 predicate type questions, and they are very agreeable,
18 as you will hear.

19 You will agree that Tampa Electric is subject
20 to the regulatory jurisdiction of the Florida PSC?

21 A Yes.

22 Q And that Tampa Electric has operated and
23 continues to operate under a settlement agreement
24 approved by the PSC in 2021, which took effect in
25 January of 2022, and which continues in effect through

1 the present date?

2 A Yes.

3 Q And I am sure you will agree that Tampa
4 Electric has provided safe and reliable service
5 throughout this period?

6 A Yes.

7 Q And during this period, Tampa Electric's rates
8 have been set on the basis of an ROE, rate of return, on
9 common equity of 10.2 percent, correct?

10 A That's correct.

11 Q Actually, not entirely. It was not 9.95 at
12 start, subject to the trigger when that was -- when that
13 increase was done --

14 A Yes.

15 Q -- correct? Okay.

16 Subject to check, will you accept that the
17 company has increased its total rate base over the last
18 roughly year-and-a-half by about a-billion-and-a-half
19 dollars?

20 A Subject to check, yeah.

21 Q I can -- I will verify that with Mr.
22 Chronister later. Like I said, this is pretty quick.

23 And following some of your testimony with Mr.
24 Rehwinkel yesterday, will you agree that Tampa Electric
25 made all needed investments throughout the period in

1 **which the settlement has been in effect?**

2 A I am sorry, could you rephrase the question?

3 Q **Certainly.**

4 Will you agree that Tampa Electric has made
5 **all needed investments throughout the period that the**
6 **settlement agreement has been in effect?**

7 A I agree with that.

8 Q **And so you -- I think you would have to agree**
9 **that you had sufficient equity and debt capital to make**
10 **those needed investments, yes?**

11 A Yes.

12 Q **And also, will you agree that you made all**
13 **necessary O&M expenditures throughout the period?**

14 A Yes.

15 Q **Subject to check, and I can verify this with**
16 **Mr. Chronister, will you agree that your achieved ROEs**
17 **over the last couple of years have been between**
18 **nine-and-a-half and low 10, 10 plus percent?**

19 A Yes.

20 Q **Thank you.**

21 I have a few questions for you. If we could
22 **go to Mr. Collins' direct testimony, please, at page 39.**
23 **If you go to the bottom of page, please. That's great.**
24 **Actually, if you could scroll up a little bit. I am**
25 **going to carry over onto the -- sorry. Scroll down to**

1 the top of page 40. That's perfect. That's great.
2 Thanks.

3 You testify, and you discussed this at some
4 length with Mr. Rehwinkel yesterday, that your --
5 your -- you expect your all-in rate to increase by
6 something in the range of 12 percent from current to
7 January 1, '22, if your increases are approved as
8 requested, correct?

9 A Yes. It varies depending upon the ratemaking
10 methodology, but, yes.

11 Q Sure. And we are -- your testimony here is
12 discussing the typical residential bill?

13 A It is.

14 Q And I would like to stick with that as the
15 metric for this conversation, okay? Thank you.

16 The -- I know with your updated revenue
17 requirements, I think the typical bill would be
18 something in the vicinity of a \$158, \$159?

19 A Correct.

20 Q Thank you. That's great.

21 Now, beginning at the bottom of page 39, and
22 continuing onto page 40, you make this statement: Our
23 typical residential bills will still be among the lowest
24 in Florida; correct?

25 A Correct.

1 Q Okay. So my -- my question for you is: What
2 is the ba -- what is your basis for that statement,
3 i.e., that your typical residential bills will still be
4 among the lowest in Florida?

5 A I believe that it was based on a forecast of
6 where other utilities in the state would be moving in
7 2025.

8 Q And when you refer to those utilities, are you
9 referring to the other investor-owned utilities or to
10 all utilities?

11 A Generally the other investor-owned utilities.

12 Q Can you tell -- tell me -- can you tell the
13 Commission what you expect Duke Energy Florida's 1,000
14 kWh residential bill to be next year?

15 A I wouldn't. Now, as you would appreciate,
16 this was written prior to any settlement agreement
17 that's been -- that was agreed to with -- with Duke --
18 between Duke Energy and its intervenors.

19 So Mr. Williams is probably in a better
20 position to sort of talk about those specifics and how
21 that settlement may, in fact, influence where -- where
22 Dukes rates will be in 2025.

23 Q Same question with respect to Florida Public
24 Utilities Company. If your answer is the same, that I
25 need to ask Mr Williams, I am happy to do that, but if

1 you can answer the question. Did you have -- did you
2 have, you, in writing your testimony, have an
3 expectation of what FPU's bill would be in 2025?

4 A I can't recall, honestly. I think it's --
5 that's a question better put to Mr. Williams.

6 Q Okay. Did you expect -- when you wrote your
7 testimony, did you expect that Tampa Electric's bill
8 would be lower than Duke's in 2025 based on what you
9 knew at the time?

10 A I suspect.

11 Q So you didn't mean to convey that -- anything
12 with respect to Tampa Electric's rates being lower than
13 the Florida's municipal utilities, did you?

14 A No.

15 Q Nor with respect to Florida's electric
16 cooperatives, correct?

17 A No.

18 Q Thank you.

19 I have just a few questions for you about the
20 subject that we've all come to know and love,
21 affordability. My first question is: Did you give any
22 special consideration to the affordability of your
23 service to your lower income -- to Tampa Electric's
24 lower income customers in deciding on your rate case
25 request -- revenues requested in your rate case?

1 A Yes.

2 Q Can you tell us a little bit about what that
3 **special consideration was?**

4 A We have proposed a program for low-income
5 senior citizens, a monthly rebate for that subset of our
6 customers.

7 Q Thank you.

8 Yesterday you, and I think again this morning
9 with Mr. Marshall, you had some discussion about costs
10 that are within your control. You used the expression
11 "controllable costs", do you recall that dis --

12 A Yeah.

13 Q -- those discussions?

14 A Yes.

15 Q Thanks.

16 Is the level of the requested rate of return
17 on common equity a number that is within Tampa
18 **Electric's control?**

19 A Yes and no. I mean, ultimately, the
20 Commissioners will control exactly what is an
21 appropriate market-based ROE that Tampa Electric should
22 earn.

23 Q My question was: Is the amount that you asked
24 **for in your control?**

25 A Yes.

1 Q Thank you.

2 Are you familiar with the history of rate
3 cases involving Tampa Electric Company and other Florida
4 utilities before the Florida PSC?

5 A Yes and no.

6 Q Please -- please explain that answer.

7 A Well, I -- I have -- I have -- I have been in
8 Florida since January of 2018, so I have some level of
9 familiarity with proceedings since that time.

10 Q Are you aware of any utility ever getting what
11 it asked -- getting -- back up, rephrase.

12 Are you aware of the Florida Public Service
13 Commission ever setting rates based on an ROE that was
14 what the utility asked for?

15 A I am not aware of that occurring since January
16 of '18, no.

17 Q As far as you know, the rates have been set on
18 R -- using ROEs less than what was originally requested
19 by the utility, correct?

20 A Correct.

21 Q I want to clarify. This is a simple numeric
22 clarification, because I have two numbers, and it's the
23 amount of millions of dollars that relates to 100 basis
24 points on your return.

25 Yesterday, I believe you agreed with Mr.

1 Rehwinkel that that number is about \$60 million per
2 hundred basis points?

3 A Correct.

4 Q Thanks.

5 There is another number that will be in
6 evidence. It's in prefiled testimony. It's in the
7 testimony of Mr. Kollen, one of OPC's witnesses. His
8 number is \$63.19 million. Is \$60 million a rounding
9 from \$63 million --

10 A I believe so.

11 Q -- or are they --

12 A I believe so. I think 63 is probably the more
13 accurate number.

14 Q Thanks very much.

15 Do you really expect the PSC to base your
16 rates on an 11.5 ROE?

17 A As I said yesterday, you know, the -- what is
18 a -- what is a mark -- what is an appropriate ROE, a
19 market-based ROE for our geography, our risk profile,
20 this interest rate environment? I think that question
21 is better left for Witness D'Ascendis.

22 Q And I think you agreed yesterday that your
23 requested ROE of 11.5 percent is -- is, I think, tied
24 for the highest pending ROE ask in the country in
25 pending rate cases now?

1 A Yes. I think that was something that Mr.
2 Rehwinkel showed me.

3 **Q I will ask this question: Why -- why did you**
4 **ask for 11.5 percent? And if you want to duck that to**
5 **Mr. D'Ascendis, that's okay.**

6 A Well, he is -- he is best to answer that
7 question. I would -- you know, again, I would say, we
8 have -- we have a very unusual and unique service
9 territory, in that, it is so small, heavily populated
10 and, therefore, the risk that -- that -- that our -- you
11 know, that our company is subject to, relative to other
12 utilities across the state, in our minds at least,
13 partially accounts for why a higher ROE is warranted.
14 The -- the merits of 11.5 specifically, Witness
15 D'Ascendis.

16 **Q Thanks very much.**

17 MR. WRIGHT: Thanks, Mr. Chairman. Thank you,
18 Mr. Collins. That really is all I have.

19 THE WITNESS: Thank you.

20 CHAIRMAN LA ROSA: Thank you.

21 Let's move to Walmart.

22 EXAMINATION

23 BY MS. EATON:

24 **Q Still good morning.**

25 A Good morning.

1 Q And thank you very much for your time and
2 patience with everyone's questions today. I will be
3 very brief.

4 I believe I heard you agree with Mr. Rehwinkel
5 for OPC yesterday, that as President and CEO of TECO,
6 you are the -- what you call the head coach of the team,
7 and that the buck stops with you; is that right?

8 A That's correct.

9 Q And that because the buck stops with you, you
10 are ultimately responsible for the overall rate increase
11 in this case?

12 A Yes.

13 Q And I think you told Mr. Moyle today that you
14 were in the hearing room yesterday when the intervenors
15 were making their opening statements, is that correct?

16 A I was.

17 Q And would you agree that this intervener group
18 not only represents all of TECO's customers by virtue of
19 the counsel for the Office of Public Counsel, but also
20 specifically represents different residential customers
21 as represented by Mr. Marshall and his clients; the
22 federal government has representatives here and for the
23 military; the industrial users have representatives who
24 are intervening and also retail customers, not just fuel
25 retailers, but commercial retailers represented by the

1 Florida Retail Federation and our client, Walmart; would
2 you agree with that?

3 A Yes.

4 Q And did you hear nearly every intervenor
5 opening statement to address TECO's proposed ROE of 11.5
6 percent?

7 A Yes.

8 Q And obviously, you have been asked a lot of
9 questions about the proposed ROE, so I will kind of skip
10 to my point.

11 I heard you say yesterday in your opening
12 statement that TECO is committed to always doing the
13 right thing for your customers. Do you recall saying
14 that?

15 A Yes.

16 Q So in light of TECO's customers pleas, as
17 expressed in the parties' filed testimony, the opening
18 remarks during your -- by the intervenors and questions
19 to you during your cross-examination, will you consider
20 doing the right thing for your customers by asking this
21 commission to approve an ROE lower than 11.5 percent
22 that TECO included in its filed case?

23 A I am going to leave that to the -- to the --
24 to the Commissioners to -- to weigh in on and decide
25 what's appropriate for the company.

1 You know, we -- we would feel -- I under -- I
2 understand the point that's being made, that 11.5 seems
3 -- you know, feels inflated relative to other asks --
4 other asks that have been made across the United States.

5 And I think, you know, from our perspective,
6 the evidence will show that the -- there is a rationale
7 to the ask. And, therefore, we would feel -- we
8 don't -- you know, we can look ourselves in the mirror
9 and say, we are doing the right thing.

10 We also trust the judgment of the
11 Commissioners to ultimately make a decision that is fair
12 and balanced for both Tampa Electric and our customers.

13 **Q Sure.**

14 **I believe in response to questions Mr. Wright**
15 **just asked you, you agreed that TECO's requested ROE,**
16 **though, is within TECO's control, is that right?**

17 **A Yes.**

18 **Q And so would you consider doing the right**
19 **thing for your customers by asking the Commission to**
20 **approve an ROE lower than 11-and-a-half percent?**

21 **A So if I am going to answer that question**
22 **directly, that's not something that I am prepared to**
23 **make an ask of at this time. I think we are going to**
24 **let this proceeding play out in it -- as it's intended.**

25 **CHAIRMAN LA ROSA: I believe the witness has**

1 answered that question --

2 MS. EATON: Sure.

3 CHAIRMAN LA ROSA: -- the best that he can.

4 MS. EATON: Thank you.

5 THE WITNESS: Thank you.

6 MS. EATON: That's all my questions. Thank

7 you.

8 CHAIRMAN LA ROSA: Staff?

9 MR. SPARKS: Staff has no questions for Mr.
10 Collins.

11 CHAIRMAN LA ROSA: Commissioners?

12 Commissioner Fay, you are recognized.

13 COMMISSIONER FAY: I had to move all of my
14 exhibits to get to my button.

15 CHAIRMAN LA ROSA: A lot going on up here,
16 yes.

17 COMMISSIONER FAY: Mr. Collins, thank you for
18 your -- for your time.

19 Just, you know, within your scope of your
20 testimony, you talk about being employed with
21 Emera, and then serving as President and CEO of
22 TECO. Just help me better understand -- obviously,
23 Emera has the ownership of the stock of TECO.

