BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240001-EI

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.
_____/

VOLUME 2 - PAGES 237 - 355

PROCEEDINGS:	HEARING
COMMISSIONERS PARTICIPATING:	CHAIRMAN MIKE LA ROSA COMMISSIONER ART GRAHAM COMMISSIONER GARY F. CLARK COMMISSIONER ANDREW GILES FAY COMMISSIONER GABRIELLA PASSIDOMO
DATE:	Tuesday, November 5, 2023
TIME:	Commenced: 10:00 a.m. Concluded: 11:54 a.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY:	DEBRA R. KRICK Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

I N D E X

EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	313	313
2-80	As identified in the CEL	313	314

P R O C E E D I N G S

(Transcript follows in sequence from Volume 1.)

(Whereupon, prefiled direct testimony of Elena B. Vance was inserted.)

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI

IN RE: FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

GENERATING PERFORMANCE INCENTIVE FACTOR

TRUE-UP

JANUARY 2023 THROUGH DECEMBER 2023

TESTIMONY AND EXHIBIT

OF

ELENA B. VANCE

C18-1369

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

ELENA B. VANCE

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

A. My name is Elena B. Vance. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") in the position of Manager, Unit Commitment.

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

A. I received a Bachelor of Science degree in Chemical Engineering from the University of South Florida in 1999 and a Master of Business Administration with a concentration in Finance in 2003 from the University of Tampa. I have accumulated 26 years of experience in the electric industry, with experience in the areas of plant operations, unit commitment and economic dispatch, and resource planning. In my previous role as a Senior Engineer in the Resource Planning Department, I was responsible for long term study

analysis and project economic analysis. In my current role as Manager, Unit Commitment, I am responsible for supervising the short-term dispatch of our units, project economic analyses and various unit performance analyses used for long-term forecasting and planned outages.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present Tampa Electric's actual performance results from unit equivalent availability and heat rate used to determine the Generating Performance Incentive Factor ("GPIF") for the period January 2023 through December 2023. I will also compare these results to the targets established for the period.

Q. Have you prepared an exhibit to support your testimony?

A. Yes, I prepared Exhibit No. EBV-1, consisting of two documents. Document No. 1, entitled "GPIF Schedules" is consistent with the GPIF Implementation Manual approved by the Florida Public Service Commission ("FPSC" or "Commission"). Document No. 2 provides the company's Actual Unit Performance Data for the 2023 period.

Q. Which generating units on Tampa Electric's system are included

in the determination of the GPIF?

A. Big Bend Unit 4, Polk Unit 2, and Bayside Units 1 and 2 are included in the calculation of the GPIF.

Q. Have you calculated the results of Tampa Electric's performance under the GPIF during the January 2023 through December 2023 period?

A. Yes, I have. This is shown on Document No. 1, page 4 of 23. Based upon 2.051 Generating Performance Incentive Points ("GPIP"), the result is a reward amount of $1,830,750 for the period.

Q. Please proceed with your review of the actual results for the January 2023 through December 2023 period.

A. On Document No. 1, page 3 of 23, the actual average common equity for the period is shown on line 14 as $4,639,319,076. This produces the maximum penalty or reward amount of $8,924,442 as shown on line 23.

Q. Will you please explain how you arrived at the actual equivalent availability results for the four units included within the GPIF?

A. Yes. Operating data for each of the units is filed monthly with the Commission on the Actual Unit Performance Data form. Additionally, outage information is reported to the Commission monthly. A summary of this data for the 12 months provides the basis for the GPIF.

Q. Are the actual equivalent availability results shown on Document No. 1, page 6 of 23, column 2, directly applicable to the GPIF table?

A. No. Adjustments to actual equivalent availability may be required as noted in Section 4.3.3 of the GPIF Manual. The actual equivalent availability including the required adjustment is shown on Document No. 1, page 6 of 23, column 4. The necessary adjustments as prescribed in the GPIF Manual are further defined by a letter dated October 23, 1981, from Mr. J. H. Hoffsis of the Commission's Staff. The adjustments for each unit are as follows:

Big Bend Unit No. 4

On this unit, 1,656 planned outage hours were originally scheduled for 2023. Actual outage activities required 2,418.2 equivalent planned outage hours. Consequently, the actual equivalent availability of 54.3 percent is adjusted to 60.9

percent, as shown on Document No. 1, page 7 of 23.

Polk Unit No. 2

On this unit, 333.6 planned outage hours were originally scheduled for 2023. Actual outage activities required 463.9 equivalent planned outage hours. Consequently, the actual equivalent availability of 90.8 percent is adjusted to 92.3 percent, as shown on Document No. 1, page 8 of 23.

Bayside Unit No. 1

On this unit, 463.2 planned outage hours were originally scheduled for 2023. Actual outage activities required 676.8 equivalent planned outage hours. Consequently, the actual equivalent availability of 91 percent is adjusted to 93.4 percent, as shown on Document No. 1, page 9 of 23.

Bayside Unit No. 2

On this unit, 1,905.6 planned outage hours were originally scheduled for 2023. Actual outage activities required 1325.9 equivalent planned outage hours. Consequently, the actual equivalent availability of 83.3 percent is adjusted to 76.7 percent, as shown on Document No. 1, page 10 of 23.

Q. How did you arrive at the applicable equivalent availability points for each unit?

A. The final adjusted equivalent availabilities for each unit are shown on Document No. 1, page 6 of 23, column 4. This number is incorporated in the respective GPIP table for each unit, shown on pages 18 through 21 of 23. Page 4 of 23 summarizes the weighted equivalent availability points to be awarded or penalized.

Q. Will you please explain the heat rate results relative to the GPIF?

A. The actual heat rate and adjusted actual heat rate for Tampa Electric's four GPIF units are shown on Document No. 1, page 6 of 23. The adjustment was developed based on the guidelines of Section 4.3.16 of the GPIF Manual. This procedure is further defined by a letter dated October 23, 1981, from Mr. J. H. Hoffsis of the FPSC Staff. The final adjusted actual heat rates are also shown on page 5 of 23, column 9. The heat rate value is incorporated in the respective GPIP table for each unit, shown on pages 18 through 21 of 23. Page 4 of 23 summarizes the weighted heat rate points to be awarded or penalized.

Q. What is the overall GPIP for Tampa Electric for the January 2023 through December 2023 period?

A. This is shown on Document No. 1, page 2 of 23. The weighting factors shown on page 4 of 23, column 3, plus the equivalent availability points and the heat rate points shown on page 4 of 23, column 4, are substituted within the equation found on page 23 of 23. The resulting value of 2.051 is in the GPIF table on page 2 of 23, and the reward amount of $1,830,750 is calculated using linear interpolation.

Q. Are there any other constraints set forth by the Commission regarding the magnitude of incentive dollars?

A. Yes. Incentive dollars are not to exceed 50 percent of fuel savings. Tampa Electric met this constraint, limiting the total potential reward and penalty incentive dollars to $8,924,442 as shown on Document No. 1, page 3 of 23.

Q. Does this conclude your testimony?

A. Yes.

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI

FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

GENERATING PERFORMANCE INCENTIVE FACTOR

PROJECTIONS

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY AND EXHIBIT

OF

ELENA B. VANCE

FILED: SEPTEMBER 5, 2024

C18-1407

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

ELENA B. VANCE

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

A. My name is Elena B. Vance. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") in the position of Manager, Unit Commitment.

Q. Please provide a brief description of your educational background and work experience.

A. I received a Bachelor of Science degree in Chemical Engineering from the University of South Florida in 1999 and a Master of Business Administration with a concentration in Finance in 2003 from the University of Tampa. I have accumulated 27 years of experience in the electric industry, with experience in the areas of plant operations, unit commitment and economic dispatch, and resource planning. In my current role, I am responsible for short term study analysis, unit commitment and

dispatch and economic analysis.

Q. What is the purpose of your testimony?

A. My testimony describes Tampa Electric's methodology for determining the various factors required to compute the Generating Performance Incentive Factor ("GPIF") as ordered by the Commission.

Q. Have you prepared an exhibit to support your direct testimony?

A. Yes. Exhibit No. EBV-2, consisting of two documents, was prepared under my direction and supervision. Document No. 1 contains the GPIF schedules. Document No. 2 is a summary of the GPIF targets for the 2025 period.

Q. Which generating units on Tampa Electric's system are included in the determination of the GPIF?

A. Four natural gas combined cycle ("CC") units are included. These are Big Bend Unit 1 CC, Polk Unit 2, and Bayside Units 1 and 2.

Q. Does your exhibit comply with the Commission's approved

GPIF methodology?

A. Yes. In accordance with the GPIF Manual, the GPIF units selected represent no less than 80 percent of the estimated system net generation. The units Tampa Electric proposes to use for the period January 2025 through December 2025 represent the top 82 percent of the total forecasted system net generation for this period. It includes generation from the Big Bend Unit 1 CC, commissioned in December 2022. Tampa Electric included Big Bend Unit 1 CC as it is the most efficient unit and makes up 38 percent of our generation.

To account for the concerns presented in the testimony of Commission Staff witness Sidney W. Matlock during the 2005 fuel hearing, Tampa Electric removes outliers from the calculation of the GPIF targets. The methodology was approved by the Commission in Order No. PSC-2006-1057-FOF-EI issued in Docket No. 20060001-EI on December 22, 2006.

Q. Did Tampa Electric identify any outages as outliers?

A. Yes, Big Bend Unit 1 CC and Polk Unit 2 outages were identified as outliers and were removed.

Q. Did Tampa Electric make any other adjustments?

A. Yes. As allowed per Section 4.3 of the GPIF Implementation Manual, the Forced Outage and Maintenance Outage Factors were adjusted to reflect recent unit performance and known unit modifications or equipment changes.

Q. Please describe how Tampa Electric developed the various factors associated with GPIF.

A. Targets were established for equivalent availability and heat rate for each unit considered for the 2025 period. A range of potential improvements and degradations were determined for each of these metrics.

Q. How were the target values for unit availability determined?

A. The Planned Outage Factor ("POF") and the Equivalent Unplanned Outage Factor ("EUOF") were subtracted from 100 percent to determine the target Equivalent Availability Factor ("EAF"). The factors for each of the four units included within the GPIF are shown on page 5 of Document No. 1.

To give an example for the 2025 period, the projected EUOF for Bayside Unit 1 is 2.0 percent, the POF is 27.4 percent. Therefore, the target EAF for Bayside Unit 1 equals 70.6 percent or:

$$100\% - (2.0\% + 27.4\%) = 70.6\%$$

This is shown on Page 4, column 3 of Document No. 1.

Q. How was the potential for unit availability improvement determined?

A. Maximum equivalent availability is derived using the following formula:

$$EAF_{MAX} = 1 - [0.80\ (EUOF_T) + 0.95\ (POF_T)]$$

The factors included in the above equations are the same factors that determine the target equivalent availability. Calculating the maximum incentive points, a 20 percent reduction in EUOF, plus a five percent reduction in the POF is necessary. Continuing with the Bayside Unit 1 example:

$$EAF_{MAX} = 1 - [0.80\ (2.0\%) + 0.95\ (27.4\%)] = 72.3\%$$

This is shown on page 4, column 4 of Document No. 1.

Q. How was the potential for unit availability degradation determined?

A. The potential for unit availability degradation is significantly greater than the potential for unit availability improvement. This concept was discussed extensively during the development of the incentive. To incorporate this biased effect into the unit availability tables, Tampa Electric uses a potential degradation range equal to twice the potential improvement. Consequently, minimum equivalent availability is calculated using the following formula:

$$EAF_{MIN} = 1 - [1.40\ (EUOF_T) + 1.10\ (POF_T)]$$

Again, continuing using the Bayside Unit 1 example,

$$EAF_{MIN} = 1 - [1.40\ (2.0\%) + 1.10\ (27.4\%)] = 67.0\%$$

The equivalent availability maximum and minimum for the other four units are computed in a similar manner.