24 What's -- what's your relationship, and how do
25 you navigate CEO? How do you navigate potential

1 conflict of Emera's agenda and what may be Florida
2 and/or TECO's agenda would look like moving forward
3 with something like this?

4 THE WITNESS: Great. The -- I get that that's
5 confusing. And clearly, there were a lot of
6 questions asked about Emera over the last two days.

7 The governance of TECO is entirely through a
8 locally constituted board. There is a
9 Florida-based board that provide -- that I report
10 to, that provides over -- you know, provides
11 oversight to the company.

12 The TECO board and the Emera board -- there is
13 an Emera board for the holding company -- they have
14 never met. There is no interaction between the
15 TECO board and the Emera board, other than two
16 members of the Emera leadership team, Scott Balfour
17 and Dan -- Dan Muldoon -- sit -- they serve on the
18 TECO board.

19 So all decisions, all approvals, budget
20 approvals, decisions on capital spending, anything
21 that we need that the company feels is needed, it's
22 all approved by the TECO board. There is nothing
23 that's brought to the -- to the Emera board.

24 As far as the needs of Emera -- I think those
25 were kind of the words you used -- I don't know

1 what that means. We tell Emera what we need, and
2 they respond to that. I mean, Emera doesn't say to
3 TECO -- it doesn't say to me, we need seven to
4 eight percent rate base growth, so go do that. It
5 doesn't work that way.

6 We -- we run the business. We decide what's
7 prudent, what's needed, what's necessary, and we
8 bring that to the shareholder to say, will you
9 please fund this? And then they look at it and
10 say, yes -- yes, we will grant you the equity that
11 you require to, to continue to run the business.

12 So we determine what's necessary. Emera
13 simply responds to that. It does not work the
14 other way, if that answers your question.

15 COMMISSIONER FAY: It does.

16 And just one point of clarification. There
17 are members, to your point, de facto members, that
18 are within Emera that sit on the TECO board, but I
19 think your testimony previously was that those
20 individuals, during your time, have not engaged
21 very actively in those meetings?

22 THE WITNESS: Well, those were two -- those
23 were two other names. There were -- there were a
24 variety of names that were called out yesterday.
25 Some of them are active board members, and they are

1 active and they are vocal. But there were other
2 Emera leaders who sit in. They are not board
3 members. They just sit in and listen to the board
4 meeting, and they tend to be inactive. Just
5 listening.

6 COMMISSIONER FAY: Okay. They are not members
7 of the board?

8 THE WITNESS: No.

9 COMMISSIONER FAY: Okay.

10 THE WITNESS: No.

11 COMMISSIONER FAY: Great. Thank you.

12 THE WITNESS: Thank you.

13 CHAIRMAN LA ROSA: Any other Commissioners?

14 All right. Great. So then, Mr. Wahlen, I
15 will give it back to you for redirect.

16 MR. WAHLEN: Very briefly.

17 FURTHER EXAMINATION

18 BY MR. WAHLEN:

19 **Q Mr. Collins, you were asked some questions**
20 **about ranking third out of 100 utility bills in America,**
21 **do you remember that?**

22 A I do remember that.

23 **Q And you remember saying that you didn't think**
24 **that was a fair comparison, do you remember that?**

25 A I remember saying that.

1 Q Could you explain why you don't think that's a
2 **fair comparison?**

3 A So we would consider that a mis -- a
4 misleading comparison simply because it's an apples and
5 oranges comparison.

6 The -- from our perspective, rather than
7 looking at electric bills in isolation, we tend to focus
8 at what we call the energy burden. Meaning, is there
9 something else other than electricity that the household
10 or the business is counting on to -- for energy
11 purposes?

12 In the state of Florida, electricity is used
13 almost exclusively, whether that's for air conditioning
14 or whether that is for a home heating when that's
15 needed. And if you stand that up against the rest of
16 the country -- I mean, I have the stats here in front of
17 me. In New England, only 16.1 percent of home heating
18 is supplied from electricity. The Mid-Atlantic, 18.7
19 percent. Midwest, 21 percent. Western United States,
20 36 percent. But in Florida, moving towards 100 percent.

21 And so looking at an electricity bill in
22 isolation, and sort of considering that to be sort of
23 what the household is actually on the hook for on a
24 monthly basis, again, it's just -- it's just an unfair
25 comparison because most other citizens in the United

1 States are receiving two bills. They are receiving an
2 electricity bill each month, and they are receiving a
3 natural gas bill each month, or a home heating oil each
4 month, something else that's providing their needed
5 heating.

6 Q Thank you.

7 You got a few questions about affordability
8 over the last two days, haven't you?

9 A I have.

10 Q Is Tampa Electric at liberty to focus only on
11 affordability when it runs the business of providing
12 electricity to its customer?

13 A No. I mean, as you -- as you said in your
14 opening statement, I mean, you know, the -- we are -- we
15 are -- we are the responsible party. And as the
16 responsible party, we have an -- we have an obligation
17 to balance a -- just a myriad of diverse issues. And
18 affordability is one important one.

19 Even J.D. Power, by their own acknowledgment,
20 would say, you know, when you look at customer
21 satisfaction, it's not all about price, it's also about
22 reliability, and it's also about community mindedness,
23 and it's also about environmental impact.

24 Affordability is important. Believe me. It
25 is very important. And as an organization, you know, we

1 don't -- as you saw in all of -- so much of the
2 materials that were shown here were our own board
3 materials, which is a -- which is a testament to the
4 fact that, as an organization, we are not running away
5 from this issue of affordability. And we are not just
6 -- we are not just hanging our hat on all of our
7 projects are cost-effective, so, therefore, by default,
8 we are more -- we are -- our price is lower than it
9 otherwise would be if we were not making these
10 investments or taking these actions.

11 We could just stop there and say, that defines
12 affordability, but we are not doing that. Instead,
13 we've -- we are educating our employees, our key leaders
14 on the regulatory ratemaking equation, the levers of
15 affordability, and we talk about this every day. How do
16 we take actions that have the -- that have the effect of
17 dampening the increase in electricity rates?

18 MR. WAHLEN: Thank you. Those are my
19 questions.

20 CHAIRMAN LA ROSA: All right.

21 MR. REHWINKEL: Mr. Chairman?

22 CHAIRMAN LA ROSA: Thank you.

23 Mr. Rehwinkel.

24 MR. REHWINKEL: Yes. Commissioner Fay asked
25 Mr. Collins a question, and I believe there was

1 some confusion that will contaminate the record
2 with respect to Mr. Scott Balfour, who is the CEO
3 of Emera, and who chairs the TECO board. I just
4 want to be clear, he was not one of the people,
5 according to the testimony we have received and the
6 evidence, who does not participate. He chairs the
7 meeting. And I just wanted to make sure the record
8 is clear on that. We can -- I could ask a
9 follow-up question --

10 THE WITNESS: That's correct. What you are
11 saying is correct.

12 MR. REHWINKEL: So I just didn't want the
13 record to be unclear on that.

14 CHAIRMAN LA ROSA: Okay. Is there an
15 objection to that?

16 MR. WAHLEN: No.

17 MR. REHWINKEL: Okay. Thank you.

18 CHAIRMAN LA ROSA: All right.

19 MR. WAHLEN: And Tampa Electric would like to
20 move Exhibit 16 into the record.

21 CHAIRMAN LA ROSA: All right. So is there
22 objection to that, moving 16 into the record?

23 MR. REHWINKEL: The Public Counsel -- I am
24 going to just go down, they are not in numerical
25 order, but I would like to move 242 --

1 CHAIRMAN LA ROSA: Real quick. Let me just
2 move on this. Is there objection to --

3 MR. REHWINKEL: Oh, I apologize.

4 CHAIRMAN LA ROSA: Yeah, is there objection to
5 16?

6 MR. WAHLEN: 16, correct.

7 CHAIRMAN LA ROSA: All right. Seeing none,
8 okay, show that that's moved into the record.

9 (Whereupon, Exhibit No. 16 was received into
10 evidence.)

11 CHAIRMAN LA ROSA: OPC?

12 MR. REHWINKEL: OPC would move 242, 249, 444,
13 321, 358, 446, 837, 244, 439, 370, 430, 435, 350,
14 434, 449 and 245. We -- we do not move 235.

15 CHAIRMAN LA ROSA: Okay. Let's let that kind
16 of set in for half a second. Is that -- any
17 questions on what's being asked to move into the
18 record.

19 MR. WAHLEN: Tampa Electric objects to 321.
20 That's the big spreadsheet with all of the SP
21 global rate history. I don't think there was a
22 foundation laid for that. Mr. Collins said he
23 wasn't familiar with it, but he was asked questions
24 about it. I don't know that it's been established
25 as authoritative or factual, and we object on that

1 basis.

2 CHAIRMAN LA ROSA: Is there any other
3 objection to anything else that has been asked to
4 move into the record? I'm going to come to make a
5 ruling on that --

6 MR. REHWINKEL: I may have said 435 when I
7 meant 445, I have been told.

8 CHAIRMAN LA ROSA: 445, for clarification.

9 MR. REHWINKEL: Yeah, 445 was OPC 220. I --
10 if I said 435, I did not mean to move that one.

11 CHAIRMAN LA ROSA: So we --

12 MR. REHWINKEL: But I would like to be heard
13 on 321 at the right time.

14 CHAIRMAN LA ROSA: Okay. Let that set in.

15 Any objection to any of these items other than
16 TECO's objection on -- is it 321?

17 MR. WAHLEN: 321, yes.

18 CHAIRMAN LA ROSA: 321.

19 Staff, can I ask, or my Advisor, can I ask
20 your opinion on the basis of this exhibit?

21 MS. HELTON: For exhibit 321, I think it would
22 be good to hear from Mr. Rehwinkel first, Mr.
23 Chairman.

24 CHAIRMAN LA ROSA: Mr. Rehwinkel?

25 MR. REHWINKEL: Yes, Mr. Chairman, briefly.

1 My recollection of the testimony was that Mr.
2 Collins did indicate that he was familiar with the
3 document, and he even thought that Emera would
4 probably subscribed to the service that provided
5 that.

6 So -- I mean, this is -- this -- this exhibit
7 was identified two weeks ago. There was no
8 objection to it, and I know you asked parties to
9 object afterwards. But we did, I think, lay a
10 sufficient enough foundation about the veracity of
11 the document and the familiarity with it. So we
12 would still urge that it be accepted into the
13 record, and given the weight it deserves it.

14 CHAIRMAN LA ROSA: I will look back at my
15 advisors on their opinions on that for me on a
16 ruling.

17 MS. HELTON: Well, Mr. Chairman, my preference
18 is always going to be that if a party has an
19 objection to an exhibit, that that objection be
20 contemporaneous with the time that the exhibit is
21 being used during the course of the proceeding.
22 And I appreciate Mr. Wahlen's objection, but he did
23 not alert Mr. -- my recollection is he did not
24 alert Mr. Rehwinkel that he had an objection with
25 that particular exhibit yesterday. And so for that

1 reason, I would recommend that you allow the
2 exhibit to be admitted and, as Mr. Rehwinkel
3 suggested, give it the weight that it's due.

4 CHAIRMAN LA ROSA: Okay. I will allow the
5 exhibit to be entered.

6 MR. WAHLEN: Can I just ask clarification
7 then? I don't find anything in the Prehearing
8 Order that requires objections to exhibits when
9 they are being discussed by witnesses. Is that --
10 is that going to be the practice?

11 MS. HELTON: Well, I think that's -- my
12 recollection is that's been part of our practice
13 ever since -- I mean, any proceeding where I have
14 been asked to advise. And I think that if you look
15 at Professor Ehrhardt's book, who taught both of us
16 evidence, I think that's his recommendation as
17 well.

18 MR. WAHLEN: Well, I didn't know what they
19 were going to offer into evidence until just now.

20 MS. HELTON: Well, no, but he was using the
21 exhibit for cross-examination purposes. And so if
22 you had a problem with the exhibit, I think the
23 time to make that known would have been when Mr.
24 Rehwinkel was conducting his cross-examination.

25 MR. WAHLEN: Well, people -- people ask

1 cross-examination questions about documents and
2 don't offer them into evidence. If the -- if the
3 rule is that we have to object before a party even
4 begins to cross-examine on a witness, we can govern
5 ourselves accordingly. But my objection was not to
6 the use of it. It's is to the admission of it.
7 But I understand where you are, and we will move
8 forward on that basis. Thank you.

9 CHAIRMAN LA ROSA: Thank you. So then show
10 that entered into the record.

11 (Inaudible.)

12 CHAIRMAN LA ROSA: Sure. Let's take a
13 five-minute break to allow you guys to confer.

14 (Brief recess.)

15 CHAIRMAN LA ROSA: All right. So I will call
16 us back to order. I think we have all had a chance
17 to maybe chat amongst ourselves. I am going to go
18 to my Advisor and let them give a little bit of
19 background on the ruling I'm about to make.

20 Go ahead.

21 MS. HELTON: Thank you, Mr. Chairman.

22 There has been some discussion during the
23 break. What I am trying to say is that I think
24 that there needs to be an opportunity for a
25 foundation to be laid. But if a party is going to

1 take issue with an exhibit being used for
2 cross-examination purposes, and potentially being
3 admitted into the record, I think that it's a
4 better process, given the way we conduct our
5 business, because we typically admit exhibits at
6 the end of someone's cross-examination, that the
7 other parties to the case have the opportunity to
8 respond to any objection.

9 So are we asking that the exhibit be admitted
10 at the time it's being used? No. But I do think
11 that there needs to be some kind of notice. And
12 that actually happened during Mr. Rehwinkel's
13 cross-examination of the company President when
14 Charles tried to use the United Way exhibit. Jeff
15 took issue with that and Mr. Rehwinkel did not
16 attempt to admit that exhibit into the record. So
17 I thought that was kind of an appropriate way for
18 it to play out.

19 Mr. Sparks has some more information, more of
20 a technical nature with respect to this particular
21 exhibit that's at issue that might also be helpful.

22 CHAIRMAN LA ROSA: Perfect.

23 MR. WAHLEN: If it will help, we will withdraw
24 our objection to 321.

25 CHAIRMAN LA ROSA: Okay. All right. So that

1 drops that. Still what was -- what was said was
2 good context, if there is an objection at time that
3 it's being introduced, let's just, you know, make a
4 note to keep everyone efficient as we roll through.
5 Okay --

6 MR. WAHLEN: May Mr. Collins be excused,
7 please?

8 CHAIRMAN LA ROSA: Let me make sure we move
9 everything else into the record.

10 So there was a point that we had spelled out,
11 everything that OPC had asked to be put into the
12 record. There was one objection on just 321, now
13 that's been withdrawn. So I just want to make sure
14 for the record that we are clear that everything
15 that OPC has asked for, is -- there is no
16 objection?

17 MR. WAHLEN: No objection.

18 CHAIRMAN LA ROSA: Seeing, no objection, show
19 that that entered into the record.

20 (Whereupon, Exhibit Nos. 242, 244, 245, 249,
21 321, 350, 358, 370, 430, 434, 439, 444, 445, 446, 449, &
22 837 were received into evidence.)

23 CHAIRMAN LA ROSA: Is there anything other --
24 anything else that needs to be entered?

25 MR. MARSHALL: Yes, Mr. Chairman. Florida

1 Rising and LULAC would move in Exhibits 466, 542,
2 543, 544, 658, 750, 772, 773, 780 and 781.

3 CHAIRMAN LA ROSA: Is there an objection?

4 MR. WAHLEN: No objection.

5 CHAIRMAN LA ROSA: Seeing no objections, show
6 those entered into the record.

7 (Whereupon, Exhibit Nos. 466, 542, 543, 544,
8 658, 750, 772, 773, 780 & 781 were received into
9 evidence.)

10 CHAIRMAN LA ROSA: Anything else?

11 MR. SHRINATH: Yes, Your Honor. Sierra Club
12 seek to move Exhibits 788 and 790 into record.

13 CHAIRMAN LA ROSA: Is there objection?

14 MR. WAHLEN: No objection.

15 CHAIRMAN LA ROSA: Seeing none, show that it's
16 entered into the record.

17 (Whereupon, Exhibit Nos. 788 & 790 were
18 received into evidence.)

19 CHAIRMAN LA ROSA: Is there any other items
20 that need to be moved into the record?

21 Okay. Seeing none, Mr. Collins, thank you for
22 the marathon. Job well done. I know there was a
23 lot coming at us, and you were there for quite a
24 while, so thank you, sir. You are excused.

25 (Witness excused.)

1 CHAIRMAN LA ROSA: Commissioner Fay.

2 COMMISSIONER FAY: Mr. Chairman, do -- for the
3 confidential, do we -- we are done with this
4 witness, do we leave them up here for staff?

5 CHAIRMAN LA ROSA: Yeah. Let me ask the
6 intervening parties whose confidential information
7 we have. Are you guys going to go back to these
8 for other witnesses?

9 MR. MARSHALL: Yes, we are. We have one of
10 those up there is already -- is going to be for the
11 next witness as well.

12 CHAIRMAN LA ROSA: Okay. All right. So we
13 will just hold tight with them.

14 Okay. So I will go back to TECO and allow
15 them to introduce their -- their next witness.

16 MS. PONDER: Tampa Electric would like to call
17 Karen Sparkman to the stand, please.

18 CHAIRMAN LA ROSA: Ms. Sparkman, before you
19 sit down, just a question. Have you been given
20 oath yet?

21 MS. SPARKMAN: No, sir.

22 CHAIRMAN LA ROSA: Okay. Do you mind
23 standing? Raise your right hand.

24 Whereupon,

25 KAREN SPARKMAN

1 was called as a witness, having been first duly sworn to
2 speak the truth, the whole truth, and nothing but the
3 truth, was examined and testified as follows:

4 THE WITNESS: I do.

5 CHAIRMAN LA ROSA: Thank you. I will allow
6 you to get settled in there.

7 And as we wait, just so that all the parties
8 are aware, so it's 11:30 now. So we will break at
9 12 o'clock. So we will obviously get rolling here
10 with Witness Sparkman, but then our plan is to
11 break at 12:00 for lunch.

12 MS. PONDER: Thank you.

13 EXAMINATION

14 BY MS. PONDER:

15 Q Good morning, Ms. Sparkman.

16 A Good morning.

17 Q Would you please state your full name for the
18 record?

19 A Karen Sparkman.

20 Q Thank you. And you were just sworn in.

21 Who is your current employer and what is your
22 business address?

23 A My current employer is Tampa Electric. And my
24 business address is 702 North Franklin Street, Tampa,
25 Florida, 33602.

1 Q Okay. And did you prepare a cause to be filed
2 in the docket on April 2nd, 2024, prepare direct
3 testimony consisting of 56 pages?

4 A Yes.

5 Q And do you have any additions or corrections
6 to your prepared direct testimony?

7 A I do not.

8 Q If I were to ask you the questions contained
9 in your prepared direct testimony today, would your
10 answers be the same as those contained therein?

11 A They would. Yes.

12 MS. PONDER: Mr. Chairman, Tampa Electric
13 requests that the prepared direct testimony of Ms.
14 Sparkman be inserted into the record as though
15 read.

16 CHAIRMAN LA ROSA: Okay.

17 (Whereupon, prefiled direct testimony of Karen
18 Sparkman was inserted.)

19

20

21

22

23

24

25

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **KAREN SPARKMAN**5
6 **Q.** Please state your name, address, occupation, and employer.
78 **A.** My name is Karen Sparkman. My business address is 702 North
9 Franklin Street, Tampa, Florida 33602. I am employed by
10 Tampa Electric Company ("Tampa Electric" or the "company")
11 as Vice President Customer Experience.
1213 **Q.** Please describe your duties and responsibilities in that
14 position.
1516 **A.** I am responsible for leading Tampa Electric's Customer
17 Experience team; developing and implementing our customer
18 experience strategy; operating our Customer Experience
19 area in a way that balances customer satisfaction with
20 operational efficiencies and regulatory compliance; and
21 making decisions to enhance the experience our customers
22 have when they interact with the company, *i.e.*, our
23 customer experience. My duties include (1) ensuring the
24 company understands our customers' evolving expectations;
25 (2) developing strategies to provide excellent service to

1 our customers; and (3) delivering an excellent customer
2 experience through Customer Experience Centers, Digital
3 Experience, Billing and Payment Services, Credit and
4 Collections, and Customer Communications.

5
6 **Q** Have you previously filed testimony or testified before the
7 Florida Public Service Commission ("Commission")?
8

9 **A.** Yes. I filed testimony adopting the direct testimony of
10 Peoples Gas System witness Monica A. Whiting in Docket No.
11 20200051-GU. I also filed direct testimony in Docket No.
12 20230023-GU, Petition for Rate Increase by Peoples Gas
13 System.
14

15 **Q.** Please describe your educational background and business
16 experience.
17

18 **A.** I have a bachelor's degree in business management and a
19 master's degree in business administration from Colorado
20 Technical University.
21

22 I began my utility career nearly 24 years ago with Colorado
23 Springs Utilities in their contact center. Since then, I
24 have held positions in different functional areas with
25 increasing responsibilities and leadership expectations at

1 three national utilities providing natural gas,
2 electricity, water, and wastewater services.

3
4 I have experience in all areas of customer experience,
5 including call centers, customer communications, workforce
6 management, billing and payment, meter operations, revenue
7 protection, technology integration, cross-functional
8 collaboration, regulatory compliance, and strategic
9 planning.

10
11 I joined Tampa Electric in June 2017 as Director of
12 Customer Experience Operations. I assumed my current role
13 in October 2020.

14

15 **Q.** What are the purposes of your direct testimony?

16

17 **A.** The purposes of my direct testimony are to (1) describe
18 Tampa Electric's Customer Experience area and the company's
19 focus on excellent customer service; (2) summarize changes
20 in the Customer Experience area since our last rate case;
21 (3) present and explain the company's customer service
22 results; (4) outline the company's plans to enhance the
23 customer experience it provides; and (5) demonstrate that
24 the company's Customer Experience area rate base amounts
25 and operations and maintenance ("O&M") levels for the 2025

1 test year are reasonable and prudent. I will also briefly
2 discuss the company's programs for low-income customers
3 and proposed miscellaneous tariff changes, which are
4 discussed in greater detail in the direct testimony of
5 Tampa Electric witness Jordan Williams.

6
7 **Q.** Is the quality of service provided by Tampa Electric
8 adequate?

9
10 **A.** Yes. My testimony shows that Tampa Electric provides
11 excellent service to its customers.

12
13 **Q.** Have you prepared an exhibit to support your direct
14 testimony?

15
16 **A.** Yes. Exhibit No. KKS-1, entitled "Exhibit of Karen
17 Sparkman," was prepared under my direction and supervision.
18 The contents of my exhibit were derived from the business
19 records of the company and are true and correct to the best
20 of my information and belief. It consists of six documents,
21 as follows:

22 Document No. 1 List of Minimum Filing Requirement
23 Schedules Sponsored or Co-Sponsored by
24 Karen Sparkman

25 Document No. 2 Tampa Electric JDP Study Highlights -

1 Residential
2 Document No. 3 Tampa Electric JDP Study Highlights -
3 Business
4 Document No. 4 Customer Contact Center Metrics
5 Document No. 5 Statistics of Commission Escalated
6 Calls
7 Document No. 6 Customer Experience Capital Expense
8 Summary 2022-2025
9

10 **Q.** Do you sponsor or co-sponsor any sections of Tampa
11 Electric's Minimum Filing Requirement ("MFR") Schedules?
12

13 **A.** Yes. I sponsor or co-sponsor the MFR Schedules listed in
14 Document No. 1 of my exhibit. The data and information
15 contained in these schedules were taken from the business
16 records of the company and are true and correct to the best
17 of my information and belief.
18

19 **(1) TAMPA ELECTRIC'S CUSTOMER EXPERIENCE AREA**

20 **Q.** What is Tampa Electric's overall customer service goal?
21

22 **A.** Tampa Electric is committed to being a trusted energy
23 partner for our customers now and in the future. To achieve
24 this goal, we must consistently give our customers
25 excellent customer experiences.

1 Q. What are the elements of an excellent customer experience?

2

3 A. Providing an excellent customer experience means
4 delivering superior electric service focused on the
5 customer's evolving needs and expectations.

6

7 It involves providing safe, reliable, and affordable
8 electricity, and providing operational excellence in our
9 Energy Supply and Electric Delivery areas. It also involves
10 personalized interactions, providing efficient and
11 responsive support across multiple communication channels,
12 and a seamless user experience when interacting with the
13 company. Consistency, proactive engagement, valuing
14 customer feedback, and ensuring team members are trained
15 and empowered to prioritize customer satisfaction are also
16 key. When we interact with our customers, we want them to
17 feel valued and understood, and to exceed their
18 expectations.

19

20 Tampa Electric has an entire Customer Experience group
21 dedicated to maintaining and improving the customer
22 experience; however, every Tampa Electric team member plays
23 a role and is responsible for delivering excellence to our
24 customers.

25

1 Q. Does the company have a strategy for delivering excellent
2 customer experiences?

3
4 A. Yes. The company's Customer Experience strategy focuses on
5 six pillars of customer satisfaction: (1) power quality
6 and reliability; (2) billing and payment; (3) price; (4)
7 corporate citizenship; (5) communication; and (6) customer
8 care - digitally, by phone, and in the field. We seek to
9 deliver excellent customer service by simplifying and
10 personalizing the customer experience and working with
11 customers to meet their unique needs and circumstances.
12 These strategies and goals have been integrated into the
13 recurring customer commitment training that we provide to
14 our team members.

15
16 Q. Have customer expectations for electric service changed in
17 the last decade?

18
19 A. Yes. When I began working in the utility industry,
20 customers communicated with their utility by phone or in
21 person, meters were read by visiting the customer premises,
22 and customer billing systems were relatively simple and
23 lasted for years without major upgrades. Those days are
24 over. Changing customer expectations and rapid changes in
25 technology put significant pressure on utilities like Tampa

1 Electric to stay current and provide the kind of experience
2 customers expect.

3
4 Customers now expect more than just safe, reliable, and
5 affordable electric service. This change has been largely
6 driven by technology and the advancement of customer
7 service standards in other industries.

8
9 Our customers live in a digital world and expect an
10 experience from their electric utility that is similar to
11 what they receive from companies like Amazon and Uber.

12
13 Customers want to self-serve using their "channel" of
14 choice - whether telephone, email, text, or web via mobile
15 or desktop website - whenever and wherever they want.

16
17 Customers want faster service, which raises service level
18 expectations, and a consistent and personalized experience
19 that is simple to use, convenient, and innovative.