Q. How did Tampa Electric determine the Planned Outage,

Maintenance Outage, and Forced Outage Factors?

A. The company's planned outages for January 2025 through December 2025 are shown on page 15 of Document No. 1. Two GPIF units have a major planned outage of 28 days or greater in 2025; therefore, two Critical Path Method Diagrams are provided.

Planned Outage Factors are calculated for each unit. For example, Bayside Unit 1 is scheduled for planned outages from February 16, 2025, to May 26, 2025. There are 2,400 planned outage hours scheduled for the 2025 period, with a total of 8,760 hours during this 12-month period. Consequently, the POF for Bayside Unit 1 is 27.4 percent or:

$$\frac{2,400}{8,760} \times 100\% = 27.4\%$$

The factor for each unit is shown on pages 5 and 11 through 14 of Document No. 1. Big Bend Unit 1 CC has a POF of 3.8 percent, Bayside Unit 1 has a POF of 27.4 percent, Bayside Unit 2 has a POF of 3.8 percent, and Polk Unit 2 has a POF of 21.9 percent.

Q. How did you determine the Forced Outage and Maintenance Outage Factors for each unit?

A. Projected factors are based upon historical unit performance. For each unit, the three most recent July through June annual periods formed the basis of the target development. Historical data and target values are analyzed to assure applicability to current conditions of operation. This provides assurance that any periods of abnormal operations or recent trends having material effect can be taken into consideration. These target factors are additive and result in a EUOF of 2.0 percent for Bayside Unit 1. The EUOF of Bayside Unit 1 is verified by the data shown on page 13, lines 3, 5, 10, and 11 of Document No. 1 and calculated using the following formula:

$$EUOF = \frac{(EFOH + EMOH)}{PH} \times 100\%$$

Or

$$EUOF = \frac{(32 + 147)}{8{,}760} \times 100\% = 2.0\%$$

Relative to Bayside Unit 1, the EUOF of 2.0 percent forms the basis of the equivalent availability target

development as shown on pages 4 and 5 of Document No. 1.

Big Bend Unit 1 CC

The projected EUOF for this unit is 2.7 percent. The unit will have two planned outages in 2025, and the POF is 3.8 percent. Therefore, the target equivalent availability for this unit is 93.4 percent.

Polk Unit 2

The projected EUOF for this unit is 6.1 percent. The unit will have two planned outages in 2025, and the POF is 21.9 percent. Therefore, the target equivalent availability for this unit is 71.9 percent.

Bayside Unit 1

The projected EUOF for this unit is 2.0 percent. The unit will have one planned outage in 2025, and the POF is 27.4 percent. Therefore, the target equivalent availability for this unit is 70.6 percent.

Bayside Unit 2

The projected EUOF for this unit is 2.8 percent. The unit will have two planned outages in 2025, and the POF is 3.8 percent. Therefore, the target equivalent availability for this unit is 93.3 percent.

Q. Please summarize your testimony regarding EAF.

A. The GPIF system weighted EAF of 77.6 percent is shown on page 5 of Document No. 1.

Q. Why are Forced and Maintenance Outage Factors adjusted for planned outage hours?

A. The adjustment makes the factors more accurate and comparable. A unit in a planned outage stage or reserve shutdown stage cannot incur a forced or maintenance outage. To demonstrate the effects of a planned outage, note the Equivalent Unplanned Outage Rate and Equivalent Unplanned Outage Factor for Bayside Unit 1 on page 13 of Document No. 1. Except for the months of March and April, the Equivalent Unplanned Outage Rate and Equivalent Unplanned Outage Factor are equal. This is because no planned outages are scheduled for these months. During the months of March and April, the Equivalent Unplanned Outage Rate exceeds the Equivalent Unplanned Outage Factor due to the scheduled planned outages. Therefore, the adjusted factors apply to the period hours after the planned outage hours have been extracted.

Q. Does this mean that both rate and factor data are used in

calculated data?

A. Yes. Rates provide a proper and accurate method of determining unit metrics, which are subsequently converted to factors. Therefore,

$$EFOF + EMOF + POF + EAF = 100\%$$

Since factors are additive, they are easier to work with and to understand.

Q. Has Tampa Electric prepared the necessary heat rate data required for the determination of the GPIF?

A. Yes. Target heat rates and ranges of potential operation have been developed as required and have been adjusted to reflect the afore mentioned agreed upon GPIF methodology.

Q. How were the targets determined?

A. Net heat rate data for the three most recent July through June annual periods formed the basis for the target development. The historical data and the target values are analyzed to assure applicability to current conditions of operation. This provides assurance that any

period of abnormal operations or equipment modifications having material effect on heat rate can be taken into consideration.

Q. How were the ranges of heat rate improvement and heat rate degradation determined?

A. The ranges were determined through analysis of historical net heat rate and net output factor data. This is the same data from which the net heat rate versus net output factor curves have been developed for each unit. This information is shown on pages 22 through 25 of Document No. 1.

Q. Please elaborate on the analysis used in the determination of the ranges.

A. The net heat rate versus net output factor curves are the result of a first order curve fit to historical data. The standard error of the estimate of this data was determined, and a factor was applied to produce a band of potential improvement and degradation. Both the curve fit, and the standard error of the estimate were performed by the computer program for each unit. These curves are also used in post-period adjustments to actual heat rates

to account for unanticipated changes in unit dispatch and fuel.

Q. Please summarize your heat rate projection (Btu/Net kWh) and the range about each target to allow for potential improvement or degradation for the 2025 period.

A. The heat rate target for Big Bend Unit 1 CC is 6,262 Btu/Net kWh with a range of ±26 Btu/Net kWh. The heat rate target for Polk Unit 2 is 7,456 Btu/Net kWh with a range of ±415 Btu/Net kWh. The heat rate for Bayside Unit 1 is 7,349 Btu/Net kWh with a range of ±268 Btu/Net kWh. The heat rate target for Bayside Unit 2 is 7,723 Btu/Net kWh with a range of ±915 Btu/Net kWh. A zone of tolerance of ±75 Btu/Net kWh is included within a range for each target. This is shown on pages 7 through 10 of Document No. 1.

Q. Do these heat rate targets and ranges meet the Commission's requirements?

A. Yes.

Q. After determining the target values and ranges for average net operating heat rate and equivalent availability, what

is the next step in determining the GPIF targets?

A. The next step is to calculate the savings and weighting factor to be used for both average net operating heat rate and equivalent availability. This is shown in Document No. 1, pages 7 through 10. The baseline production costing analysis was performed to calculate the total system fuel cost if all units operated at target heat rate and target availability for the period. This total system fuel cost of $714,669,940 is shown on Document No. 1, page 6, column 2. Multiple production cost simulations were performed to calculate total system fuel cost with each unit individually operating at maximum improvement in equivalent availability and each station operating at maximum improvement in average net operating heat rate. The respective savings are shown on page 6, column 4 of Document No. 1.

Column 4 totals $31,371,180 which reflects the savings if all of the units operated at maximum improvement. A weighting factor for each metric is then calculated by dividing unit savings by the total. For Bayside Unit 1, the weighting factor for average net operating heat rate is 30.75 percent as shown in the right-hand column on Document No. 1, page 6. Pages 7 through 10 of Document

No. 1 show the point table, the Fuel Savings/(Loss) and the equivalent availability or heat rate value. The individual weighting factor is also shown. For example, as shown on page 9 of Document No. 1, if Bayside Unit 1, operates at 7,081 average net operating heat rate, fuel savings would equal $9,645,600 and +10 average net operating heat rate points would be awarded.

The GPIF Reward/Penalty table on page 2 of Document No. 1 is a summary of the tables on pages 7 through 10. The left-hand column of this document shows the incentive points for Tampa Electric. The center column shows the total fuel savings and is the same amount as shown on page 6, column 4, or $31,371,180. The right-hand column of page 2 is the estimated reward or penalty based upon performance.

Q. How was the maximum allowed incentive determined?

A. Referring to page 3, line 14, the estimated average common equity for the period January 2025 through December 2025 is $5,583,632,449. This produces the maximum allowed jurisdictional incentive of $18,756,155 shown on line 21.

Q. Are there any constraints set forth by the Commission

regarding the magnitude of incentive dollars?

A. Yes. As Order No. PSC-2013-0665-FOF-EI, issued in Docket No. 20130001-EI on December 18, 2013, states, incentive dollars are not to exceed 50 percent of fuel savings. Page 2 of Document No. 1 demonstrates that this constraint is met, limiting total potential reward and penalty incentive dollars to $15,685,589.

Q. Please summarize your direct testimony.

A. Tampa Electric has complied with the Commission's directions, philosophy, and methodology in its determination of the GPIF. The GPIF is determined by the following formula for calculating Generating Performance Incentive Points (GPIP).

$$GPIP = (0.1536\ EAP_{PK2} + 0.0719\ EAP_{BAY1} + 0.0079\ EAP_{BAY2} + 0.0796\ EAP_{BBCC1} + 0.1513\ HRP_{PK2} + 0.3075\ HRP_{BAY1} + 0.2014\ HRP_{BAY2} + 0.0269\ HRP_{BBCC1})$$

Where:

GPIP = Generating Performance Incentive Points

EAP = Equivalent Availability Points awarded/deducted

for Big Bend Unit 1 CC, Polk Unit 2 and Bayside Units 1 and 2.

HRP = Average Net Heat Rate Points awarded/deducted for Big Bend Unit 1 CC, Polk Unit 2 and Bayside Units 1 and 2.

Q. Have you prepared a document summarizing the GPIF targets for the January 2025 through December 2025 period?

A. Yes. Document No. 2 entitled "Summary of GPIF Targets" provides the availability and heat rate targets for each unit.

Q. Does this conclude your direct testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Benjamin F. Smith was inserted.)

TECO
TAMPA ELECTRIC
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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI

FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

PROJECTIONS

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY

OF

BENJAMIN F. SMITH II

FILED: SEPTEMBER 5, 2024

C17-1356

TAMPA ELECTRIC COMPANY
DOCKET NO. 20240001-EI
FILED: 09/05/2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

BENJAMIN F. SMITH II

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

A. My name is Benjamin F. Smith II. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Manager, Gas and Power Origination within the Origination and Trading Department.

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

A. I received a Bachelor of Science degree in Electric Engineering in 1991 from the University of South Florida in Tampa, Florida, and a Master of Business Administration degree in 2015 from Saint Leo University in Saint Leo, Florida. I am also a registered Professional Engineer within the State of Florida and a Certified Energy Manager through the Association of Energy Engineers. I joined Tampa Electric in 1990 as a cooperative education student.

During my years with the company, I have worked in the areas of transmission engineering, distribution engineering, resource planning, retail marketing, and wholesale power marketing. I am currently the Manager, Gas and Power Origination within the Origination and Trading Department. My responsibilities are to evaluate short and long-term power purchase and sale opportunities within the wholesale power market, assist in wholesale power and gas transportation origination and contract structures, assist in combustion byproduct contract administration and market opportunities, and manage the company's renewable energy credit (REC) sales activity in the voluntary REC market. In this capacity, I interact with wholesale power market participants such as utilities, municipalities, electric cooperatives, power marketers, other wholesale developers and independent power producers, as well as with natural gas pipeline owners and transporters and REC brokers.

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

A. Yes. I have submitted written testimony in the annual fuel docket since 2003, and I have testified before this Commission in Docket Nos. 20030001-EI, 20040001-EI, and

20080001-EI regarding the appropriateness and prudence of Tampa Electric's wholesale purchases and sales.

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

A. The purpose of my testimony is to provide a description of Tampa Electric's purchased power agreements that the company has entered and for which it is seeking cost recovery through the Fuel and Purchased Power Cost Recovery Clause ("fuel clause") and the Capacity Cost Recovery Clause. I also describe Tampa Electric's purchased power strategy for mitigating price and supply-side risk, while providing customers with a reliable supply of economically priced purchased power.

Q. Please describe the efforts Tampa Electric makes to ensure that its wholesale purchases and sales activities are conducted in a reasonable and prudent manner.

A. Tampa Electric evaluates potential purchase and sale opportunities by analyzing the expected available amounts of generation and power required to meet the projected demand and energy of its customers. Purchases are made to achieve reserve margin requirements, meet customer demand and energy needs, meet operating reserve requirements,

supplement generation during unit outages, and for economical purposes. When Tampa Electric considers making a power purchase, the company diligently searches for available supplies of wholesale capacity or energy from creditworthy counterparties. The objective is to secure reliable quantities of purchased power for customers at the best possible price.

Conversely, when there is a sales opportunity, the company offers profitable wholesale capacity or energy products to creditworthy counterparties. The company has wholesale power purchase and sale transaction enabling agreements with numerous counterparties. This process helps to ensure that the company's wholesale purchase and sale activities are conducted in a reasonable and prudent manner.

Q. Has Tampa Electric reasonably managed its wholesale power purchases and sales for the benefit of its retail customers?

A. Yes, it has. Tampa Electric has fully complied with, and continues to fully comply with, the Commission's Order No. PSC-1997-0262-FOF-EI, approved on March 11, 1997, and issued in Docket No. 19970001-EI, which governs the

treatment of separated and non-separated wholesale sales. The company's wholesale purchase and sale activities and transactions are also reviewed and audited on a recurring basis by the Commission.

In addition, Tampa Electric actively manages its wholesale purchases and sales with the goal of capitalizing on opportunities to reduce customer costs and improve reliability. The company monitors its contractual rights with purchased power suppliers, and with entities to which wholesale power is sold, to detect and prevent any breach of the company's contractual rights. Tampa Electric continually strives to improve its knowledge of wholesale power markets and available opportunities within the marketplace. The company uses this knowledge to minimize the costs of purchased power and to maximize the savings the company provides retail customers by making wholesale sales when excess power is available on Tampa Electric's system and market conditions allow.

Q. Please describe Tampa Electric's 2024 wholesale power purchases.

A. Tampa Electric assessed the wholesale power market and

entered into short- and long-term purchases based on price and availability of supply. Approximately 4.9 percent of the company's expected needs for 2024 will be met using purchased power. This includes economy energy purchases, reliability purchases, as-available purchases from qualifying facilities, and forward purchases from Duke Energy Florida ("DEF"), the Florida Municipal Power Agency ("FMPA"), and the Orlando Utilities Commission ("OUC").

At present, Tampa Electric has four forward purchases applicable to the year 2024. Some of them have come to an end, but all are summarized below.

- A purchase from DEF, which was an extension of Tampa Electric's previous contract to purchase non-firm energy from DEF, was set to conclude at the end of December 2023. The parties have extended the contract through several amendments, and the contract now continues through November 2024. None of the extensions have must-take obligations, providing Tampa Electric the flexibility to schedule the energy when beneficial to customers. The maximum capacity of this purchase is 515 MW, with 250 MW being firm during the period December 2023 through February 2024. The firm portion of the purchase was for reliability to ensure

energy service to customers in the event Tampa Electric experienced cold weather. The purchase supported the company's plan to lower exposure to natural gas risk during its winter peak. The company's plan to minimize its natural gas risk is addressed in the testimony of witness John Heisey.

For 2024, the purchases associated with this agreement have provided over $5.0 million in savings to customers through the end of June. These savings for customers include only the utilization of the purchase as non-firm, economy (i.e., excludes any firm call option portion). These savings flow through the company's optimization mechanism and benefit customers in accordance with the methodology approved by the Commission in Order No. 2017-0456-S-EI, issued on November 27, 2017, and extended through December 31, 2024, as approved by the Commission in Order No. PSC-2021-0423-S-EI issued on November 10, 2021, in Docket No. 20210034-EI.

- A 75 MW firm peaking call option from OUC, executed in October 2023 for the period January through February 2024. The purchase from OUC was for reliability to ensure energy service to customers in the event Tampa Electric experienced unusually cold weather.

- A 75 MW firm peaking call option from FMPA executed October 2023 for the period January through February 2024. The purchase from FMPA was for reliability to ensure energy service to customers in the event Tampa Electric experienced unusually cold weather.
- A 50 MW, non-firm, must-take energy purchase executed March 2024 for the period April, May, July, and August 2024. The April and May period is for economics. The other two months are for reliability to ensure energy service to customers in the event Tampa Electric experienced unusually hot weather and associated gas pipeline constraints, as it did in August 2023, when Tampa Electric set a new summer peak load record. The projected total savings to customers for the April and May purchases are $ $164,185.

Tampa Electric has not secured other forward purchases for 2024 at this time. However, the company constantly searches for purchase opportunities that benefit customers. As other purchase opportunities materialize, the company evaluates each product to determine the viability of making it part of the supply portfolio Tampa Electric uses to serve customers.

At the time of the 2024 filing, Tampa Electric projected

capacity costs for power purchase activities, to be recovered through the 2024 Capacity Cost Recovery Clause, to be about $3.51 million. On an actual basis through June 2024, the capacity costs are $10.3 million, which includes the cost of the three previously described firm purchases and transmission associated with short-term purchases and sales.

Q. Does Tampa Electric anticipate entering into new wholesale power purchases for 2025 and beyond?

A. Yes. Tampa Electric has entered into a 10-year contract to purchase 18 MW from the Pasco County (Pasco) Waste-To-Energy Facility. The term is January 2025 through December 2034, and the purchase is a firm must-take, provides a projected $7.3 million in savings to customers on a net present value basis, and was approved for full cost recovery in Order No. PSC-2024-0064-PAA-EI, issued March 12, 2024, and finalized in Consummating Order PSC-2024-0085-CO-EI released April 3, 2024. The pricing for this purchase is an all-energy rate in $/MWh. There is no capacity charge. At present, Tampa Electric has no other forward purchases for 2025 and beyond.

The company projects approximately 3.6 percent of the

company's expected needs for 2025 will be met using purchased power. However, similar to the current year, the company will search for forward purchase opportunities that benefit customers, which could result in capacity costs being incurred. Tampa Electric has included $6.7 million in its 2025 Capacity Cost Recovery Clause forecast for potential purchased power opportunities.

Q. How does Tampa Electric mitigate the risk of disruptions to its purchased power supplies during major weather-related events, such as hurricanes?

A. During hurricane season, Tampa Electric continues to utilize a purchased power risk management strategy to minimize potential power supply disruptions. The strategy includes monitoring storm activity; evaluating the impact of storms on existing forward purchases and the rest of the wholesale power market, and communicating with suppliers about their storm preparations and potential impacts to existing transactions. The purchased power risk management strategy also includes purchasing additional power on the forward market, if appropriate, for reliability and economics; evaluating transmission availability and the geographic location of electric

resources, reviewing sellers' fuel sources and dual-fuel capabilities, and focusing on fuel-diversified purchases. Absent the threat of a hurricane, and for all other months of the year, the company evaluates economic combinations of short- and long-term purchase opportunities in the marketplace.

Q. Please describe Tampa Electric's wholesale energy sales for 2024 and 2025.

A. Tampa Electric entered into various non-separated (*e.g.*, next-hour and next-day sales) wholesale sales in 2024, and the company anticipates making additional non-separated sales during the balance of 2024 and 2025. The gains from these sales are shared between Tampa Electric and its customers through the company's optimization mechanism.

Q. Please summarize your direct testimony.

A. Tampa Electric constantly monitors and assesses the wholesale power market to identify purchase and sales opportunities that benefit the company's customers. By taking advantage of these opportunities, Tampa Electric reduces costs to and improves service reliability for

customers. The company's energy supply strategy includes self-generation and physical short-term (e.g., intra-hour, hourly, next-day, weekly) and longer term (e.g., monthly, seasonal) power purchases. The company also makes wholesale power sales that benefit customers when market conditions allow. Tampa Electric's approach to the wholesale power market provides customers with a reliable supply at the lowest possible cost.

Q. Does this conclude your direct testimony?

A. Yes.

(Whereupon, prefiled direct testimony of John C. Heisey was inserted.)

C15-1155

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI

IN RE: FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

2023 ASSET OPTIMIZATION MECHANISM RESULT

TESTIMONY AND EXHIBIT

JOHN C. HEISEY

FILED: April 3, 2024

C15-1155

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

JOHN C. HEISEY

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

A. My name is John C. Heisey. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director, Origination and Trading.

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

A. I graduated from Pennsylvania State University with a Bachelor of Science in Business Logistics. I have over 25 years of power and natural gas trading experience, including employment at TECO Energy Source, FPL Energy Services, El Paso Energy, and International Paper. Prior to joining Tampa Electric, I was Vice President of Asset Trading for the Entegra Power Group LLC ("Entegra") where I was responsible for Entegra's energy trading activities. Entegra managed a large quantity of merchant

capacity in bilateral and organized markets. I joined Tampa Electric in September 2016 as the Manager of Gas and Power Trading. I have held the position of Director, Origination and Trading since August 2021. In this role, I am responsible for directing all activities associated with the procurement and delivery of energy commodities for Tampa Electric's generation fleet. Such activities include the trading, optimization, strategy, planning, origination, compliance and regulatory oversight of natural gas, power, coal, oil, byproducts, and wholesale renewable energy credits (RECs). I am also responsible for all aspects of the Asset Optimization Mechanism.

Q. Please state the purpose of your testimony.

A. The purpose of my testimony is to present, for the Commission's review, the 2023 results of Tampa Electric's activities under the Asset Optimization Mechanism, as authorized by FPSC Order No. PSC-2017-0456-S-EI,approve November 27,2017, issued in Docket No. 20170210-EI and 20160160-EI.

Q. Do you wish to sponsor an exhibit in support of your testimony?

A. Yes. Exhibit No. JCH-1, entitled Asset Optimization

Mechanism Results, was prepared under my direction and supervision. My exhibit shows the gains for each type of activity included in the Asset Optimization Mechanism and the sharing of gains between customers and the company.

Q. Please provide an overview of the Asset Optimization Mechanism.

A. The Asset Optimization Mechanism is designed to create additional value for Tampa Electric's customers while also providing an incentive to the company if certain customer-value thresholds are achieved. The Asset Optimization Mechanism includes gains from wholesale power sales and savings from wholesale power purchases, as well as gains from other forms of asset optimization.

Q. Please describe Tampa Electric's Asset Optimization Mechanism submitted in Docket No. 20160160-EI and 20170210-EI and approved by Order No. PSC-2017-0456-S-EI.

A. Effective January 1, 2018, for the four-year period from 2018 through 2021, gains on all asset optimization mechanism activities, including short-term wholesale sales, short-term wholesale purchases, and all forms of asset optimization undertaken each year will be shared

between shareholders and customers. The sharing thresholds are (a) for the first $4.5 million per year, 100 percent of gains to customers; (b) for gains greater than $4.5 million per year and less than $8.0 million per year, split 60 percent to shareholders and 40 percent to customers; and (c) for gains greater than $8.0 million per year, 50-50 sharing between shareholders and customers.