20
21 Customers also want information specifically related to
22 services that impact their account, power quality and
23 reliability, and billing and payment.

24
25 Our company and the members of its Customer Experience team

1 are committed to meeting these changing and increasing
2 customer expectations, but doing so requires resources,
3 innovation, and effort.

4
5 **Q.** How many people are employed in the Customer Experience
6 area and what major functions do they perform?

7
8 **A.** As of the end of 2023, Tampa Electric employed
9 approximately 393 team members in the Customer Experience
10 area. These team members serve customers of Tampa Electric
11 and our affiliate, Peoples Gas System, Inc. ("Peoples"),
12 and work in ten major functional areas.

13
14 1. Customer Experience Centers: Team members in our
15 Customer Experience Centers support residential and
16 business customers through call center activities and our
17 digital customer experience communication pathways.

18
19 2. Billing Operations: This team delivers accurate,
20 timely billing information and coordinates with Energy
21 Delivery to receive meter reading information and resolve
22 meter-related issues.

23
24 3. Payments: This team processes, researches, and
25 balances customer payments.

1 4. Credit and Collections: This team supports Tampa
2 Electric by verifying the identity of customers, and it
3 assists with fraud investigation, bad debt collection,
4 research or maintenance of customer deposits and other
5 forms of payment security and filing claims in customer
6 bankruptcy cases.

7
8 5. Customer Assistance: This team partners with social
9 service agencies to assist customers who qualify for local,
10 state, and federal funds and directs customers to available
11 payment assistance resources.

12
13 6. Operational Support: This team (1) provides quality
14 monitoring, training, and improvement programs for the
15 Customer Experience team members; (2) resolves customer
16 complaints; (3) develops policy and procedures; (4)
17 monitors compliance with applicable laws, rules,
18 regulations, and policies; and (5) provides workforce
19 management services for the Customer Experience area.

20
21 7. Customer Experience Strategy, Research, and Digital
22 Solutions: This team (1) conducts research on customer
23 experience issues; (2) develops strategies for improving
24 the customer experience; and (3) delivers digital customer
25 solutions including customer portal, Interactive Voice

1 Response ("IVR"), and digital outbound communications and
2 preference management.

3

4 8. Business Solutions: This team works with the company's
5 Information Technology department to support the company's
6 use and enhancement of its Customer Relationship Management
7 and Billing ("CRB") system and other information technology
8 systems.

9

10 9. Optional Customer Programs: This team is responsible
11 for the design, development, implementation, and
12 management of optional customer programs designed to
13 provide renewable energy options, encourage customer-side
14 efficiency improvements, and facilitate the integration
15 and optimization of customer-owned distributed energy
16 resources (e.g., solar, electric vehicles, and battery
17 storage).

18

19 10. Communications: This team is responsible for both
20 internal and external customer communications - including
21 customer education, content creation, market research,
22 outage communications, crisis communications, and
23 regulatory compliance messaging.

24

25 Q. How do these ten functions benefit customers?

1 **A.** The functions listed above and the teams that perform them
2 are the foundation of our customer experience efforts. They
3 directly benefit customers because they establish how we
4 directly interact with our customers.

5
6 **Q.** How are the rate base and O&M expenses associated with the
7 activities and functions described above apportioned or
8 allocated between Tampa Electric and Peoples?

9
10 **A.** Rate base and O&M expenses are incurred by Tampa Electric
11 and allocated to Peoples based on the key operational
12 services provided to customers. These key operational
13 services reside in the meter to cash lifecycle and include
14 activities such as calculating and producing bills,
15 collecting payments, and answering customer queries.
16 Please see the testimony of Tampa Electric witness Richard
17 Latta for more details around the allocation of rate base
18 and O&M expenses.

19
20 **(2) CUSTOMER EXPERIENCE AREA CHANGES SINCE LAST RATE CASE**

21 **Q.** When was the company's last general base rate increase
22 proceeding?

23
24 **A.** Tampa Electric last filed a rate case on April 9, 2021, in
25 Docket No. 20210034-EI. The issues in that case were

1 resolved by a unanimous Stipulation and Settlement
2 Agreement ("2021 Agreement") by and between Tampa Electric
3 and the consumer parties that participated in the case.
4 The Commission approved the 2021 Agreement by Order No.
5 PSC-2021-0423-S-EI, issued on November 10, 2021. The
6 company has been operating under its terms since then. The
7 term of the 2021 Agreement expires on December 31, 2024; I
8 will refer to the period from approval of the agreement to
9 the end of its term as the "settlement period."

10
11 **Q.** How has the Customer Experience area changed during the
12 settlement period?

13
14 **A.** Since 2021, Tampa Electric improved the customer experience
15 to meet changing customer expectations by making
16 investments in new technology, developing new processes,
17 and implementing new training. I will explain these changes
18 in this portion of my testimony.

19
20 (A) CUSTOMER EXPERIENCE MAJOR CAPITAL EXPENDITURES

21 **Q.** Please describe the major capital expenditures made by the
22 company in the Customer Experience area during the
23 settlement period.

24
25 **A.** The company has made technology investments since 2021 to

1 improve the customer experience. These technology
2 investments are grouped as follows: (1) Customer
3 Digitalization; (2) Operational Excellence; (3) Optional
4 Customer Programs; (4) Outage Enhancements; and (5) Voice
5 of the Customer and Data. The company used its normal
6 procurement processes to ensure the assets and services
7 needed to execute these projects were secured at the lowest
8 reasonable cost.

9
10 **Q.** What are the normal processes to ensure the assets and
11 services needed to execute projects are secured at the
12 lowest reasonable cost?

13
14 **A.** Tampa Electric ensures investments are implemented at the
15 lowest reasonable cost by focusing on cost efficiency
16 without compromising the quality of the outcome. The
17 company's normal process includes effective project
18 planning, budget development, vendor selection, and
19 project monitoring and reporting. Additionally, the
20 company focuses on the projects that will provide the most
21 value for the organization and the customer.

22
23 **Q.** How much did Customer Experience invest in Customer
24 Digitalization during the settlement period?

25

1 **A.** Customer Experience invested \$13.8 million for the period
2 2022 through 2024.

3

4 **Q.** Please explain the Customer Digitalization technology
5 investments and why they were necessary.

6

7 **A.** During the settlement period, Tampa Electric invested in
8 digital platforms that make it easier for customers to
9 interact with the company. These include the development
10 of mobile applications, enhanced online portals for account
11 management and customized communication preferences, new
12 digital payment methods, and the use of chatbots for
13 instant customer support.

14

15 One example of a project included in this category is Tampa
16 Electric's new Interactive Bill function in the customer
17 portal, which was launched in 2023. This function uses
18 interval billing data obtained from the implementation of
19 Advanced Metering Infrastructure ("AMI") to enable
20 customers to view their daily usage data. With this
21 foundational functionality, we will be able to provide a
22 more personalized experience to customers with additional
23 bill insights and proactive notifications.

24

25 We also listened to feedback from customers that the

1 company's bill was too difficult to understand and
2 simplified the paper bill through the Paper Redesign
3 project. This included adding a QR code function in our
4 redesigned bills that links customers to our customer self-
5 service portal for additional features and insights.

6
7 This project was a logical extension of our AMI project
8 and was contemplated when the company invested in AMI
9 technology. To achieve economies of scale and more
10 efficiently allocate resources, the company implemented
11 the simplified paper bill and the interactive billing
12 experience at the same time so that customers wanting
13 additional usage details can find them online. The company
14 spent approximately \$6.3 million for the interactive
15 billing project, with additional enhancements planned for
16 2024 and beyond. It did not require the company to hire
17 additional team members.

18
19 **Q.** Why were the Customer Digitalization investments needed
20 and how do they benefit customers?

21
22 **A.** These investments are necessary to meet evolving customer
23 expectations. A growing number of our customers want to
24 engage with us on their terms. Specifically, the
25 Interactive Billing project was needed to address feedback

1 from customers on our bills and to set the foundation for
2 how interval billing data is shared with our customers.
3 With this foundation, the company plans to implement
4 additional enhancements to Interactive Billing such as
5 proactive usage alerts, delivery of key insights about
6 customers' usage, and enhanced trending and reporting of
7 usage data. As customers' expectations continue to evolve,
8 more customers are wanting a more dynamic, smart billing
9 experience that integrates their usage data with other key
10 data points such as weather and disaggregated appliance
11 data to help manage their usage more effectively. The
12 Customer Digitalization investments meet these customer
13 needs.

14
15 **Q.** What steps did the company take to ensure these investments
16 were completed at the lowest reasonable cost?

17
18 **A.** The company used its normal process I previously described
19 to ensure that the assets and services needed to execute
20 these projects were secured at the lowest reasonable cost.

21
22 **Q.** How much did Customer Experience invest in Operational
23 Excellence Projects in the settlement period?

24
25 **A.** Tampa Electric invested \$10.4 million in Operational

1 Excellence Projects during the settlement period.

2

3 **Q.** Please explain the Operational Excellence technology
4 investments, why they were needed, and how they benefit
5 customers.

6

7 **A.** Since the last rate case, Tampa Electric has made
8 investments in technology that have helped the company
9 improve operational efficiency. One example of a project
10 included in this category is our investment in our customer
11 management and billing system ("CRB") for managing customer
12 accounts, billing, payment, credit, and collection
13 services.

14

15 The CRB system integrates with over 60 other application
16 systems. Enhancements to the system included improvements
17 and enhancements, both small and mid-size, that focus on
18 the meter to cash process, and are a typical part of a
19 critical system life cycle.

20

21 The enhancements to our CRB system were necessary to adapt
22 to changing technology, which includes compliance with
23 regulations around data security and privacy, and to
24 improve efficiency and streamline business processes,
25 continue the facilitation of strategic initiatives (such

1 as our digital transformation), and to continue meeting
2 evolving customer expectations. The project did not require
3 the company to add new team members.

4
5 These enhancements will benefit customers because they
6 incorporate lessons learned from interacting with our
7 customers and will allow us to improve operational
8 efficiencies and enhance the customer experience.

9
10 **Q.** What steps did the company take to ensure these investments
11 were completed at the lowest reasonable cost?

12
13 **A.** All enhancements are prioritized based on what brings the
14 highest value and benefit to the customer. We negotiate
15 contracts with vendors and service providers to secure the
16 lowest cost with the best terms. The company has been
17 successful in reducing the costs of goods and services by
18 exploring competitive options.

19
20 **Q.** How much did Tampa Electric invest in Optional Customer
21 Programs during the settlement period?

22
23 **A.** Tampa Electric invested \$7.2 million in Optional Customer
24 Programs during the settlement period 2022 through 2024.

25

1 Q. Please explain the Optional Customer Program technology
2 investments, why they are necessary, and how they benefit
3 customers.

4
5 A. Tampa Electric improved the company's portfolio of optional
6 programs by providing customers more choice and flexibility
7 in how they use our services. Such programs are intended
8 to cater to the diverse needs and preferences of our
9 customer base, enhancing their overall experience and
10 satisfaction with our services.

11
12 Q. What steps did the company take to ensure these investments
13 were completed at the lowest reasonable cost?

14
15 A. The company used its normal process described above to
16 ensure that the assets and services needed to execute these
17 projects were secured at the lowest reasonable cost.

18
19 Q. How much did Tampa Electric invest in Outage Enhancement
20 projects during the settlement period?

21
22 A. Tampa Electric invested \$1.8 million in Outage Enhancement
23 projects during the settlement period.

24
25 Q. Please explain the Outage Enhancements technology

1 investments, why they were necessary, and how they will
2 benefit customers.

3

4 **A.** Tampa Electric's outage map experienced a surge in traffic
5 during Hurricane Ian in 2022. This resulted in periods of
6 inaccessibility for some customers. Based on lessons
7 learned from this experience, the company replaced its
8 outage map with a modern cloud-based system in 2023. This
9 new outage map is necessary to ensure that we maintain a
10 transparent, reliable and resilient map during periods of
11 increased traffic, so that we can continue to update
12 customers during critical times such as during storms. It
13 will also benefit customers by providing a foundation for
14 new features and a more personalized experience for
15 customers during an outage.

16

17 To provide these benefits, the new outage map is hosted on
18 remote, third-party servers, which results in a more stable
19 and resilient map that can handle increased customer
20 traffic during a large weather event. Additionally, Tampa
21 Electric formed a strategic partnership with a vendor to
22 enhance support and ensure business continuity during
23 outages.

24

25 This project did not require new team members; rather, it

1 allowed the company to enhance support allowing for an
2 enhanced experience during a storm. The company invested
3 approximately \$1.3 million for enhancements to the outage
4 communication process in 2022 and 2023.

5
6 **Q.** What steps did the company take to ensure these investments
7 were completed at the lowest reasonable cost?

8
9 **A.** The company implemented the new outage map with functions
10 that provide the most value to customers. This resulted in
11 a scalable, stable, more reliable outage map, and created
12 a foundation for future enhancements to the overall outage
13 experience.

14
15 **Q.** How much did Tampa Electric invest in Voice of the Customer
16 ("VOC") and Data projects during the settlement period?

17
18 **A.** Tampa Electric invested \$1.6 million in VOC and Data
19 projects during the settlement period.

20
21 **Q.** Please explain the VOC and Data technology investments,
22 why they were needed, and how they will benefit customers.