Authorization for the company's Asset Optimization Mechanism activities have been extended through December 31, 2024, by Commission Order No. PSC-2021-0423-S-EI, issued on November 10,2021

Asset Optimization Mechanism Transactions

Q. Please provide the details of Tampa Electric's short-term wholesale power sales under the Asset Optimization Mechanism for 2023.

A. Asset Optimization Mechanism gains from wholesale power sales were $2,554,550 or 25 percent of total optimization gains for 2023. The monthly detail is shown in my exhibit in the schedule "Wholesale Power Sales-Table 3."

Q. Please provide the details of Tampa Electric's short-term

wholesale power purchases under the Optimization Mechanism for 2023.

A. Asset Optimization Mechanism gains from wholesale power purchases were $6,772,870 or 67 percent of total optimization gains for 2023. The monthly detail can be found in my exhibit in the schedule "Wholesale Power Purchases-Table 4."

Q. Please describe Tampa Electric's asset optimization activities and the gains from those transactions under the Asset Optimization Mechanism for 2023.

A. Asset Optimization Mechanism gains from asset optimization activities were $717,957 or 8 percent of total optimization gains for 2023. The gains from asset optimization activities are shown in my exhibit in the schedule "Asset Optimization Detail-Table 5."

A description of Tampa Electric's 2023 asset optimization activities is provided below.

- Delivered solid fuel and or transportation capacity sales using existing transport - sell coal and coal transportation, using Tampa Electric's existing coal and transportation capacity during periods when it

is not needed to serve Tampa Electric's native electric load;

- Delivered gas sales using existing transport - sell gas to Florida customers, using Tampa Electric's existing gas transportation capacity during periods when it is not needed to serve Tampa Electric's native electric load;
- Asset Management Agreement ("AMA") - outsource optimization functions to a third party through assignment of power, transportation and/or storage rights in exchange for a premium to be paid to Tampa Electric. Regarding transportation, revenue from the release of natural gas pipeline capacity is not subject to sharing under the Asset Optimization Mechanism consistent with FPSC Order No. PSC-2017-0456-S-EI.

Q. Please summarize the activities and results of the Asset Optimization Mechanism for 2023.

A. Tampa Electric participated in the following Asset Optimization Mechanism activities in 2023: wholesale power purchases and sales, delivered gas sales, delivered solid fuel sales, and a natural gas storage AMA. The asset optimization gains for 2023 were $10,045,377 which

exceeded the $4,500,000 threshold by $5,545,377 as shown in my exhibit on schedule "Total Gains Threshold Schedule-Table 1." Customer benefits were $6,922,689, and company benefits were $3,122,688 in 2023 as shown in my exhibit on schedule "Total Gains Sharing Schedule-Table 2."

Q. Did Tampa Electric incur incremental Asset Optimization Mechanism costs during 2023?

A. Yes, Tampa Electric incurred incremental Asset Optimization Mechanism personnel costs to manage these activities. However, the company agreed that it would not seek recovery of these costs through the Asset Optimization Mechanism if it was approved and therefore has not separately tracked the costs.

Q. Overall, were Tampa Electric's activities under the Asset Optimization Mechanism successful in 2023?

A. Yes, Tampa Electric produced customer gains of $6,922,689 in the sixth year of Asset Optimization Mechanism activity. The company continues to focus on improvements in processes, reporting, and optimization strategies.

Outside of unusually warm weather in April and late Summer

which drove power gains for both economic wholesale power purchases and power sales, most of the year had moderate weather and low fuel prices. Similar to results from 2020 through 2022, economic wholesale power purchases were the largest contributor of gains with 67 percent of total asset optimization gains. Wholesale power sales contributed 25 percent of total asset optimization gains. Tampa Electric joined the Southeast Energy Exchange Market (SEEM) in June 2023, providing another source of customer gains from wholesale power transactions. SEEM is a non-firm, 15-minute voluntary energy market with members throughout the Southeast. Delivered gas sales, coal sales, and natural gas storage AMA gains provided the balance of the gains for 2023.

Q. Does this conclude your testimony?

A. Yes, it does.

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI
IN RE: TAMPA ELECTRIC'S
FUEL & PURCHASED POWER COST RECOVERY
AND CAPACITY COST RECOVERY

FUEL PROCUREMENT AND WHOLESALE POWER PURCHASES RISK MANAGEMENT PLAN

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY AND EXHIBIT
OF
JOHN C. HEISEY

C15-1168

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

JOHN C. HEISEY

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

A. My name is John C. Heisey. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director, Origination and Trading.

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

A. I graduated from Pennsylvania State University with a Bachelor of Science in Business Logistics. I have over 27 years of power and natural gas trading experience, including employment at TECO Energy Source, FPL Energy Services, El Paso Energy, and International Paper. Prior to joining Tampa Electric, I was Vice President of Asset Trading for the Entegra Power Group, LLC ("Entegra") where I was responsible for Entegra's energy trading activities. Entegra managed a large quantity of merchant capacity in bilateral and organized markets. I joined

Tampa Electric in September 2016 as the Manager of Gas and Power Trading. I have held the position of Director, Origination and Trading since August 2021. In this role, I am responsible for directing all activities associated with the procurement and delivery of energy commodities for Tampa Electric's generation fleet. Such activities include the trading, optimization, strategy, planning, origination, compliance and regulatory oversight of natural gas, power, coal, oil, byproducts, and associated delivery. I am also responsible for all aspects of the Asset Optimization Mechanism.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to sponsor and describe Exhibit No. JCH-2, entitled Tampa Electric Company's Fuel Procurement and Wholesale Power Purchases Risk Management Plan 2025.

Q. Was this exhibit prepared by you or under your direction and supervision?

A. Yes, it was.

Q. Please describe your exhibit.

A. My Exhibit No. JCH-2 provides Tampa Electric's overall plan for mitigating risk in the company's procurement of fuel and purchased power during 2025.

Q. Is hedging activity included in Tampa Electric's Risk Management Plan for 2025?

A. No. Tampa Electric currently has no active natural gas hedges.

Q. Does this conclude your testimony?

A. Yes, it does.

C15-1181

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240001-EI

FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

PROJECTIONS

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY

OF

JOHN C. HEISEY

FILED: SEPTEMBER 5, 2024

C15-1181

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

JOHN C. HEISEY

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

A. My name is John C. Heisey. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director, Origination and Trading.

Q. Have you previously filed testimony in Docket No. 20240001-EI?

A. Yes, I submitted direct testimony on April 3, 2024, and July 26, 2024.

Q. Has your job description, education, or professional experience changed since your most recent testimony?

A. No, they have not.

Q. Please describe your duties and responsibilities in that

position.

A. I am responsible for directing all activities associated with the procurement and delivery of energy commodities for Tampa Electric's generation fleet. Such activities include the trading, optimization, strategy, planning, origination, compliance and regulatory oversight of natural gas, power, coal, oil, byproducts, and wholesale renewable energy credits ("RECs"). I am also responsible for all aspects of the Optimization Mechanism.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss Tampa Electric's fuel mix, fuel price forecasts, potential impacts to fuel prices, and the company's fuel procurement strategies.

Fuel Mix and Procurement Strategies

Q. What fuels do Tampa Electric's generating stations use?

A. Tampa Electric's generation portfolio includes natural gas, solar, coal, and, as a backup fuel, oil powered units. Big Bend Unit 1 combined cycle operates on natural gas, and Big Bend Unit 4 can operate on coal or natural gas. Polk Unit 1 can operate on natural gas or a blend of

petroleum coke and coal. Currently, the company is operating Polk Unit 1 on natural gas and Big Bend Unit 4 on natural gas and coal. Polk Unit 2 combined cycle uses natural gas as a primary fuel and oil as a secondary fuel; and Bayside Station combined cycle units and the company's collection of peakers (*i.e.*, aero-derivative combustion turbines) all utilize natural gas. Since it serves as a backup fuel, oil consumption is primarily for testing, and oil is a negligible percentage of system generation. Based upon the 2024 actual-estimate projections, the company expects 2024 total system generation, excluding purchased power, to be 87 percent natural gas, 12 percent solar, and 1 percent coal.

Likewise, in 2025, natural gas-fired and solar generation are expected to be 86 percent and 13 percent of total generation, respectively, with coal-fired generation making up 1 percent of total generation.

Q. Please describe Tampa Electric's fuel supply procurement strategy.

A. Tampa Electric emphasizes flexibility and options in its fuel procurement strategy for all its fuel needs. The company strives to maintain many creditworthy and viable

suppliers. Similarly, the company endeavors to maintain multiple delivery path options. Tampa Electric also attempts to diversify the locations from which its supply is sourced. Having a greater number of fuel supply and delivery options provides increased reliability and flexibility to pursue lower cost options for Tampa Electric customers.

Natural Gas Supply Strategy

Q. How does Tampa Electric's natural gas procurement and transportation strategy achieve competitive natural gas purchase prices for long- and short-term deliveries?

A. Tampa Electric uses a portfolio approach to natural gas procurement. This approach consists of a blend of pre-arranged base, intermediate, and swing natural gas supply contracts complemented with shorter term spot and seasonal purchases. The contracts have various time lengths to help secure needed supply at competitive prices while maintaining the flexibility to adapt to any changing fuel needs. In 2024, Tampa Electric will utilize an online auction process to procure annual gas supply requirements for the portfolio. The objective of the auction is to increase competition and lower natural gas expense for the benefit of Tampa Electric customers. Tampa Electric

purchases its physical natural gas supply from creditworthy counterparties, enhancing the liquidity and diversification of its natural gas supply portfolio. Tampa Electric targets natural gas supply that is reliable and resistant to the impacts of extreme weather. The natural gas prices are based on monthly and daily price indices, further increasing price diversification.

Tampa Electric diversifies its pipeline transportation assets, including receipt points. The company also utilizes pipeline and storage services to enhance access to natural gas supply during hurricanes, extreme weather or other events that constrain supply. Such actions improve the reliability and cost-effectiveness of the physical delivery of natural gas to the company's power plants. Furthermore, Tampa Electric strives daily to obtain reliable supplies of natural gas at favorable prices to mitigate costs for its customers.

Q. Please describe Tampa Electric's diversified natural gas transportation agreements.

A. Tampa Electric currently receives natural gas directly via the Florida Gas Transmission ("FGT") and Gulfstream Natural Gas System, LLC ("Gulfstream") pipelines. The

ability to deliver natural gas from two pipelines increases the fuel delivery reliability for Bayside Power Station, which is composed of two large natural gas combined-cycle units and four aero-derivative combustion turbines, and Big Bend Station, which is comprised of one combined cycle unit, one steam generating unit, and one aero-derivative combustion turbine. Polk Station receives natural gas from FGT to support natural gas consumption in Polk Units 1 and 2.

Q. Are there any significant changes to Tampa Electric's expected natural gas usage?

A. No. Tampa Electric's natural gas usage is expected to slightly decrease by one percent in 2025 when compared to 2024; due to a slight increase in solar generation.

Q. What actions does Tampa Electric take to enhance the reliability of its natural gas supply?

A. Tampa Electric maintains natural gas storage capacity with Bay Gas Storage near Mobile, Alabama to provide operational flexibility and reliability of natural gas supply. The company reserves 2,000,000 MMBtu of long-term storage capacity at this location. This storage was used

during Storm Uri in February 2021 and Storm Elliott in December of 2022 to replace interrupted supply and to mitigate costs for our customers.

In addition to storage, Tampa Electric maintains diversified natural gas supply receipt points in FGT Zones 1, 2, and 3. Diverse receipt points reduce the company's vulnerability to hurricane impacts and provide access to potentially lower priced gas supply.

Tampa Electric also reserves capacity on the Southeast Supply Header ("SESH"), Gulf South pipeline ("Gulf South"), and Transco's Mobile Bay Lateral ("Transco"). SESH, Gulf South, and Transco are upstream pipelines that connect the receipt points of FGT, Gulfstream, and other Mobile Bay area pipelines with natural gas supply in the mid-continent and northeast. Mid-continent and northeast natural gas production, specifically shale production, has grown and continues to increase. Thus, SESH, Gulf South, and Transco capacity give Tampa Electric access to secure, competitively priced onshore gas supply for a portion of its portfolio. Tampa Electric continuously evaluates its gas transportation portfolio based on changing market conditions to ensure access to reliable natural gas supply. All receipt points in the portfolio

are reviewed annually to ensure access to reliable supply basins.

Q. Has Tampa Electric acquired additional natural gas transportation for 2024 and 2025 due to greater use of natural gas?

A. Yes. For January and February 2024, Tampa Electric acquired short-term capacity on Sabal Trail and Gulf Stream to increase the reliability of the portfolio for its projected winter peak. In addition, power purchases were executed for January and February as a lower cost solution compared to acquiring additional short-term pipeline capacity. These power purchases are mentioned in the testimony of Tampa Electric witness Benjamin F. Smith, II. In the summer of 2023, Tampa Electric acquired additional long-term pipeline capacity on SESH. This capacity provides additional upstream transportation for the portfolio to mitigate Mobile Bay supply risk, as well as provides access to abundant Haynesville shale gas supply. For 2024, Tampa Electric has acquired additional long-term capacity on FGT and Trunkline Gas Company, LLC ("Trunkline"). This capacity provides additional upstream transportation for the portfolio to mitigate Mobile Bay supply risk, as well as provides access to low-cost

Permian shale gas supply. Tampa Electric also acquired short-term capacity for the summer of 2024 from Sabal Trail. Tampa Electric is continuously monitoring market conditions and opportunities to improve portfolio reliability.

Coal Supply Strategy

Q. Please describe Tampa Electric's solid fuel usage and procurement strategy.

A. As with its natural gas strategy, Tampa Electric uses a portfolio approach to coal procurement. Big Bend Unit 4 is designed to burn high-sulfur Illinois Basin coal, is fully scrubbed for sulfur dioxide and nitrogen oxides, and the unit has been upgraded to operate on natural gas. Polk Unit 1 can burn a blend of petroleum coke and low sulfur coal, or natural gas. Each plant has varying operational and environmental restrictions and requires solid fuel with custom quality characteristics such as ash content, fusion temperature, sulfur content, heat content, and chlorine content.

Coal is not a homogenous product. The fuel's chemistry and contents vary based on many factors, including geography. The variability of the product dictates that

Tampa Electric selects its fuel based on multiple parameters. Those parameters include unique coal quality characteristics, price, availability, deliverability, and creditworthiness of the supplier.

To minimize costs, maintain operational flexibility, and ensure reliable supply, Tampa Electric typically maintains a portfolio of bilateral coal supply contracts with varying term lengths. Tampa Electric monitors the market to obtain the most favorable prices from sources that meet the needs of the generation stations. The use of daily and weekly publications, independent research analyses from industry experts, discussions with suppliers, and coal solicitations aid the company in monitoring the coal market. This market intelligence also helps shape the company's coal procurement strategy to reflect short- and long-term market conditions. Tampa Electric's strategy provides a stable supply of reliable fuel sources. In addition, this strategy allows the company the flexibility to take advantage of favorable spot market opportunities and address operational needs.

Q. Please summarize how Tampa Electric will manage its solid fuel supply contracts through 2025.

A. Tampa Electric will supply the Big Bend and Polk Stations with solid fuel through a combination of existing inventory, short-term contracts, and, as necessary, spot purchases in support of the most economic commitment and dispatch for the generation fleet. Short-term and spot purchases allow the company to adjust supply to reflect changing coal quality and quantity needs, operational changes, and pricing opportunities. Currently, the company is operating Polk Unit 1 on natural gas and Big Bend Unit 4 on natural gas and coal.

Coal Transportation

Q. Please describe Tampa Electric's solid fuel transportation arrangements.

A. Tampa Electric can receive coal at its Big Bend Station via waterborne or rail delivery. Once delivered to Big Bend Station, solid fuel is consumed onsite, or blended and trucked to Polk Station for consumption in Polk Unit 1. As a result of declining solid fuel burns over the last few years, Tampa Electric now purchases delivered coal, where waterborne coal supply and transportation are arranged by the supplier. Procuring delivered waterborne coal continues to provide customers with competitive coal prices through a simplified process. Commodity and

transportation of coal by rail is still being arranged separately, as necessary.

Q. Why does the company maintain multiple coal transportation options in its portfolio?

A. Bimodal solid fuel transportation to Big Bend Station affords the company and its customers various benefits. Those benefits include 1) access to more potential coal suppliers, which results in a more competitively priced, and diverse, delivered coal portfolio; 2) the opportunity to switch to either water or rail in the event of a transportation breakdown or interruption on the other mode; and 3) competition among transporters for future solid fuel transportation contracts. The benefits of bimodal solid fuel transportation were apparent in 2022 as coal deliveries by rail were not reliable due to labor shortages in the rail industry.

Q. Will Tampa Electric continue to receive coal deliveries via rail in 2024 and 2025?

A. No. Tampa Electric does not expect to receive coal for use at Big Bend Station through the Big Bend rail facility during 2024 and 2025.

Q. Please describe Tampa Electric's expectations regarding waterborne coal deliveries.

A. Tampa Electric expects to receive the majority of its solid fuel supply in 2025 from waterborne deliveries to its unloading facilities at Big Bend Station. These deliveries come via the Mississippi River System or from foreign sources. The ultimate supply source is dependent upon quality, operational needs, and lowest overall delivered cost.

Q. Do you have any other updates to provide regarding Tampa Electric's solid fuel transportation portfolio?

A. Yes. Tampa Electric continues to burn natural gas as the economic fuel in Polk Unit 1. Big Bend Unit 4 is projected to burn coal and gas in 2025. Although coal consumption has decreased relative to previous years, the expected coal burn in 2025 will be similar to 2024.

Q. Has Tampa Electric reasonably managed its fuel procurement practices for the benefit of its retail customers?

A. Yes. Tampa Electric diligently manages its mix of long-

term, intermediate, and short-term purchases of fuel in a manner designed to reduce overall fuel costs while maintaining electric service reliability. The company's fuel activities and transactions are reviewed and audited on a recurring basis by the Commission. In addition, the company monitors its rights under contracts with fuel suppliers to detect and prevent any breach of those rights. Tampa Electric continually strives to improve its knowledge of fuel markets and take advantage of opportunities to minimize the costs of fuel.

Q. Are there any other pertinent aspects of how Tampa Electric manages its fuel supply portfolio?

A. Yes. As part of Tampa Electric's 2017 Amended and Restated Stipulation and Settlement Agreement approved by Commission Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket No. 20170210-EI, and extended by the 2021 Stipulation and Settlement Agreement approved by Order No. PSC-2021-0423-S-EI issued on November 10, 2021 in Docket No. 20210034-EI, Tampa Electric has been operating under an Asset Optimization Mechanism since January 1, 2018. Tampa Electric has requested the Asset Optimization Mechanism be extended as part of its Petition for Rate Increase in Docket No. 20240026-EI. This

Optimization Mechanism encourages Tampa Electric to market temporarily unused fuel supply assets to capture cost mitigation benefits for customers. These benefits have come through economic power purchases, economic power sales, participation in the Southeast Energy Exchange Market ("SEEM"), resale of unneeded fuel supply, an asset management agreement for natural gas storage, utilization of natural gas storage and transportation assets.

Projected 2025 Fuel Prices

Q. How does Tampa Electric project fuel prices?

A. Tampa Electric reviews fuel price forecasts from sources widely used in the industry, including the New York Mercantile Exchange ("NYMEX"), S&P Global, the Energy Information Administration, and other energy market information sources. Future prices for energy commodities as traded on NYMEX, averaged over five consecutive business days ending June 26, 2024, form the basis of the natural gas and No. 2 oil market commodity price forecasts. The price projections for these two commodities are then adjusted to incorporate expected transportation costs and location differences.

Coal commodity and transportation prices are projected using contracted prices and information from industry recognized consultants, published indices, such as Coaldesk, LLC and the Energy Information Administration. Also, the price projections are specific to the quality and mined location of coal utilized by Tampa Electric's Big Bend Unit 4 and Polk Unit 1. Final as-burned prices are derived using expected commodity prices and associated transportation costs.

Q. How do the 2025 projected fuel prices compare to the fuel prices projected for 2024 in the company's mid-course correction filing filed on April 2, 2024?

A. After another mild winter, natural gas storage inventory levels are near the 5-year maximum, and production has been strong through the first half of the year causing prices to fall. Prices are expected to increase in 2025 as additional production comes online to meet the demand from a new wave of LNG export projects. For coal, the 2025 projected prices are similar to those in 2024.

The commodity price for natural gas during 2025 is projected to be higher ($3.59 per MMBtu) than the 2024 price ($2.48 per MMBtu) projected in the company's 2024

mid-course correction fuel filing approved by Order No. PSC-2024-0172-PCO-EI on May 24, 2024. The 2025 delivered coal price projection is similar to ($91.33 per ton) the price projected for 2024 ($91.33 per ton) during preparation of the 2024 mid-course correction fuel clause factors.

Q. Does this conclude your direct testimony?

A. Yes.

CHAIRMAN LA ROSA: Then move to exhibits.

MS. BROWNLESS: Staff has compiled a stipulated Comprehensive Exhibit List, which includes the prefiled exhibits attached to the witness testimony as well as staff Exhibits 54 through 80. The list has been provided to the parties, the Commissioners and the court reporter.

At that time, staff requests that the Comprehensive Exhibit List be marked for identification purposes as Exhibit No. 1, and that the other exhibits be marked for identification as set forth on the Comprehensive Exhibit List.

CHAIRMAN LA ROSA: All right. Then the exhibits are so marked.

(Whereupon, Exhibit No. 1 - 80 were marked for identification.)

MS. BROWNLESS: We would request that the Comprehensive Exhibit List, marked as Exhibit No. 1, be entered into the record.

CHAIRMAN LA ROSA: Exhibit 1 is then entered.

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

MS. BROWNLESS: The witness exhibits that have been agreed to by the parties are Nos. 2 through 53. Staff exhibits that have been agreed to by the

parties are Nos. 54 through 80.

CHAIRMAN LA ROSA: All right. Have the parties had an opportunity to review the exhibit list, and are interest any objections to the entry of the witness exhibits or of the staff exhibits into the record?

Seeing no objections of Exhibits No. 2 through 80, show them as entered into the record.

(Whereupon, Exhibit Nos. 2 - 80 were received into evidence.)

MS. BROWNLESS: Okay. Moving on to the stipulated issues.

The proposed Type 2 stipulations in this docket are listed on Attachment A to the Prehearing Order, Order No. PSC-2024-0465-PHO-EI, issued October 31 of 2024. All issues for DEF, FPUC and TECO have been stipulated to.

With regard to FPL, all issues except Issues Nos. 2K through 2N have also been stipulated to. We will address those issues separately today.

At this time, staff recommends that the parties be given an opportunity to offer comments on the stipulated issues. We would also recommend that those comments be no more than two minutes.

CHAIRMAN LA ROSA: Okay. So then we will go

ahead and take no more, hopefully, than two minutes of comments on the stipulated issues at this time, and remind the parties that, of course, they can waive their comments, of course, if they so wish to.