23
24 **A.** The VOC platform was designed to systematically gather data
25 regarding our customers' needs, wants, perceptions,

1 preferences, and expectations. Our VOC platform stores this
2 data and feedback in a central location and provides
3 integration with other key systems. The main benefit of a
4 VOC program is its ability to measure the experience of a
5 customer at key points of interaction with the company, in
6 real time. This allows us to draw more meaningful insights
7 to improve the customer experience.

8
9 During the settlement period, we created several automated
10 transactional surveys that are sent to customers based on
11 their interactions with us (e.g., outage, net metering,
12 move-in/out, new construction, and many others). The
13 company also organized a customer panel with over one
14 thousand customers actively participating in monthly
15 engagement surveys focused on topics designed to enhance
16 their experience. Tampa Electric is planning additional
17 investments over the next few years to continue to capture
18 valuable customer feedback with the goal of improving the
19 customer experience.

20
21 In 2022 and 2023, the company invested approximately \$0.8
22 million in the VOC platform. It did not require the company
23 to add additional team members.

24
25 This project was needed to create a central platform for

1 customer feedback that provides a more holistic view of
2 our customers. The project also collects data which the
3 company can use to address points of customer concern and
4 determine the right initiatives to improve the customer
5 experience. For example, the company implemented an outage
6 survey that automatically is sent to customers when they
7 experience an outage. This allows us to get direct feedback
8 from customers on how to improve the outage process which
9 includes: outage reporting, outage communications, status
10 updates, and user overall outage experience. Implementing
11 a single platform allowed the company to solicit feedback
12 in an organized, centralized, and consistent way without
13 over-surveying customers.

14
15 **Q.** What steps did the company take to ensure these investments
16 were completed at the lowest reasonable cost?

17
18 **A.** We negotiate contracts with vendors and service providers
19 to secure the lowest cost with the best terms. The company
20 has been successful in reducing the costs of goods and
21 services by exploring competitive options.

22
23 (B) CUSTOMER EXPERIENCE PROCESS IMPROVEMENTS

24 **Q.** Has Tampa Electric made any improvements to its customer
25 service processes since 2021?

1 **A.** Yes. Tampa Electric made process improvements for our
2 business customers and in our Customer Experience Center.
3 I will describe the process improvements the company
4 implemented in each of these areas.

5
6 **Q.** What are Customer Experience Centers?

7
8 **A.** Customer Experience Centers are the company's central
9 customer connection hubs that handle all incoming customer
10 communications, including telephone, email, and social
11 media. The Customer Experience Centers handle emergency
12 and non-emergency requests 24 hours a day, seven days a
13 week. Tampa Electric has three physical Customer Experience
14 Centers located in downtown Tampa, Ybor City, and Miami.

15
16 Tampa Electric has separate teams of Customer Service
17 Professionals ("CSP") that are specially trained to assist
18 with residential customers, business customers, new
19 construction requests, and demand side management
20 programs.

21
22 **Q.** What process improvements were implemented in Customer
23 Experience Centers during the settlement period?

24
25 **A.** Tampa Electric made the following changes at the Customer

1 Experience Centers.

2

3 1. Customer Commitment Training: Tampa Electric expanded
4 the customer commitment training program that began
5 in 2018 to include external contractors that directly
6 serve customers. The company also implemented an
7 annual refresher course for existing team members.
8 This expansion includes helping our team members
9 better understand improvements made to the customer
10 experience and the value that the company provides to
11 all customers.

12

13 2. Speech Analytics: Tampa Electric now uses speech
14 analytics to improve quality of services. Speech
15 analytics transcribes calls to searchable text and
16 provides the ability to query single words and phrases
17 used by either team members or customers. By doing
18 so, the company can monitor, identify, and analyze
19 customer issues, thereby understanding the underlying
20 factors affecting performance and overall business
21 results. Furthermore, categorizing the data allows
22 for targeted analysis based on the nature or purpose
23 of the calls.

24

25 3. Customer Champion Network: The company established a

1 Customer Champion Network as part of our greater
2 Customer Experience Strategy. This team member-led
3 network works to ensure customer feedback is
4 evaluated, considered, and utilized to determine
5 short- and long-term customer needs and identify
6 points of customer concern and opportunities for
7 improvement. The network members also serve as brand
8 ambassadors that share the many things the company is
9 doing to serve customers and the community.

10
11
12
13
14
15
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19
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24
25

4. Consistent Outbound Communication Process: This process improvement created a standard methodology and formal documentation to ensure consistency for all outbound customer requests. Centralizing requests allows Tampa Electric to (1) utilize a consistent methodology of completing requests for outbound communications; (2) ensure the message was appropriately vetted, approved, and aligned with other requests; (3) internally communicate the message being sent (especially to our frontline team members); (4) ensure consistent messaging across all communication channels; (5) ensure the communications covered all key components and reached our customers in a timely manner; and (6) ensure our customers are not overwhelmed with multiple communications within a

1 short timeframe.

2

3 **Q.** What business customer process improvements has Tampa
4 Electric made during the settlement period?

5

6 **A.** Tampa Electric has enhanced the experience for our business
7 customers through several changes I describe below.

8

9 1. We developed an automated rate calculator that can
10 compare optional rates and project bills based on a
11 customer's forecasted load profile. This tool reduces
12 calculation time, improves accuracy, and provides our
13 customers with a better graphical presentation of
14 projected cost savings.

15

16 2. The New Construction Portal is an improved digital
17 experience that provides customers with self-service
18 technology to create and manage their construction
19 projects and to provide all supporting documentation
20 in an efficient manner. This portal streamlined the
21 new construction process, decreased the timeline to
22 energize, and delivers an experience customer have
23 come to expect based on experiences with other
24 industries or providers.

25

- 1 3. We developed a mass move in-move out processing system
2 for customers who require recurring seasonal turn on
3 and turn offs with 10 or more accounts. It can also
4 be used on non-recurring turn on and turn offs. This
5 enhancement reduces administrative and phone time.
6
7 4. We began conducting bi-annual key account management
8 surveys to gather customer feedback with the goal of
9 identifying opportunities for improvement.
10
11 5. The company implemented and began tracking key metrics
12 (e.g., number of large account site visits) to ensure
13 we are serving business customers appropriately.
14
15 6. The outage map, as described above also helps business
16 customers by making the outage map more informative
17 and easier to use and by improving outbound
18 communications for outages.
19
20 7. We enhanced our Statement of Account tool, which
21 allows customers with multiple accounts to see amounts
22 transferred between accounts. This tool has reduced
23 manual review and helps customers reconcile their
24 bill.
25

1 Q. Did Tampa Electric implement any additional training in
2 the Customer Experience area during the settlement period?

3

4 A. Yes. In addition to the Customer Commitment Training
5 mentioned earlier, Tampa Electric launched the "Creating a
6 Memorable Customer Experience" instructor led course in
7 2022. This course is for frontline agents as a refresher
8 course and focuses on the importance of each customer
9 interaction. In 2023, we launched "Powering Your Future
10 With Value" programs that educate all Tampa Electric team
11 members on the many programs and services we provide.

12

13 **(3) RESULTS: MEASURING THE CUSTOMER EXPERIENCE**

14 Q. How does Tampa Electric measure its performance in the
15 customer area?

16

17 A. The company measures its performance in the customer area
18 based on customer satisfaction scores as measured by J.D.
19 Power, internal performance metrics, and by tracking
20 Commission complaints.

21

22 Q. In general, how has the company's performance in the
23 Customer Experience area trended since 2021?

24

25 A. During 2023, customers experienced unprecedented summer

1 heat in our service territory, and the resulting higher
2 usage, the impact of storm and fuel cost recovery on
3 customers' bills, and overall increases to the costs of
4 living due to inflation were difficult to manage. Even
5 though the company has no control over the weather and
6 inflation, and a limited ability to influence fuel prices
7 and storm damage, our customers' unhappiness with economic
8 conditions in general and their electric bills in
9 particular was reflected in the increased call and emails
10 volume at our Customer Experience Centers, more customers
11 requesting bill payment assistance or accommodations, more
12 customer calls to the Commission, and in our performance
13 measures.

14
15 **Q.** Was Tampa Electric's experience in 2023 unique to the
16 company?

17
18 **A.** No. Warm weather, higher usage, storm and fuel cost
19 recovery, and general economic conditions were challenging
20 for customers of all electric utilities in Florida, not
21 just Tampa Electric.

22
23 **Q.** How did the company perform in J.D. Power surveys during
24 the settlement period?

25

1 **A.** In 2022, Tampa Electric was recognized by J.D. Power as
2 the most improved electric residential brand in the nation
3 over the past five years. As measured by J.D. Power, Tampa
4 Electric's overall customer satisfaction has increased by
5 60 points for residential and 14 points for business since
6 2017.

7
8 In 2023, the company's overall residential customer
9 satisfaction (measured by J.D. Power) decreased by 27
10 points from our 2022 final score, which is consistent with
11 other Florida utilities who also experienced declines
12 between 2022 and 2023. However, Tampa Electric scored
13 better than the industry average for every residential
14 customer satisfaction criteria (Power Quality &
15 Reliability, Corporate Citizenship, Communications,
16 Customer Care, Billing & Payment, and Price), and remained
17 22 points above the industry average.

18
19 On the business customer side, Tampa Electric's 2023 final
20 satisfaction score decreased 19 points from our 2022 final
21 score but was seven points above the industry average. This
22 decrease is again consistent with other Florida utilities
23 such as FPL; Florida utilities declined an average of 30
24 points between 2022 and 2023.

25

1 Document Nos. 2 and 3 of my exhibit contain highlights from
2 the J.D. Power Residential and Business surveys,
3 respectively.

4
5 **Q.** Has the company won any Customer Experience awards since
6 2021?

7
8 **A.** Tampa Electric was awarded the "Customer Champion" award
9 in 2022, and the "Easiest to Do Business With" award in
10 2023 in the Cogent Residential Utility Trusted Brand and
11 Customer Engagement Study. Tampa Electric was also awarded
12 the "Trusted Business Partner" award in 2022 in the Cogent
13 Business Utility Trusted Brand and Customer Engagement
14 Study. Both studies span all electric and gas utilities in
15 the nation and are included in my Exhibit as Document Nos.
16 2 and 3.

17
18 **Q.** What internal performance metrics does the company use to
19 measure its performance in the Customer Experience area?

20
21 **A.** The main performance metrics the company uses to measure
22 performance are as follows.

23
24 1. Telephone service level refers to the percentage of
25 calls answered within a specified time frame, usually

1 expressed as "X percent of calls answered within Y
2 seconds."

3

4 2. Email service level refers to the percentage of email
5 responses completed within a specified time frame.

6

7 3. Average speed of answer refers to the average amount
8 of time it takes for a Contact Center to answer a
9 phone call from a customer. The time it takes to
10 navigate through the IVR is not factored into average
11 speed of answer.

12

13 4. Average handling time refers to the average length of
14 time it takes to complete a customer phone call.

15

16 5. Call volume and abandonment rate refers to the number
17 of incoming calls received (offered) over a period.
18 The Abandonment Rate refers to the percentage of
19 inbound phone calls made to the Contact Center that
20 are abandoned by the customer prior to speaking to an
21 agent.

22

23 **Q.** How has the company performed against its own internal
24 performance metrics since the last rate case?

25

1 **A.** Our internal performance metrics from 2021 to 2023 are
2 shown on Document No. 4 of my exhibit. Overall, our
3 internal metrics significantly improved through 2021 due
4 to substantial improvements to training, processes, and
5 technology impacting the customer experience. However,
6 beginning in late 2022, Tampa Electric began to see a
7 decline in these metrics due to the weather, usage, storm,
8 fuel, and inflation dynamics described above, and the
9 resulting increases in call volumes and other customer
10 contacts.

11
12 **Q.** Did other factors contribute to these company metric
13 changes?

14
15 **A.** Yes. Current labor market conditions have made and are
16 continuing to make it difficult to recruit, hire, and
17 retain the right skillsets for our Customer Contact
18 Centers. This is especially true as the technology
19 landscape continues to evolve rapidly, requiring us to
20 adapt quickly not only to evolving customer expectations
21 but also to this shifting technology landscape.

22
23 **Q.** What actions did the company take in late 2022 and 2023 to
24 address these changing metrics?

25

1 The company took a combination of short- and long-term
2 steps to deal with the pressures we experienced in 2023.
3 The short-term and immediate measures included the
4 following actions.

5
6 1. Establishing walk-in customer service stations in our
7 corporate office. We created temporary customer
8 service stations at our corporate office, which were
9 staffed with experienced customer service
10 representatives to address customer issues, mainly
11 related to high bills.

12
13 2. Outsourcing contact center functions. We added more
14 outsourced staffing to augment our contact center and
15 assist with the additional call volume related to high
16 bills.

17
18 3. Enhanced customer assistance options. We provided
19 more assistance opportunities because of the
20 company's donations to Share. Share is a program where
21 team members, customers and community partners can
22 donate monetary contributions towards customer bill
23 assistance. These donations are matched dollar for
24 dollar, up to \$500,000 annually. In 2022 and 2023,
25 Tampa Electric donated over \$1 million in shareholder-

1 funded assistance through the Share program. In
2 partnership with our program administrators, Salvation
3 Army and Catholic Charities, we expanded guidelines
4 to allow more customers to receive assistance.
5 Additionally, we expanded our customer assistance
6 team to address the higher demand.