Let's go -- let's start with FPL. We will just kind of go down the line from there if necessary.

MS. MONCADA: Good morning, Mr. Chairman. I have not timed my comments. I was not aware of the two-minute limitation, but I will be as brief as possible.

Before I start, I would like a clarification. Maybe I wasn't hearing correctly, but I was planning to address Issues 2L through 2N.

MS. BROWNLESS: You will be given another opportunity to do that in just a minute.

MS. MONCADA: Okay. If -- then, if the -- right now, all we are supposed to address are the issues except 2L through 2N, FPL supports all of the stipulations.

CHAIRMAN LA ROSA: Okay.

MS. CUELLO: Duke Energy supports the stipulations as well. Thank you.

CHAIRMAN LA ROSA: All right.

MR. MEANS: Tampa Electric supports the stipulations as well. Thank you.

MS. KEATING: FPUC supports the stipulations and appreciates staff's efforts.

MR. MOYLE: FIPUG standby its Type 2 stipulations as set forth in the Prehearing Order.

CHAIRMAN LA ROSA: Okay.

MR. WRIGHT: And the Retail Federation, thank you, is in the same position as FIPUG. No position, no attribution, but we are not getting in the way.

MS. WESSLING: And OPC understands that stipulations have been reached, and we maintain our facilitation of Type 2s.

CHAIRMAN LA ROSA: Okay. Commissioners, are there any questions of staff regarding the type -- the stipulations?

Commissioner Fay, you are recognized.

COMMISSIONER FAY: Thank you, Mr. Chairman.

I just have one quick question for clarification. So on the stipulated issues, is FPL including 2K?

MS. BROWNLESS: No. Those are not stipulated.

COMMISSIONER FAY: Okay.

MS. BROWNLESS: The issues that -- the four

issues that have to do with St. Lucie 1 and 2, that's 2K through 2N, and those are not stipulated at this time.

CHAIRMAN LA ROSA: We are taking those up next, right?

COMMISSIONER FAY: Great. Thanks.

CHAIRMAN LA ROSA: Any other questions, Commissioners?

Is there a motion regarding the proposed stipulations?

COMMISSIONER CLARK: Move to approve the proposed stipulation, Mr. Chairman.

COMMISSIONER GRAHAM: Second.

CHAIRMAN LA ROSA: Hearing a motion, and hearing a second hearing.

All those in favor signify by saying yay.

(Chorus of yays.)

CHAIRMAN LA ROSA: Yay.

Opposed no.

(No. response.)

CHAIRMAN LA ROSA: Show that the proposed stipulations pass.

Now let's move on to Issues 2K through 2N.

MS. BROWNLESS: Yes, sir. FPL Issues 2K through 2N concern replacement power costs for

FPL's St. Lucie Units 1 and 2 for the May, June and July of 2024. All parties agree that these issues should be deferred from this final hearing.

And I just was given, this morning, what I understand to be a new resolution of this issue, but I will let Ms. Moncada address that in a minute when we get to the staff's positions.

As I understand it, there are three additional procedural issues other than deferral.

One is: Should this hearing be deferred until a date certain?

Two is: Should these issues be taken up in the fuel clause, the 2025 FPL rate case or spun off into a separate docket?

And three is: Should discovery on these issues be deferred until 2026?

So we will ask that the parties be allowed to make their statements regarding these issues.

CHAIRMAN LA ROSA: Okay. Yeah, let's go ahead and do that, and we will start with FPL, and if we can try to keep it -- I will just let you go.

MS. MONCADA: I will -- even though you didn't say it, I will try to keep it as brief as possible.

So we will start with the basic premise, which is that all parties agree to defer the issues out

of this final hearing. At the time that FPL was approached about the deferral, we agreed, but stated that in 2025, FPL anticipates that it will be filing a rate case, and it will be consuming a lot of time. Our resources will be constrained. And so it was our understanding at that time that, while we were deferring it, we were leaving it such that the deferral would not interrupt or overlap with the FPL rate case.

So with respect to the three issues that Ms. Brownless has identified, the first one is: Do we want a date certain? At this time, yes, FPL does want a date certain. And we want to have the issues deferred until 2026, such that there will be no overlap with the FPL rate case that we anticipate to file in 2025.

The second issue is: Does it belong in the fuel clause, or the rate case, or some other type of docket? Commissioners, these are replacement fuel cost issues. They are recovered through the fuel clause. They have been litigated in the fuel docket for time in memoriam. They are not base rate issues. They have no business in the FPL rate case. We would like them addressed in the fuel docket, just as they always have been.

And the third is: Should discovery be deferred? And for the same reasons as we have stated that the overlap between the FPL rate case and this type of proceeding would impose resource constraints on us, we would ask that the discovery also be deferred. We understand that at least one of the parties wants a little bit of additional time for discovery, so we have agreed amongst the few of us to provide them an additional two months.

So with that, I would like to read the position that OPC, FPL and FIPUG have agreed to, if I may.

CHAIRMAN LA ROSA: Sure.

MS. MONCADA: Reso -- this would apply to all four yours issues.

Resolution of this issue should be deferred to 2026. Discovery regarding this issue should be stayed until November 2025.

Thank you.

CHAIRMAN LA ROSA: Excellent.

Any other parties have any other comments?

Okay. Go ahead, FIPUG.

MR. MOYLE: I just want to make a couple of comments on this. Some of this is fast-breaking, so we will see if I can get it right.

CHAIRMAN LA ROSA: Yeah, and we are slowing it down, so, yeah, take your time.

MR. MOYLE: The point about 2026, FIPUG has no objection to deferring consideration of the dollars and cents related to the outages until 2026. I think that was the first point, a date certain.

The fuel clause versus the rate case, they are different proceedings. They are different dockets. The point that FIPUG just would note is, is that there is some overlap, and I have been in discussions with the company. And I think we have an understanding that there is no issue preclusion that potentially could be brought up in the rate case on issues that would ordinarily be something that you would consider in the rate case.

So the example I have used is nuclear power plant operations and maintenance. Y'all, in your rate cases, are always considering operation and maintenance. We would be free to ask about the nuclear operations as it relates to Turkey Point and Martin County as part of that. So that's just kind of a legal point. I am comfortable with my conversations and representations with Florida Power & Light on that point.

The discovery deferred, there is some more

time for discovery. I am not aware of that. Is that something that -- could you just help me out with that?

MS. MONCADA: Sure. No problem.

While the issue will be tried in the 2026 docket, OPC has requested some additional time for discovery, even more than they would have ordinarily if we just started in January of 2026. So we have given them an extra two months, to November of 2025. So that is going to provide not only OPC, but also FIPUG with additional time to take discovery on this subject matter.

MR. MOYLE: Okay. Thank you for that. And that's fine.

And then the other issue that I heard, I had four, was a spinoff question that staff raised. Whether this other issue related to the nuclear power plant case should be decided in the fuel clause or spun off, and I didn't know if that was ripe for decision today or not. It was raised, you know, I think it's a significant issue, but it can also be decided -- that issue can be deferred and decided at a later point in time, whether to do it as part of the fuel clause or in the spinoff proceeding. But a lot of times, historically, in a

fuel clause, when you have had a significant issue, you said, look, this is going to take a lot of focus, let's spin it off, and here it as a separate matter.

So those are the comments that I have.

CHAIRMAN LA ROSA: Okay. FRF, you are recognized.

MR. WRIGHT: Thank you, Mr. Chairman. Schef Wright for the Retail Federation.

As stated in the Prehearing Order, we previously agreed with the parties' agreement that this would be deferred to a later hearing, and that's where we were. We do not agree with the proposed stipulation to defer these issues as stated to the 2026 fuel docket. We believe that you should defer any -- this really goes to the second issue articulated by Ms. Brownless, and that is where the issues should be litigated. And we think that any procedural decisions as to where the issues should be litigated should simply be deferred until next year. The decision on the procedure.

We don't know what all the issues are going to be, and we don't know what the issues are going to be as they may relate to overlapping issues as

between the rate case and the fuel docket. These are the kind of things that could be worked out, and would normally be worked out in a scheduling conference and issue ID conferences early next year when we have more information before us.

Thank you.

CHAIRMAN LA ROSA: Anybody else?

Okay. Then I am going to pull it back to us, and, Commissioners, do would have any -- oh, Ms. Brownless, go ahead. I am going to ask Commissioners if they have got any questions, but my intentions are to take a few minute break before we -- before, of course, we make any decisions.

Ms. Brownless, you are recognized, and I have a question, and I am going to see if my fellow Commissioners do as well.

MS. BROWNLESS: Sure. And I just want to state the staff's position so --

CHAIRMAN LA ROSA: Sure.

MS. BROWNLESS: -- you have the benefit of --

CHAIRMAN LA ROSA: Please.

MS. BROWNLESS: -- everybody's position.

We basically agree with Mr. Wright. At this time, all parties have agreed to defer. Staff concurs with that. Deferring is the appropriate

thing to do at this time.

With regard to figuring out where these issues need to be litigated, and when these issues need to be litigated, I think we will be in a much better position to make those procedural decisions, just like we always do, in the first quarter of the year.

There is a lot of information on nuclear power plant outages that is routinely put together by the company, by the NRC, by outside consultants, and we are just at the beginning of getting that information. That's another reason I do not -- I would not like discovery to be abated.

There is lots and lots of information that is created in response to nuclear outages of any type. And we would like to be able to keep up with that as it's issued because that may assist us in figuring out, in the first quarter of next year, what is the appropriate place to litigate these issues.

Thank you.

CHAIRMAN LA ROSA: Okay. So if I am understanding staff correctly, there is an agreement on deferral, but I am not hearing that there is an agreement on specific timing.

MS. BROWNLESS: Yes, sir. That's correct.

CHAIRMAN LA ROSA: Okay. Is there a harm that is -- that can be pinpointed, or at least summarized if there was a deferral to a later point in time rather than a sooner point in time? Let's say we waited until 2026. Is there a harm to customers in any kind of one direction if we so chose?

MS. BROWNLESS: Well, frankly, at this time, because it takes a while for these reports to be generated, and there will be more of these reports coming out between now and the first quarter of next year, I don't -- I can't answer that question right now. And that's one of my hesitations for going ahead and making any decision on either the procedure or the timing.

CHAIRMAN LA ROSA: Okay. Commissioners, are there any other thoughts or questions? And I am going to take a break before we make any final decisions. I just want to make sure we get us in the right order.

I am going to go to Commissioner Fay, if that's all right, and then back to Commissioner Clark.

COMMISSIONER FAY: Thank you, Mr. Chairman. I

think my question will be really quick.

So I just wanted to get clarity with, I guess, the late-breaking sort of resolutions. We don't have any language or anything in front of us, but I think based on what the Prehearing Order has and what you are saying is that the deferral would take place and then, Mr. Moyle, I would like you to clarify. FIPUG doesn't have any objection to that deferral and/or how it's taken up, and it sounds like the discovery issue, if it's extended or not, isn't something that you guys asked for, but you don't have any objections to that?

MR. MOYLE: That's correct.

COMMISSIONER FAY: Okay. And then for -- Mr. Wright, for Retail, your position is essentially that the deferral take place, and then the specifics of that can be set through the normal procedural process down the road? You are not stating it should be taken up in a rate case or a few clause, or -- I just didn't get clarity as to your position on that.

MR. WRIGHT: That's exactly right, Commissioner Fay. We are -- we don't know what the issues are going to be. There is some recently obtained information, not all of which I can even

find yet on the NRC website, that has given rise to some of this discussion, and there is -- as Ms. Brownless said, there is a lot of information to be had.