7
8 Longer term, the company is re-engineering its processes
9 to ensure they are efficient and can be more easily
10 followed by the available labor force, increasing the use
11 of automation and information technology resources, and
12 increasing our training activities for Customer Experience
13 team members.

14
15 To do this, we are organizing a specialized team in
16 Customer Experience focused on enhancing the operational
17 efficiency of our organization. This team aims to
18 streamline processes, elevate service quality, and
19 ultimately, improve the overall customer and employee
20 experience. The team will dedicate the next 24 to 30 months
21 to this program, working diligently to achieve these
22 objectives.

23
24 **Q.** How are the company's metrics trending so far since late
25 2023?

1 **A.** The company's metrics in the contact center have improved
2 slightly in early 2024 primarily due to cooler weather.
3 However, we are looking to the specialized team focused on
4 improving the operational efficiency of our organization
5 to identify ways we can make it easier for our customers
6 to do business with us as we approach the summer months.

7
8 **Q.** How has the company performed in Commission customer
9 complaints since 2021?

10
11 **A.** The company had its lowest ever number of Commission
12 escalations in 2021. Since 2021, escalations increased,
13 but remain below 2019 numbers. Increased rates, fuel
14 adjustments, and record high temperatures have contributed
15 to higher energy costs, which in turn caused increased
16 escalations. These statistics are shown in my exhibit on
17 Document No. 5.

18
19 **Q.** How do you rate the company's overall level of customer
20 service?

21
22 **A.** Tampa Electric provides excellent customer service. As
23 noted by our President and CEO Archie Collins in his
24 testimony, the company has improved its solid safety
25 record, invested in technologies that have reduced fuel

1 costs for our customers, improved its system heat rate by
2 20 percent, and improved its overall service reliability
3 index scores by 32 percent.

4
5 **(4) FUTURE CUSTOMER EXPERIENCE ENHANCEMENTS**

6 **Q.** Does the company's Customer Experience strategy reflect
7 the changing nature of customer expectations?

8
9 **A.** Yes. Our customer experience strategy continues to evolve
10 to align with the changing expectations and needs of our
11 customers. This includes adopting a more personalized
12 approach to service, using data analytics to gain insights
13 into customer preferences, and using technology to enhance
14 interaction and service delivery. The company is also
15 focusing on streamlining processes for greater efficiency
16 and responsiveness and investing in training our staff to
17 better understand and anticipate customer needs. By doing
18 so, we aim to not only meet but exceed customer
19 expectations.

20
21 **Q.** Is Tampa Electric planning any future Customer Experience
22 initiatives?

23
24 **A.** Yes. In 2025, we are planning a broad range of capital
25 investments to elevate service quality and customer

1 satisfaction. These investments include programs in three
2 areas, which I describe below.

3
4 1. Customer Digitalization: We intend to further enhance
5 our digital platforms to provide customers with a
6 convenient and efficient way to access services,
7 information, and support anytime, anywhere. One
8 example is that we plan to add new features to the
9 Interactive Bill, such as more granular usage data,
10 personalized insights based on usage and patterns,
11 additional weather details, and comparisons to other
12 customers with similar sized homes. The company will
13 invest \$4.4 million on these projects in 2025.

14
15 2. Operational Efficiency: As I previously explained,
16 Customer Experience is organizing a specialized team
17 focused on enhancing the operational efficiency of our
18 organization. This effort will continue in 2025. Some
19 efficiency tools Tampa Electric is considering include
20 Artificial Intelligence ("AI") and machine learning,
21 advanced data analytics, and customer segmentation.
22 Customer segmentation divides our customer base into
23 distinct groups or segments based on certain
24 characteristics, behaviors, or demographics. The goal
25 of customer segmentation is to better understand the

1 diverse needs, preferences, and behaviors of different
2 customer groups to effectively meet their specific
3 needs. By segmenting customers into meaningful groups,
4 we can improve customer service, enhance customer
5 satisfaction, and ultimately increase efficiency.
6 Customer segmentation will enable us to deliver a more
7 personalized experience that resonates with different
8 segments of our customer base. These tools will help
9 the company to proactively recognize specific customer
10 needs, such as support for low-income individuals, or
11 identify the likelihood of serving electric vehicles
12 in a certain area. This benefits our customers by
13 allowing the company to offer customer assistance
14 options before any service disconnection occurs, or
15 proactively plan for additional infrastructure to
16 improve reliability and deliver uninterrupted service.
17 Furthermore, AI can be employed to detect high energy
18 consumption patterns and thresholds, enabling us to
19 proactively present energy management solutions to our
20 customers, giving them more control over their energy
21 usage, and ensuring a more efficient and responsive
22 service experience. The company will invest \$4.1
23 million on these projects in 2025.

- 24
25 3. Optional Customer Programs: We will improve the

1 company's portfolio of optional programs by providing
2 customers more choice and flexibility in how they use our
3 services. Such programs are intended to cater to the
4 diverse needs and preferences of our customer base,
5 enhancing their overall experience and satisfaction with
6 our services. The company plans to invest \$4.9 million into
7 projects in 2025 that aim to benefit our entire customer
8 base.

9
10 **(5) 2025 CUSTOMER EXPERIENCE RATE BASE AND O&M EXPENSES**

11 **Q.** How much capital did the company invest in Customer
12 Experience during the three-year term of the 2021 Agreement
13 from 2022 through 2024?

14
15 **A.** For the period 2022 through 2024, the company invested
16 approximately \$39.5 million in capital projects for the
17 Customer Experience area, of which \$34.8 million is rate
18 base expenditures. The projects associated with this
19 spending and their dollar amounts by year are reflected in
20 Document No. 6 of my exhibit. The 2022 and 2023 amounts on
21 this schedule are actual numbers, and the 2024 amounts are
22 forecasted based on the company's 2024 budget. I previously
23 described the groups of capital projects that represent
24 the key areas of capital investment.

25

1 Q. How much capital does the company expect to invest in 2025?

2

3 A. In 2025, the company expects to invest approximately \$15.1
4 million in capital projects for the Customer Experience
5 area, of which \$13.4 million is rate base expenditures.
6 The projects associated with this amount are shown on
7 Document 6 of my exhibit. I previously described the
8 capital projects that make up this total and explained why
9 they are prudent.

10

11 Q. What is the total capital investment in the Customer
12 Experience area between 2022 and 2025?

13

14 A. The total capital investment in the Customer Experience
15 area between 2022 and 2025 is expected to be \$48.2 million.

16

17 Q. What is the total amount of 2025 rate base attributable to
18 the Customer Experience area?

19

20 A. The total amount of 2025 rate base capital for the Customer
21 Experience area is \$13.4 million.

22

23 Q. Is this amount of 2025 rate base for the Customer
24 Experience area reasonable and prudent?

25

1 **A.** Yes. This amount represents the Customer Experience rate
2 base that will be in service and used and useful by the
3 company to provide safe, reliable electric service to our
4 customers. It also reflects the capital investments since
5 2021 described previously in my testimony, which are
6 prudent for the reasons I described.

7
8 **Q.** What is the forecasted amount for 2025 Customer Experience
9 O&M expenses, and is this amount reasonable?

10
11 **A.** In 2025, the company plans to spend approximately \$108.1
12 million in O&M expenses for Customer Experience, of which
13 \$45.4 million is related to base rates.

14
15 **Q.** How have the company's Customer Experience operating
16 expenses changed since its last rate case? What items are
17 causing the increase in operating expenses?

18
19 **A.** The 2025 budgeted Customer Experience O&M expenses are
20 approximately \$31.9 million higher than 2022, of which \$7.9
21 million is related to base rates. This is 21 percent
22 greater compared to 2022, largely due to a rise in bad debt
23 expense and meter reading. The meter reading increase is
24 attributed to the annual software maintenance fees for the
25 AMI software and data management solution.

1 Q. What is the performance against the O&M benchmark for 2020
2 in each of the Customer Experience functional expense
3 groups?
4

5 A. As shown in MFR Schedule C-37, Tampa Electric is well below
6 the benchmark in all Customer Experience functional areas.
7 Customer Accounts \$6.5 million under
8 Customer Service and Information \$2.4 million under
9 Sales Expenses \$0.02 million under
10

11 Q. What are the main causes of the company's Customer
12 Experience O&M expenses?
13

14 A. The main causes of the company's Customer Experience-
15 related O&M expenses include labor, outside services such
16 as augmented staffing, and other operational expenses. The
17 operational expenses include but are not limited to: (1)
18 customer billing fees (vendor fees and postage); (2)
19 processing fees associated with customer payments; (3)
20 high-volume call answering ("HVCA") fees; (4) IVR virtual
21 hold fees; and (5) other expenses associated with
22 maintenance of our systems.
23

24 Q. What steps has the company taken to reduce O&M expenses in
25 the Customer Experience area?

1 **A.** The company has taken the following actions to reduce
2 Customer Experience O&M expenses.

3
4 1. Outsourcing Staffing for Contact Center: The company
5 engaged third-party service providers to temporarily
6 augment the staffing in our contact center. This
7 allowed us to adjust the company's workforce based on
8 demand without incurring the fixed costs associated
9 with full-time team members. This outsourcing enabled
10 the company to maintain service levels during peak
11 periods while controlling labor costs.

12
13 2. Process Re-engineering: We are conducting a
14 comprehensive review of the company's business
15 processes to discover ways to eliminate
16 inefficiencies. This will help to streamline
17 workflows and improve service delivery.

18
19 3. Adoption of Technology and Automation: Tampa Electric
20 is investing in technology and automation to
21 streamline operations. This includes implementing
22 digital capabilities to help customers self-serve.
23 These technologies will help to improve efficiency
24 and reduce the need for customers to call.

25

1 4. Vendor Contract Renegotiations: We are renegotiating
2 contracts with vendors and service providers to secure
3 more favorable terms. The company has been successful
4 in reducing the costs of goods and services by
5 exploring competitive options.

6
7 5. Training and Development: The company provided
8 training and development programs for existing staff
9 to improve productivity and reduce errors. This
10 initiative has enhanced employee performance, leading
11 to more efficient operations and reduced costs.

12
13 These steps have collectively contributed to a substantial
14 reduction in O&M expenses, enabling the organization to
15 operate more efficiently and cost-effectively.

16
17 **Q.** How many team members were employed in the Customer
18 Experience area in 2022 and 2023?

19
20 **A.** The average number of team members in 2022 was 407, and in
21 2023 it was 393.

22
23 **Q.** How many team members do you expect to employ in the
24 Customer Experience area in the 2025 test year?

25

1 **A.** We expect to employ an average of 379 team members in the
2 Customer Experience area in 2025. This is a reasonable
3 number of team members to perform the work in the Customer
4 Experience area.

5
6 **Q.** How have uncollectible account expenses varied in 2023 and
7 2024 and is the company's proposed level of uncollectible
8 expenses reasonable for the 2025 test year?

9
10 **A.** As highlighted in my testimony, customers have faced
11 difficulties in paying their utility bills, underlining
12 the critical need for flexible customer assistance options.
13 In 2023, we observed a significant increase in bad debt
14 expense, more than doubling due to the aftermath of COVID-
15 19 and inflationary pressures. However, we anticipate a
16 downward trend in bad debt expense beginning in 2024,
17 driven by improving inflation rates and the company's
18 sustained commitment to offering adaptable customer
19 support options. The company's proposed level of bad debt
20 expense for the 2025 test year is \$5.8 million, which is
21 reasonable based on past experience and expected economic
22 conditions for the test year.

23
24 **Q.** What is the company's proposed level of advertising expense
25 for 2025?

1 **A.** Advertising expense for customer education is shown in MFR
2 Schedule C-14 and it equals to \$3.8 million.

3

4 In developing the company's advertising budget for 2025,
5 the company considered changes in our customers' demands
6 for information, as well as the cost dynamics of the
7 advertising market in our service territory.

8

9 **Q.** Please describe the changes in customer demand for
10 information.

11

12 **A.** Our customers are seeking more information and guidance
13 from Tampa Electric regarding programs and services,
14 specifically as it relates to energy efficiency,
15 conservation, and reducing their overall energy bill.

16

17 The company's advertising decisions are also influenced by
18 our research, which shows that the non-English speaking
19 population in our service area is growing. As this
20 population increases, Tampa Electric needs to make sure we
21 are communicating with these customers effectively. This
22 likely will require translating advertising materials into
23 multiple languages and placing ads in new channels.

24

25 **Q.** How are the cost dynamics in Tampa Electric's advertising

1 market changing?
2

3 **A.** The competitive nature of the Tampa market, with its rapid
4 growth and a limited amount of advertising space on
5 billboards and television, poses a significant challenge
6 for our business. Digital advertising is also expensive in
7 our market - Tampa ranks as the 13th most expensive city
8 in the nation in which to buy digital advertising.

9
10 Tampa Electric also competes for advertising space -
11 physical and digital - with much higher-margin industries,
12 such as tourism and other Fortune 500 companies, that are
13 willing to pay top dollar to place their advertisements.
14 The rising cost of high-quality advertising is impacted by
15 increasing labor, technology, and media expenses, and
16 creates cost pressure for the company. Tampa Electric
17 addresses these pressures by exploring innovative methods
18 of delivering updates and communications to ensure our
19 customers remain well-informed and engaged across their
20 channels of choice.

21
22 **Q.** Is the company's proposed level of advertising expense in
23 2025 reasonable?

24
25 **A.** Yes. The company is increasingly focused on meeting and

1 exceeding evolving customer expectations, which includes
2 educating our customers on services and solutions that will
3 meet their needs. The company makes sure our customers
4 receive updates and communications through various
5 delivery methods including printed communications, social
6 media, and online platforms. We also work to maximize our
7 advertising efficiency and ensure our messages are
8 delivered to the right audience with a targeted, strategic
9 approach.

10
11 **Q.** Is the company's proposed overall level of Customer
12 Experience related O&M expense for 2025 reasonable?

13
14 **A.** Yes. The overall level of Customer Experience related O&M
15 expense for 2025 is reasonable. The company remains focused
16 on prudently investing in strategic functions that will
17 enhance the customer experience while keeping overall
18 expenses relatively flat as compared to 2023 and 2024.

19
20 **(6) PROGRAMS FOR LOW-INCOME CUSTOMERS**

21 **Q.** Has the company implemented new processes or programs to
22 assist low-income customers?

23
24 **A.** Yes. The company implemented new processes to assist low-
25 income customers and has additional plans to enhance the

1 level of support in this area. For example, the company
2 has established a direct referral process with external
3 community partners who are only able to provide partial
4 assistance. This process includes: (a) following up with
5 customers on the remaining balance and ensuring service is
6 not interrupted, (b) coordinating financial assistance
7 with third-party assistance agencies, and (c) arranging
8 installment payment plans.

9
10 **Q.** Have these efforts been successful?

11
12 **A.** Yes, but we would like to do more. In 2023, we were able
13 to secure assistance for approximately 28,000 Tampa
14 Electric customers for a total of approximately \$12 million
15 dollars. However, Tampa Electric was only able to provide
16 approximately seven percent of our low-income population
17 with low-income energy assistance funds due to a decrease
18 in funding at the state level. Since federal assistance
19 dollars have declined significantly since 2021, Tampa
20 Electric updated the customer assistance referral process
21 to ensure customers who were unsuccessful in obtaining
22 assistance can be referred to the company's internal team
23 to discuss other financial options.

24
25 Tampa Electric continues to advocate for the Low-Income

1 Home Energy Assistance Program ("LIHEAP") funding through
2 its participation in the LIHEAP Action Day and through the
3 National Energy & Utility Affordability Coalition
4 ("NEUAC").

5
6 **Q.** Is Tampa Electric proposing any new programs for low-income
7 customers in this rate case?

8
9 **A.** Yes. Tampa Electric is proposing a new program for low-
10 income seniors known as Senior Care. This program would be
11 available for Tampa Electric customers over the age of 65
12 who are enrolled in Medicaid. Participating customers will
13 receive a monthly credit of \$10 to help them pay their
14 Tampa Electric bill. Additional details regarding the
15 design and operation of this program are provided in the
16 direct testimony of Mr. Williams.

17
18 **Q.** Why is Tampa Electric proposing this program?

19
20 **A.** Offering a senior low-income discount is a beneficial and
21 socially responsible practice. Energy is essential for
22 daily living and providing our low-income seniors with
23 access to electricity at an affordable rate ensures that
24 our most vulnerable population is not left behind.

25

1 Many of our low-income seniors already live on fixed
2 incomes, and often these incomes are not sufficient to
3 cover all expenses, including utilities. Providing a senior
4 low-income discount can help to alleviate the financial
5 strain and reduce risk of our low-income seniors having to
6 choose between paying their energy bill and paying other
7 essential items (e.g., medicine).

8
9 Lastly, offering a low-income senior discount reduces the
10 likelihood that a senior might fall behind on their utility
11 bill and face disconnection of service. This practice
12 benefits both the customer and the utility company as it
13 prevents interruption of service and keeps administrative
14 costs associated with managing delinquent accounts low.

15
16 **(7) PROPOSED TARIFF CHANGES**

17 **Q.** Is the company proposing tariff changes in this proceeding
18 to better meet the needs of customers and improve the
19 customer experience?

20
21 **A.** Yes. Tampa Electric is proposing the following tariff
22 changes:

- 23 • Economic Development Rider
- 24 • Alternative Payment Arrangements for Contribution in
25 Aid of Construction Process

- 1 • Increasing Lighting Wattage Percentage
- 2 • Updating Deposits Language for Sponsors
- 3 • Senior Care Program

4 These changes are discussed in Mr. Williams's direct
5 testimony.

6

7 **(8) SUMMARY**

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

9

10 **A.** Tampa Electric continues to provide excellent service to
11 its customers. We have thoughtfully and deliberately
12 invested in information technology to ensure that our
13 customer billing systems are up to date and interact with
14 AMI and other Electric Delivery systems to improve service
15 to our customers. We continue to enhance our ability to
16 communicate with our customers using multiple channels so
17 they can communicate with us using their preferred method.
18 Although hot weather, higher usage, fuel and storm costs,
19 and general economic conditions challenged our customers
20 and Customer Contact Centers in 2023, we responded quickly
21 and are improving our processes for the future.

22

23 We are prioritizing financial discipline, digital and
24 process innovation, and support for customers facing
25 hardship. We will continue to streamline our operations

1 and to offer customers more convenient and efficient ways
2 to interact with us. Our proposed levels of Customer
3 Experience capital investment and O&M expenses for 2025
4 are reasonable and prudent and should be approved so we
5 can continue to provide high-quality service to our
6 customers.

7

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

9

10 **A.** Yes, it does.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 BY MS. PONDER:

2 Q Ms. Sparkman, did you prepare a cause to be
3 filed with your direct testimony in exhibit, marked
4 KKS-1, consisting of six documents?

5 A Yes.

6 MS. PONDER: Mr. Chairman, Tampa Electric
7 would like to note for the record that Exhibit
8 KKS-1 has been identified on the CEL as Exhibit 17.

9 CHAIRMAN LA ROSA: Okay.

10 BY MS. PONDER:

11 Q Ms. Sparkman, would you please summarize your
12 prepared direct testimony?

13 A Yes.

14 Good morning, Commissioners. My direct
15 testimony today focuses on Tampa Electric's unwavering
16 commitment to our customer experience area, which is at
17 the heart of our operations.

18 At Tampa Electric, our primary goal is to
19 deliver exceptional customer service, not just as an
20 energy provider, but as a trusted partner in our
21 customers' lives.

22 Our strategy is designed to meet and exceed
23 evolving customer expectations by ensuring that every
24 single interaction is seamless, transparent and
25 personalized to address the unique needs of each of our

1 customers.

2 Over the years, we have seen a significant
3 shift in what customers expect from their utility
4 providers. Today's customers demand more than just a
5 reliable service. They seek a relationship built on
6 trust, convenience and proactive support.

7 Recognizing this, Tampa Electric has
8 implemented a comprehensive customer experience strategy
9 that emphasizes innovation, responsiveness and also
10 continuous improvement. We are committed to being a
11 reliable and trusted energy partner now and in the
12 future.

13 This commitment is reflected in our customer
14 experience rate base amounts and operation and
15 maintenance levels for the 2025 test year, which we
16 believe are not only reasonable and prudent, but are
17 also essential for sustaining and enhancing the quality
18 of service our customers deserve and expect from us.
19 These investments are carefully planned to ensure we
20 continue delivering value, safety and reliability to our
21 customers, while also preparing for future needs of our
22 community.

23 In summary, our request in this rate case is
24 about more than just numbers. It is about maintaining
25 and advancing a customer experience that our customers

1 can depend on now and in the years to come. We believe
2 this approach is prudent and in the best interest of our
3 customers.

4 That concludes my summary.

5 CHAIRMAN LA ROSA: Thank you.

6 MS. PONDER: Mr. Chairman, I will tender Ms.
7 Sparkman for cross-examination.

8 CHAIRMAN LA ROSA: Thank you.

9 OPC, you are recognized when you are ready.

10 MS. WESSLING: Thank you, Mr. Chair.

11 EXAMINATION

12 BY MS. WESSLING:

13 Q And good morning, barely, Ms. Sparkman. It's
14 nice to see you. I think we met about a month ago at
15 your deposition.

16 A We did.

17 Q I just want to get right into my questions.

18 So you are currently the Vice-President of
19 Customer Experience for Tampa Electric?

20 A I am.

21 Q And you have worked for Tampa Electric since
22 2017, and you have been in your current role as
23 Vice-President of Customer Experience since 2020, is
24 that right?

25 A Yes. That's correct.

1 Q And you are familiar, and you attended the
2 three different customer service hearings that were held
3 in this docket, correct?

4 A Yes, I did.

5 Q Would you agree that approximately 53
6 customers either called in or came in person to speak to
7 the Commission about Tampa Electric's requested rate
8 increase?

9 A Yes, I agree.

10 Q And would you agree that all but one of those
11 customers were opposed to rate increase?

12 A I don't agree with that, because all customers
13 that came and spoke did not come to speak specifically
14 about opposition of the rate increase.

15 Q Of the customers who did speak about the rate
16 increase, all but one were opposed, though, correct?

17 A Yes. That's correct.

18 Q And the Commission also allowed customers to
19 submit written comments about this case, which were
20 filed in the docket, correct?

21 A That's correct.

22 Q And you are familiar with those comments?

23 A I am generally familiar. I perused many,
24 many, many, many of those comments, and in some
25 situations where there was opportunity for us to assist

1 customers with specific concerns based on those
2 comments, we would have reached out to do so.

3 MS. WESSLING: Sure. And this is sort of a
4 question for staff, but I am just confirming that
5 what OPC had as OPC 16 in a preliminary
6 cross-examination exhibit was entered as Exhibit
7 832, so that's already in evidence, is that
8 correct?

9 CHAIRMAN LA ROSA: Staff, for clarification?

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

11 MS. WESSLING: Okay. Great. Thank you.

12 BY MS. WESSLING:

13 Q So you certainly haven't memorized all of
14 those customer comments, and I wouldn't expect that, but
15 you are familiar with the ones that have been filed in
16 the dock? I think I just asked that.

17 Many -- would you agree that several of these
18 comments came in well before the customer service
19 hearings took place?

20 A From a timing perspective, yes, I would agree
21 with that.

22 Q Almost as soon as the petition was filed on
23 April 2nd, the Commission began receiving customer
24 comments, would you agree?

25 A I don't recall the timing of that, so I -- I

1 am not certain. I don't remem -- I don't know.

2 Q Okay. Would you agree, and subject to check,
3 that approximately 840 written customer comments were
4 submitted in this docket?

5 A I would agree. And I would also add that many
6 of the ones I looked at, though, were not unique and in
7 nature, and it looked like they were more, like, form
8 type of submissions. Many -- I looked at many, many
9 that were similar in nature, just had a different
10 customer name to them.

11 Q Okay. So that was my follow-up question, was,
12 although, many had identical or nearly identical
13 comments, they each had unique names, or customer names
14 and addresses?

15 A The ones I would have looked at, yes.

16 Q Okay. And of those comments, those written
17 comments specifically, it's fair to say that 99 to 100
18 percent of them were not supportive of a rate increase,
19 would you agree?

20 A I don't agree just on the basis that I didn't
21 review 99 percent of them, so I am -- I am not certain.

22 Q That's fair.

23 Of the ones that you did review, would you
24 agree that 99 percent, if not 100 percent, of them were
25 opposed to a rate increase?

1 A I would say, of the ones that I reviewed, they
2 definitely had feedback and feelings about the rate
3 case -- about the rate increase, yes.

4 Q And those feelings were negative, correct?

5 A Generally, yes.

6 Q Are you aware of any that were supportive of a
7 rate increase?

8 A Not that I saw in those -- in what was
9 submitted, no.

10 Q Okay. I would like to go to page 15, line
11 one, of your testimony, please. And I just have a few
12 questions about one aspect of your testimony regarding
13 the customer digitalization, which I have struggled to
14 say smoothly, but --

15 So starting on page 15, line 1 of your
16 testimony, it says that Tampa Electric has invested
17 \$13.8 million in customer digitalization during the 2021
18 through 2024 settlement period.

19 A Yes. That's correct.

20 Q And it's your position, and, therefore, Tampa
21 Electric's position, that these investments were driven
22 by evolving customer expectations?

23 A Yes. That's correct.

24 Q And on page eight of your testimony, lines
25 nine through 11 -- we can go there, but I can also read

1 it, and you can just confirm for me. But you state
2 that: Our customers live in a digital world and expect
3 an experience from our electric utility -- excuse me --
4 from their electric utility that is similar to what they
5 receive from customers like Amazon and Uber. Do you
6 remember that part of your testimony?

7 A Yes.

8 Q All right. I would like to identify Exhibit
9 OPC-12, which I believe is Exhibit 237 on the CEL.

10 All right. Ms. Sparkman, are you familiar --
11 just looking at the first page for right now, are you
12 familiar with this exhibit?

13 A Yes.

14 Q Okay. Is this an exhibit that was considered a
15 late-filed exhibit to your deposition that was taken
16 just under a month ago?

17 A Yes.

18 Q And if we could turn to Bates page two, which
19 ends in 1381. I need to rotate it as well.

20 All right. There is a zoom-in function here.
21 I am not sure if you see that, but if you -- I was going
22 to ask if you could read the text in the top blue box at
23 the top of the page. Are you able to read that?