So we are fine with defer to a later hearing, and -- which is what we agreed to in the first place, and sorted out in the normal course, issue ID and scheduling conference early next year.

COMMISSIONER FAY: Okay. I just wanted to make sure I understood the positions. I just wanted to make sure I understood the positions.

MR. WRIGHT: Yes. Thank you.

COMMISSIONER FAY: You are definitely not the only one who has trouble on the NRC website. That thing is a disaster to work on.

MR. WRIGHT: Thank you.

CHAIRMAN LA ROSA: Commissioner Clark.

COMMISSIONER CLARK: I think that answered a lot of my questions, but just to go back to your original question, Mr. Chairman. We are looking at long-term effects on the customers, and we are looking at replacement power costs, assuming that those are going to accrue to the benefit of the customer. Are interest charges accrued to the replacement power cost during this time period?

MS. BROWNLESS: I believe they are, sir. I think that, of course, the replacement power costs have already been paid to the company.

COMMISSIONER CLARK: Right.

MS. BROWNLESS: So it's simply a true-up.

COMMISSIONER CLARK: Right. This is getting the money back to the customer in that case --

MS. BROWNLESS: If we determine that's appropriate.

COMMISSIONER CLARK: -- but there is an interest accrual that will accrue to the benefit of the consumer?

MS. BROWNLESS: Yes, sir.

COMMISSIONER CLARK: That was, I guess, the main question that I had.

And I guess I am a little bit confused why this -- we are proposing to wait. And I get it, it doesn't really matter to me, but I don't understand where the confusion is over where this belongs. There doesn't seem to be -- we -- this is always handled in the fuel docket --

MS. BROWNLESS: Well --

COMMISSIONER CLARK: -- and so why are we considering, okay, should this be part of a rate case, or should it be its own docket? I don't

understand it that.

MS. BROWNLESS: Because there are related issues.

One of the issues that we routinely take up in a rate case, sir, is management, is Florida Power & Light appropriately managing these nuclear power plants?

If you remember earlier this year in March, we had an issue regarding outages from 2017 to 2022 at the Turkey Point nuclear unit. And one of the issues that came up at that time was FPL's philosophy with regard to receiving concerns about operational issues.

And if you remember, what ended up happening was that we did an audit, a management audit. And in that audit, our -- Mr. Vinson, our auditor, concluded that Florida Power & Light had adequately addressed those concerns. We have information at this time that some of those concerns may have come up again with regard to these issues.

So that's the type of thing which would be appropriate for the rate case. And our concern is that if we say these issues won't be litigated until 2026, FPL will argue that those types of management concerns can't be raised in the rate

case, and we think they would be appropriately raised in the rate case.

COMMISSIONER CLARK: Well, I guess that was going to be my question, is there is nothing that precludes that from being brought up in the rate case. The rate case will precede the fuel docket --

MS. BROWNLESS: Yes, sir.

COMMISSIONER CLARK: -- so why wouldn't those issues be addressed then?

MS. BROWNLESS: Well, usually --

COMMISSIONER CLARK: I see what you are saying, though, is FPL could argue -- Ms. Moncada, you want to answer that question? Are you planning to argue that? We can solve this whole thing right here.

MS. MONCADA: We can, Your Honor.

There may be base rate related issues that we can -- that staff may raise, that other parties may raise, that are related to the rate case, and we can make decisions and raise arguments at that point regarding what the proper scope of discovery would be.

What we are trying to do here is defer the replacement power cost issues, the prudence issues,

such that the Commission will not be litigating and taking a deep dive into the prudence of these specific outages twice.

I would also like to add a few more things in response to what has been said across the table this morning.

COMMISSIONER CLARK: If I can go --

MS. MONCADA: Sure.

COMMISSIONER CLARK: -- just stay on this line of questioning for two seconds and then you can have it.

So I realize you can make of that argument, and is there anything -- and, Ms. Brownless, I will direct this to you. Is there anything that would preclude the Commission from saying, we don't care. We want it anyway. And really taking that deep dive, other than the fact, I guess, that gives them a right for appeal, but can we still demand that information even during the rate case if we want it?

MS. BROWNLESS: Well, what I am concerned about, sir, is the proposal that discovery not be had on these issues in the interim, and that -- I just want to make sure that the management aspects, which would have the potential affecting the return

on equity in the rate case, can be fully litigated there. And I honestly don't understand how to separate -- how to separate the analysis of the outages from that management issue. And it seems like if you are going to go through the whole rigmarole potentially in the rate case, then the replacement power is -- should be litigated at the same time.

CHAIRMAN LA ROSA: On that line of questioning, wouldn't the Prehearing Officer have the ability to make that decision --

MS. BROWNLESS: In the --

CHAIRMAN LA ROSA: -- if it was a rate case?

MS. BROWNLESS: Depending upon what the parties agree to put into next year's rate case.

CHAIRMAN LA ROSA: Commissioner Clark, I jumped in. Are you okay?

COMMISSIONER CLARK: Good point.

CHAIRMAN LA ROSA: Okay. All good.

Commissioner Passidomo, who is the Prehearing Officer on this.

COMMISSIONER PASSIDOMO: Yeah, sorry. The rest of it was pretty simple.

Yeah, I mean, I am inclined to agree with Commissioner Clark generally on keeping these, you

know, these sort of outage issues have typically been in the fuel clause, and I don't want to muddy things up too much.

I understand what you are saying, Ms. Brownless. And I am wondering, yeah, if there is a way -- so that's -- we are seeming to kind of then also confuse some of the issues that we are going to need to be voting on to keep them separate, so then you bring in the discovery issue, and I wanted clarification from staff. Are you saying that you want discovery to be open -- open-ended completely starting right away, like, on these issues? You wanted to keep no sort of timeline or anything like that?

MS. BROWNLESS: That would be my preference, and I will tell you why. Because there are reports that are being generated by Florida Power & Light's own folks, as well as by the NRC, at this time that could give us some real direction as to what we want to do next year.

COMMISSIONER PASSIDOMO: Okay. I think as long as we can find a way when we are -- when we go to vote to make sure that we are not confusing these issues about discovery timeline and then where these will be taken up. I think that there

is a way to be able to keep this specific outage at the St. Lucie No. 1 and 2, like, keeping that in the fuel clause, and then making -- and then, obviously, we can discuss the discovery, but I just -- yeah, I think if we can hear from FPL in response to some of this discussion it would be helpful.

CHAIRMAN LA ROSA: I will go ahead and give FPL an opportunity.

MS. MONCADA: Thank you. Thank you.

So a couple of things. I want to reiterate that we could have tried these issues this year, and FPL agreed -- FPL agreed, when we were approached, not to do so. And we would not have reached that agreement if we knew there was a possibility that we were going to have to try these issues at the same time as the 2025 rate case.

The second thing I wanted to say is with respect to discovery, now we have been put in a position where FPL will be subject to more than two years of discovery on these issues that, again, we could have tried today if we hadn't been approached about reaching an agreement to defer the issues.

And with respect to the management issues, I think that if they are relevant to the rate case,

that they can be drafted in a way by the parties that would make clear that they are separating the management issues from the issues to be tried later in the 2026 fuel docket.

CHAIRMAN LA ROSA: Okay. You know, got that.

Commissioners, are there any other questions or thoughts? I am going to take a break, not this second, after we are done with this. I am going to ask staff -- I am going to ask this now.

Is there a way for us to get a copy of the language that's been agreed to? Is there a way to get that distributed? I would like to read it.

MS. BROWNLESS: Please.

MS. MONCADA: May I approach? I only have two.

CHAIRMAN LA ROSA: Can we just have -- I mean, I am going to go take a break anyways, so let's just get it photocopied and whatnot.

Then, Commissioner Fay, let's go ahead and jump over to you.

COMMISSIONER FAY: Great. Thank you, Mr. Chairman.

Unfortunately, you know, once we get going on these, it's -- the more you hear, the more questions that come up on it.

CHAIRMAN LA ROSA: That's okay.

COMMISSIONER FAY: So just a point of clarity, I think, between some of the comments by Ms. Brownless and Ms. Moncada.

So it's my understanding that the information that may be out there regarding this topic, the outages, comes at all different times, and there is different entities that review it, and that sort of thing. The actual discovery process, from what I understand, would -- if it's not in the 2026 fuel clause, if it was a discussion for the rate case, would be from when the rate case was initiated based on the acceptance of to the MFRs, the filing, to the end of that rate case, when the Commission makes a decision, if, hypothetically, it was placed in there. Is that an accurate description of discovery?

MS. MONCADA: Yes. There is a set discovery deadline, but other than that, that's correct.

COMMISSIONER FAY: Okay. And so if we did that, it would also negate some of the language you have negotiated with OPC, from what I understand, because if it's not in that 2026 fuel clause, it would just start -- it would be within the confines of that rate case schedule or discussion, and --

let me word it this way: I guess, hypothetically, based on what I have heard you from here today, those things are not foreclosed for discussion in the rate case, but the decision itself would be set for 2026, based on what you have negotiated? And I understand retail is not part of that agreement.

MS. MONCADA: I do think that there is a distinction between the issues that affect base rates versus the deep dive into the prudence issues. But with respect to NRC records, I just want to point out that those are publicly available, and so they don't really need to serve discovery in order to obtain them.

COMMISSIONER FAY: Fair, but I think what you are saying is that the utility would be working on the rate case before the filing. The Commission would then receive that information based on information, they would do their discovery process. And so I guess, to your point, some of those things could maybe be preemptively reviewed, but I don't think that's how our process works. I think once that discovery was initiated, then we would go that route.

So is there another open pending docket where this topic is relevant that we would be -- the

Commission would be reviewing it, or is it either rate case or fuel clause based on history?

MS. MONCADA: I do think it is binary. It would either be -- well, I will tell you that we were surprised to hear that it even is a rate case issue because replacement power costs have always been fuel clause issues. So that is our position, that they are fuel clause issues. But you have the timing correct with respect to when discovery would occur in the anticipated rate case.

COMMISSIONER FAY: Okay. Great. And I am not saying that's my decision on it yet. I just want to make sure we have a full understanding of what that process would look like if it, hypothetically, went that way, so thank you.

Ms. Brownless -- or, Mr. Chairman, I think Ms. Brownless has something to add.

CHAIRMAN LA ROSA: Yes.

MS. BROWNLESS: Thank you.

I just want to say that the actual replacement power amount would be reflected in the fuel clause. So what you would be litigating in order to determine what that amount should or should not be, you need to know if the actions of the company were reasonable, okay.

And that analysis also, whether the actions the company took are reasonable, also can affect the question of is FPL running their nuclear units appropriately?

And that's the -- that's -- I am not suggesting that the replacement power costs are not routinely squared up in the fuel clause. They certainly are. And if they were part and parcel of what was taken up in the rate case, then that aspect, a determination of the dollar amount, would be in the fuel clause. I don't know if I am articulating this very well.

COMMISSIONER FAY: Yeah. And I -- I mean, I think that's the whole point of the discussion or the debate we are having. There is a little bit of splitting hairs. And since we don't know what that would look like on that day, it's hard to say what the substance would lend itself towards as far as a rate case decision or a fuel clause decision restless.

MS. BROWNLESS: Right.

COMMISSIONER FAY: I think, historically -- and correct me if I am wrong, but historically, even under the years where rate cases were pending, these types of issues were still taken up in a fuel

clause, because I think that -- that's distinction that's kind of being made here, like, normally we would take it up in a fuel clause, but we have got a potential rate case filing, and historically, the Commission has taken up whatever comes in in that rate case filing, which is extremely broad, and it includes a lot of different items and topics. Is that a fair description?

MS. BROWNLESS: Well, we have, in the past, in rate cases, routinely taken up the issue of utility management, and this becomes an issue of utility management, depending on what the root cause analysis reports come back and all.

COMMISSIONER FAY: I gotcha. And that's the big depending on, and since we don't know, it's hard to say --

MS. BROWNLESS: As it stands right now, we don't know.

COMMISSIONER FAY: -- which one it would go into, gotcha.

Okay. Thank you.

MR. WRIGHT: Mr. Chairman, may I briefly?

CHAIRMAN LA ROSA: Sure.

MR. WRIGHT: Thank you.

CHAIRMAN LA ROSA: Commissioner Passidomo, do

you want to speak first?

MR. WRIGHT: Oh, sorry.

COMMISSIONER PASSIDOMO: I just -- can I just, really, one follow-up. As far as regarding utility management, is there -- are you saying that you would be sort of pigeoned to be -- not be able to ask those questions in the rate case docket for that utility management component, can't you ask those questions through that discovery process in the rate case, and you would still have that information, you know, the -- when you come up -- come for the fuel clause, too.

Like, I guess I am just -- you have to dissociate during that discovery? I mean, that's a utility management. What says that you can't -- why can't you ask that in the rate case process and then still keep this in the fuel clause?

MS. BROWNLESS: And that's what we want to make sure we can be able to do.

COMMISSIONER PASSIDOMO: Is there some legal --

MS. BROWNLESS: And our concern -- I am sorry, but our concern was that if it was confined to the fuel clause docket, there would be objections from the utility if we sought to get into that

information in the rate case.

COMMISSIONER CLARK: That's the question that -- I was asking the exact same question. Thank you. You probably articulated it much better than I did.

But, Ms. Moncada, you made a great point. I understood what you were saying. Maybe I want you to repeat it instead of me. But you would acknowledge that if we ask these questions, you are going to provide us information relative to the management in the rate case -- in the rate case, when we are doing it in the rate case, correct?

MS. MONCADA: Right. There would be an appropriate scope to respond to, yes.

COMMISSIONER CLARK: Ms. Brownless, apparently that doesn't meet your minimum standard here?

MS. BROWNLESS: Well, that's the first time I have heard that articulated.

COMMISSIONER CLARK: Okay.

MS. BROWNLESS: And that certainly is --

COMMISSIONER CLARK: That's why I ask the tough questions.

CHAIRMAN LA ROSA: Commissioners, any other questions? If not, I am going to go to Mr. Wright.

MR. WRIGHT: Thanks very much.

Here's what I think for today. I think that -- I would suggest to you I think the best thing to do is stick with the "to a later hearing" language. I agree with Ms. Brownless' characterization of where things are and where they might go in the rate case.

Ms. Moncada made a good point that we may be able to -- I would hope that we can -- draft issues that would keep things separate enough that would allow staff to address the issues they want to address, and, frankly, the issues that folks down here at this end of the table would also quite possibly want to address in the rate case in reasonable discussions which could take place before the first quarter of next year.

You know, I am a pretty agreeable guy. And we are willing to sit down with my friends at FPL and sort it out. You know, and we will say, look, these are the issues we may want to litigate in the rate case, and if you are okay with them, you know, and we can separate those out from the fuel cost -- fuel clause docket issues, we may be able to get there on that.

The -- I have a real procedural problem with what you have got before you, and it is this: If

you were to issue an order embodying what the three parties, FIPUG, OPC and FPL have agreed to, that would be a procedural order based on what is effectively a motion by these three parties to which we haven't had an opportunity to respond. I first learned about this possibility yesterday, and here we are today.

I really think the best thing you can do today is go with the language that we all agreed to originally, that is defer to a later hearing. And I will commit to you and staff and Maria, and everybody else, that we will sit down with them as soon as practical. You know, probably not today, because there is a lot going on today, but as soon as practical, I mean, this month, next week, and see what we can work out in terms of delineating the issues in a way that's mutually agreeable.

CHAIRMAN LA ROSA: All right. Excellent.

Then let's do this, let's distribute the language. Let's take and 10-minute break.

MR. HETRICK: How about 15.

CHAIRMAN LA ROSA: All right. Legal staff is telling me 16 -- so -- or 15. I will take Mr. Hetrick's advice. Let's say 15-minute break. That will put us back here at 10 minutes after 11:00.

So let's do that.

Thank you.

MS. MONCADA: Before the break, Mr. Chairman, just as a favor to my friends to my left over here --

CHAIRMAN LA ROSA: Yeah, and I apologize. Yes, I know exactly what you are going to go say.

If you are not involved in this -- any party that's not involved in this portion of it, you may be excused.

MR. MEANS: Thank you, Mr. Chairman.

MS. KEATING: Thank you so much.

CHAIRMAN LA ROSA: Sorry about that. Yes.

Thank you, Ms. Moncada.

(Brief recess.)

CHAIRMAN LA ROSA: All right. Let's move back on to the record.

I understand that there is a resolution that's been handed out and passed out for us. Maybe go to FPL.

MS. MONCADA: Thank you, Mr. Chairman. I, too, have received a copy of the language, and FPL does agree to it. I want to emphasize that we were able to reach this agreement because staff has committed that the commencement of discovery early,

on April 1st of next year, will be limited to the prudence issues that are in question in 2K through 2N, and that their discovery will be targeted.

Thank you.

CHAIRMAN LA ROSA: Any other thoughts or comments?

FRF.

MR. WRIGHT: Just briefly, Mr. Chairman. Thank you.

We agree with the language that you should have in front of you. I just want to make it clear that it's our position that, and our understanding based on discussion with your senior staff, that management issues, as mentioned by Ms. Brownless in our earlier discussion, are appropriate for the rate case.

CHAIRMAN LA ROSA: Okay. Any other comments? Seeing non -- oh --

MS. MONCADA: I am sorry, and I know that we are here on a resolution, but I think our position remains that those issues are TBD, and to be determined for the rate case, and that it would be premature to say today what is appropriate in scope for the rate case.

CHAIRMAN LA ROSA: I will go to staff on that.

That's my understanding.

MS. BROWNLESS: Yes.

MR. WRIGHT: And I was just making clear that that's our position and understanding as well. I don't expect to see that in the order.

CHAIRMAN LA ROSA: Let's bring it back to us, Commissioners.

Commissioners, any thoughts, questions, discussions or anything we would like to chat about?

MS. BROWNLESS: Commissioner, perhaps we should read into the record what the resolution is.

CHAIRMAN LA ROSA: Let's go ahead and do that.

MS. BROWNLESS: Okay. Resolution states: Resolution of these issues, Nos. 2K through 2N, should be deferred to the fuel clause hearing in 2026, but discovery on these issues, Nos. 2K through 2N, can begin on April 1, 2025, provided it is limited to Issue Nos. 2K through 2N. Staff supports this stipulation.

CHAIRMAN LA ROSA: Thank you.

Commissioners, let's bring it back to us. Are there any questions or thoughts?

Commissioner Clark.

COMMISSIONER CLARK: Just a question, Mr.

Chairman.

We only heard from, I guess, two of the parties. Are all of the parties onboard with it, that would be my --

MR. WRIGHT: We had one quick clarification, my colleague here and I.

Did Ms. Brownless say 2027 or 2026? We thought we heard '27, that's why we were asking.

MS. BROWNLESS: 2026, sir.

MR. WRIGHT: Thank you.

CHAIRMAN LA ROSA: Yes.

All right. OPC.

MS. WESSLING: We support that stipulation.

CHAIRMAN LA ROSA: Okay. Awesome.

Commissioner Clark, good?

Commissioner Passidomo.

COMMISSIONER PASSIDOMO: Okay. So I don't want to -- I appreciate that the parties worked together in the last 20 minutes or so to come up with this new language. I just wanted to kind of state for the record just my personal opinions, and maybe I am a little biased because I was the Prehearing Officer on this -- on the clauses. But I just think the issues related to the outages, they were clearly delineated in the Prehearing

Order.

I understand through this language now that you have agreed to keep it in the fuel clause, and I agree with that, because I just don't think it's appropriate to presume issues in a rate case that hasn't even been filed yet. So with respect to any management issues that may arise, I think those can be better addressed in the rate case when those issues are determined in that proceeding.

As far as this new language, I -- I am -- I guess my only question is as to why -- why we need -- why it feels necessary to expand that discovery timeline? It's an extra seven months than what was previously negotiated between the parties. And I think I am going to -- I think I kind of already have an idea of what staff is going to say, but I would like you to explain a little bit better as to why you need that extra seven months.

MS. BROWNLESS: We would like it backed up to April 1 of 2025 because we sincerely believe that there will be -- the type of information that will be available at that time perhaps could let us quickly resolve this issue, and so it would have been our preference not to limit discovery at all. But in recognition of the fact that we are going to

defer this to 2026, we believe that if we are able to get information in April of next year, we might be able to eliminate these issues completely in the 2026 fuel clause.

COMMISSIONER PASSIDOMO: Okay. Well, with that, I am going to defer to my colleagues on how they want to proceed. Those are my thoughts.

CHAIRMAN LA ROSA: Okay. And good thoughts and question.

So April -- so just so I understand it, so April 1st, that is -- that is the soonest, right? We are putting that kind of as a threshold, so can begin on April 1st or later?

MS. BROWNLESS: Yes, starting April 1.

CHAIRMAN LA ROSA: Okay. Commissioners, any further thoughts or questions?

COMMISSIONER CLARK: That discovery strictly is limited to this issue?

MS. BROWNLESS: The four issues.

COMMISSIONER CLARK: Yeah, got it. Okay. I can live with that.

CHAIRMAN LA ROSA: Other thoughts? Other questions?

Sure, Commissioner Fay.

COMMISSIONER FAY: Real quick, Mr. Chairman.

I think it's a good resolution that we are not double litigating for purposes of what we would be doing going forward, and so I think that makes sense, and I appreciate the resolution. I am happy to move forward, Mr. Chairman, when you are ready.

CHAIRMAN LA ROSA: If there is any -- if there is no other questions or thoughts, we can -- I will open the floor for a motion.

COMMISSIONER FAY: Okay. I would move Commission approval for Issues 2K through 2N as the resolution as read by Ms. Brownless into the record. I am happy to reread it, Mr. Chairman, if you would like.

CHAIRMAN LA ROSA: No. I think we got it.

COMMISSIONER GRAHAM: Second.

CHAIRMAN LA ROSA: If there is no other clarification, then hearing a second, all those in favor signify by saying yay.

(Chorus of yays.)

CHAIRMAN LA ROSA: Yay.

Opposed no.

(No. response.)

CHAIRMAN LA ROSA: Show, then, that the resolution, then, passes.

Okay. So then let's move on to any concluding

matters.

Staff, please tell me if I missed anything. I know there was a little bit of hiccups with that one.

MS. BROWNLESS: Yes, sir.

All issues, testimony and exhibits having been stipulated to, and all stipulations having been approved by the Commission, staff has no additional matters to be addressed at this time.

CHAIRMAN LA ROSA: Do any other parties have any additional matters that need to be addressed? We spent a lot of time with each other today. All good.

Okay. Then seeing no additional matters, then I will go ahead and say that this hearing is adjourned.

Thank you all for your time and effort, and thank you to the Prehearing Officer. I know this one was a little tricky, so thank you.

MS. MONCADA: FPL also wants to say thank you to the Prehearing Officer, did a great job streamlining it. I know we took a lot of time on these issues today, but at least we got to dispose the rest of them. Thank you.

CHAIRMAN LA ROSA: Absolutely. Thank y'all.

(Proceedings concluded.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

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

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

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 23rd day of November, 2024.

DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028