24 A I am looking to zoom in. Just a moment,
25 please.

1 Q If not, I have a -- I have a paper copy, if
2 that would be easier.

3 A That would be easier, please.

4 Q Okay.

5 A Thank you.

6 Q Okay.

7 MS. WESSLING: If I could just have a minute
8 to pass out the --

9 CHAIRMAN LA ROSA: Yeah.

10 MS. WESSLING: I wasn't sure if she would be
11 able to read it.

12 CHAIRMAN LA ROSA: Yeah, understood. It's
13 small text.

14 THE WITNESS: Yeah, perfect. Thank you.

15 BY MS. WESSLING:

16 Q All right. Ms. Sparkman, now this -- it's
17 somewhat better. I know it's still fairly small, but
18 are you able to read the blue box at the top of the
19 page?

20 A Yes, I am.

21 Q Okay. And just confirming, this is not a
22 confidential exhibit?

23 A It is not.

24 Q Okay. If you could please read all of the
25 text that's in that blue box?

1 A Okay. The title says: Source, August 2023,
2 Power Panel Engagement Survey, Price and Affordability.

3 The power panel is a customer research panel
4 composed of Tampa Electric residential customers who
5 have opted in to provide feedback on an ongoing basis.
6 The panel is managed internally by the research team and
7 receives monthly engagement surveys on various topics to
8 gather insights to improve the customer experience.
9 Responses to individual questions from the price and
10 affordability monthly engagement survey are presented
11 below.

12 **Q Thank you very much.**

13 **All right. So I want to make sure I**
14 **understand. This is a survey that's given to Tampa**
15 **Electric customers who to -- who agreed to participate**
16 **in the survey on ongoing basis, is that right?**

17 A Yes. This was a survey presented a moment in
18 time to a group that agrees to participate in various
19 surveys.

20 **Q Okay. And in August of 2023, this survey**
21 **regarded price and affordability, is that right?**

22 A Yes.

23 **Q Okay. And this page reflects answers to two**
24 **different questions, would you agree?**

25 A Yes.

1 Q And one of those questions as meant to use the
2 second question asks: Would you be willing to pay a
3 little more, a lot more or no additional cost to Tampa
4 Electric to invest more into any of the following?

5 Do you see that?

6 A Yes.

7 Q And correct me if I am wrong, but the results
8 of this survey show that out of all of these options
9 listed below where the question is, that 86 percent of
10 customers said that they were not willing to pay
11 additional money for digital service options, such as,
12 mobile apps billing and website. Do I have that right?

13 A Yes, for this particular subset of customers
14 we surveyed, yes.

15 Q And, in fact, out of all of these options
16 listed here, the digital service option selection was a
17 topic that customers were least willing to pay
18 additional money for, is that right?

19 A That is correct.

20 Q However, Tampa Electric has included \$4.4
21 million in the 2025 test year and intends to charge this
22 to customers for these customer digitalization projects,
23 is that right?

24 A Yes. That's correct.

25 Q If we could turn this page over, so it's next

1 **Bates page. This blue box at the top of page, are you**
2 **familiar with the Tampa Electric Relational Survey?**

3 A Yes, I am.

4 Q Okay. And if you could, please read all of
5 **the text in this blue box?**

6 A Source, Tampa Electric Relational Survey.
7 Ongoing survey data displayed through December 2023.
8 The Tampa Electric Relational Survey is an ongoing
9 survey to capture customer sentiment and feedback on
10 their relationship with Tampa Electric. The survey is
11 managed by the research team, and is distributed to all
12 Tampa Electric residential customers who have an email
13 address on file once every 12 months -- once every 12
14 months. The insights from this survey are used to keep
15 a pulse on customer satisfaction at all times, and drive
16 customer experience improvements. Responses to
17 individual questions from the survey are presented
18 below. This survey is currently active, and reported
19 results are subject to change as more responses are
20 collected.

21 Q Thank you very much.

22 And, again, I want to make sure I understand
23 the parameters for this particular survey. So this is
24 the survey that goes at once a year to all Tampa
25 Electric customers who have an email address on file, is

1 that right?

2 A Yes.

3 Q And these -- what's reflected here are the
4 survey results as of December of 2023?

5 A That's correct.

6 Q And that -- December of 2023 was very shortly
7 before the testing notification letter, and then
8 ultimately the petition for rate increase was filed,
9 would you agree?

10 A I am sorry, could you repeat the question?

11 Q Sure.

12 So if these are the results as of December of
13 2023, that was one month before the test year
14 notification letter, and three months before the
15 petition for rate increase were filed in this case,
16 would you agree?

17 A Yes.

18 Q All right. And the question asked at the top
19 of the page -- do you see where it says: Most important
20 elements of service?

21 A Yes.

22 Q And there are nine items listed here, correct?

23 A Uh-huh. Yes.

24 Q And out of those nine items, providing
25 self-service digital offerings have the lowest

1 **percentage of importance to customers, would you agree?**

2 A Yes, I would agree with that. But I would
3 also add that many of those items, including safely
4 restoring power after an outage, preparing for storms,
5 effectively communicating with customers, having billing
6 and payment options all have a digitalization component.

7 And for example, our outage map is a
8 digitalization component, and that is a priority for our
9 customers. In fact, their top item on here is safely
10 restoring power after an outage. And part of that
11 includes accessing the outage map to get timely and
12 accurate information on when a customer's outage is
13 going to be restored in their particular neighborhood.
14 And that is a digitalization component, as are many of
15 these most important elements of service.

16 **Q Does Tampa Electric currently have an outage**
17 **map?**

18 A Yes, we do.

19 **Q So that wouldn't be included in this \$4.4**
20 **million and Tampa Electric is seeking in the 20.5 test**
21 **year, is that accurate?**

22 A There are some enhancements to the outage map,
23 yes, that are included in that bucket.

24 **Q But not -- it's not like there is no outage**
25 **map right now, and without this \$4.4 million, customers**

1 **won't have an outage map, is that accurate?**

2 A Yes, that is accurate. But I will also point
3 you to number three, which is effectively communicating
4 with customers, which also falls into the digitalization
5 bucket. Customers demand more education today more than
6 ever, and they want to be able to do it when and when --
7 when and where want. And so part of that is ensuring
8 that our websites are updated with the most accurate
9 up-to-date information, which is also part of the
10 digitalization bucket.

11 **Q And you would -- I am sure you would agree**
12 **that you currently effectively communicate with**
13 **customers, correct?**

14 A I don't know that I would totally agree with
15 that, because often, more often than not, customers
16 indicate that they would like for us to communicate more
17 with them. Communication is actually one of the top
18 items that customers wish for us to do more of. Educate
19 them on what we are doing in the community. Educate
20 them on products and services. Educate them on how we
21 are bringing exponential value. So communication is
22 actually always at the top of the list of items that we
23 could do better.

24 **Q But you would agree that during the 2021**
25 **settle agreement period, you had all of the resources**

1 **you needed to effectively communicate with customers,**
2 **correct?**

3 A I would say that in 2021, that probably was
4 correct, but the landscape has changed significantly
5 since then. Since 2021, more of our customers now are
6 opting for advanced technology. More of our customers
7 are working from home, making reliability more important
8 than ever, and so even our 99.98 percent reliability
9 percentage is not good enough for our customers. Our
10 customers want perfect power, and they tell us that all
11 the time.

12 Q **And speaking of the effectively communicating**
13 **with customers, that's -- that is something that is**
14 **34 -- I guess I don't know how to rank this -- but the**
15 **34 percent number next to that indicates that the**
16 **ranking of effectively communicating with customers is**
17 **multiple times more important to customers than**
18 **providing self-service digital offerings, you would**
19 **agree?**

20 A I would say that providing self-service
21 digital offerings, again, is embedded in each of those
22 items.

23 Q **But of the customers who looked at this, the**
24 **only time digital appeared was in this providing**
25 **self-service digital offerings, correct?**

1 A Yes. That's correct.

2 Q So if a customer is looking at this and
3 looking at these different options and ranking them,
4 when they are responding about the importance of digital
5 offerings, they are responding that that is the least
6 important?

7 A So I would offer that that's really the
8 customer perception, and I am not sure what customers
9 were thinking about when they answered this, but I would
10 not expect that a customer know more about our business
11 than we do, and so I don't know that they would think
12 that there is a digital component to safely restoring
13 power after an outage, or preparing for storms, or
14 effectively communicating with customers; but certainly,
15 that is how we think, because that is our business.

16 Q But these are -- these numbers here are --
17 reflect customer feedback, correct?

18 A That's correct.

19 Q Not the Tampa Electric's belief about
20 digitalization?

21 A That's correct.

22 Q All right. And in your testimony on page
23 one1, lines 10 through 17, you discuss Tampa Electric's
24 optional customer programs, and we can go there to
25 confirm that. Do you see that part of your testimony?

1 A Yes.

2 Q And during the most recent settlement
3 period -- I think I said 2021 earlier. I meant 2022
4 through 2024 -- Tampa Electric collected \$7.2 million
5 from all of Temple Electric's customers for these
6 optional customer programs, is that accurate?

7 A Just a minute, please. I need to zoom out.

8 Q I think that number is on page 19, but --

9 A Yep. That's correct.

10 Q Okay. And Tampa Electric has included \$4.9
11 million in the 2025 test year for these programs, which,
12 if approved, will be charged to all customers; is that
13 right?

14 A Yes. That's right.

15 Q And you have said previously that Tampa
16 Electric designs these programs so that any of all
17 customers can participate them, right?

18 A Yes. That's correct.

19 Q However, not all customers can actually
20 participate in all programs, would you agree?

21 A No, I don't -- I would not agree.

22 Q Okay. If we could, I would like to identify
23 OPC 13, please, which I believe is Exhibit 238 from the
24 CEL.

25 All right. Ms. Sparkman, do you recognize

1 this exhibit?

2 A Yes.

3 Q Is this another late-filed exhibit to your
4 recent deposition?

5 A Yes.

6 Q Okay. On page three, which ends in, the Case
7 Center number is 1401, here you discuss -- on this page,
8 rather, you discuss the fleet EV Charging Program,
9 correct?

10 A Yes.

11 Q And in this document, you indicated that the
12 company has not decided which rate classes the Fleet EV
13 Charging Program will be made available to, correct?

14 A That's correct.

15 Q If you can't, right now, say that it will
16 apply to all customers, then it doesn't that necessarily
17 mean that not all customers be able to participate?

18 A I don't think that that's what it necessarily
19 means. I mean -- and I think the word "fleet" is a
20 little misleading, because, you know, when you are
21 reading fleet, you are probably generally thinking about
22 a business customer with a fleet. But investing in
23 fleet could also mean, you know, helping to set up the
24 electric vehicle charging stations at a gas station for
25 any and all customers to be able to use, whether they

1 are residential customers or business customers, et
2 cetera. So that's -- it's still too early to tell,
3 because that is an optional program that we have not yet
4 started to develop yet.

5 **Q However -- okay. So it's not fully developed**
6 **at this time, right? Is that what you just said?**

7 A Yeah. It's not developed.

8 **Q Okay. So you would agree that looking at**
9 **this, and as you just said, that the word "fleet" could**
10 **be misleading, because you are saying that this could**
11 **apply to something that all customers could take**
12 **advantage of?**

13 A Yes. That's correct.

14 **Q If it's not fully developed yet, why is it**
15 **being included in this test year request?**

16 A Because it's in design doing, and so part of
17 what we have to do is we have to pilot out and design
18 functional optional programs that our customers will
19 want to use. We have to know things like are customers
20 interested in these optional programs? If they are
21 interested, what are they interested in? How much are
22 they willing to pay?

23 And so part of that design doing and ideation,
24 and just the innovative thinking is what's included in
25 the rate base component. And so we have to do that

1 pre-work before we can roll out optional customer
2 programs that customers will use.

3 **Q So although the details of this program are**
4 **not clear, it is clear that if the Commission approves**
5 **all of this \$4.9 million in the 2025 test year, all**
6 **customers will begin paying for that starting January**
7 **1st of 2025?**

8 A Yes. That's correct. And it's our
9 responsibility, as a company, to plan for the future.
10 And, you know, part of how we plan for the future is we
11 have to start thinking about innovation, and what type
12 of innovation is going to bring the right value add
13 components for our customers. And that's part of what's
14 included in that 4.9 million.

15 **Q Another one of these programs is a Residential**
16 **EV Charging Program, is that right?**

17 A Yes.

18 **Q Commercial and industrial customers won't be**
19 **able to participate in that program, will they?**

20 A That one is also currently in the design
21 thinking phase. We -- we just -- that -- that funding
22 -- we just started working on that, so I don't -- I
23 don't know that small bus -- I think small commercial
24 customers certainly would be able to participate in
25 that.

1 Q What about industrial customers?

2 A I am not certain. I wouldn't assume so just
3 by the residential title on that.

4 Q And again, all customers started January 1st,
5 2025, will be paying for the development of that program
6 that the commission approves this full \$4.9 million
7 amount?

8 A That's correct.

9 Q All right. If we could turn to --

10 CHAIRMAN LA ROSA: Ms. Wessling, I don't want
11 to disrupt the genre of questions you are you're
12 asking, but it is 12 o'clock. So I will allow you
13 to continue on with the questions --

14 MS. WESSLING: This would be a good time for a
15 break.

16 CHAIRMAN LA ROSA: Okay. All right. So let's
17 go ahead and do that. Let's break for lunch. It's
18 few minutes after 12:00. So let's say at 1:10,
19 let's reconvene at 1:10.

20 Thank you.

21 (Lunch recess.)

22 (Transcript continues in sequence in Volume
23 3.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

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

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

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 21st day of September, 2024.



DEBRA R. KRICK
NOTARY PUBLIC
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