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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240026-EI

Petition for rate increase  
by Tampa Electric Company.

\_\_\_\_\_/ DOCKET NO. 20230139-EI

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

\_\_\_\_\_/ DOCKET NO. 20230090-EI

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

PROCEEDINGS: SPECIAL COMMISSION CONFERENCE AGENDA

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

DATE: Tuesday, May 7, 2024

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

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

PREMIER REPORTING  
TALLAHASSEE, FLORIDA  
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1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: All right. Today's is  
3 still December 3rd. This is our Special Agenda  
4 Conference. Let's go ahead and start with Ms. Buys  
5 for a quick introduction.

6 MS. BUYS: Good morning, Commissioners. I am  
7 Penelope Buys with Commission staff.

8 Today's Special Agenda is to address the  
9 petition filed on April 2nd, 2024, by Tampa  
10 Electric Company seeking Commission approval of a  
11 base rate increase. This recommendation also  
12 addresses additional dockets related to  
13 depreciation and generation based rate adjustments  
14 many.

15 TECO is an investor-owned electric utility  
16 providing service to approximately 844,000  
17 customers in Hillsborough and portions of Polk,  
18 Pasco and Pinellas Counties. TECO's last base rate  
19 hearing was in 2021. In that proceeding, the  
20 Commission approved an unanimous settlement  
21 agreement.

22 Two virtual customer service hearings were  
23 held on June 10th and 11th, 2024, and one in-person  
24 service hearing was held in Tampa on June 13th,  
25 2024. A total of 53 customers testified at the

1 service hearings. An administrative evidentiary  
2 hearing was held August 26th through 30th, 2024.

3 Staff has prepared a suggested voting block  
4 chart to address the revenue requirement issues in  
5 this docket. The subsequent issues, Issues 78  
6 through 82, 93 and 117, will be brought before the  
7 Commission at the December 19th, 2024 Special  
8 Agenda.

9 This is a post-hearing discussion with  
10 participation limited to Commissioners and staff.

11 Staff provided an oral modification which  
12 provides clarification, corrects typographical  
13 errors and does not change the overall staff  
14 recommendation.

15 Staff is available for questions.

16 Thank you.

17 CHAIRMAN LA ROSA: Thank you, Ms. Buys.

18 Commissioners, so before us we should have  
19 basically called a block schedule, right, of  
20 individual blocks with issues within each one.  
21 Everyone has that, are comfortable with that.

22 So what I would like to do is go kind of block  
23 by block, Block 1, 2, 3 and thereon, and we will  
24 talk about an issue if you want to pull an issue  
25 out of it and discuss it, or make alterations, or

1           whatever the, you know, we decided to do, if we are  
2           okay with that, right? So we will go block by  
3           block if good.

4           So let's go ahead and start off with Block No.  
5           1, which is Issues 1, 2 and 3. Commissioners, is  
6           there discussions on any of those issues?

7           COMMISSIONER CLARK: Mr. Chairman.

8           CHAIRMAN LA ROSA: Sir, you are recognized.

9           COMMISSIONER CLARK: Yes, sir. I just wanted  
10          to -- one of the issues in Block 1 that I have some  
11          concern with is Issue No. 2 in terms of the  
12          weatherization.

13          I read the recommendations. I reflected back  
14          on the testimony, and I just had some, I guess,  
15          disagreement with changing to a 10-year. I know  
16          TECO has typically used a 20-year weather  
17          normalization forecast. I tend to agree with that.  
18          I just did not find compelling the arguments that  
19          climate change was warranting switching to a  
20          10-year forecasting methodology. And I would just  
21          advocate that we look at leaving it at the  
22          20-year -- the 20-year forecast, Mr. Chairman.

23          CHAIRMAN LA ROSA: Thank you, Commissioner.

24          And I will just kind of add to that comment  
25          that I agree wholeheartedly. I agree with how

1 staff, you know, initially kind of framed it with  
2 using some of the out-of-model adjustments, but  
3 agree with you that for us to make a move like  
4 that, it needs to be a pretty high threshold, and I  
5 don't know that this record ultimately meets that.  
6 So I would agree with you in that change.

7 Is there any further discussion on Issue 2  
8 specifically that Commissioner Clark has brought  
9 out?

10 COMMISSIONER CLARK: Do you want to take a  
11 motion on the block as a whole, Mr. --

12 CHAIRMAN LA ROSA: Yeah, if so, let's go ahead  
13 and take a block -- take a motion on the block as a  
14 whole, and assuming I am want to hear an  
15 adjustments issue too.

16 COMMISSIONER CLARK: Yes. I would move  
17 approval of staff recommendation on Block 1 with  
18 the exception noted that the 10-year forecast be  
19 changed to 20.

20 CHAIRMAN LA ROSA: Is -- I am going to look to  
21 staff. Is that adequate the way that motion has  
22 been laid out?

23 MR. MARQUEZ: I believe so. I just wanted to  
24 make sure I know that two Commissioners have  
25 expressed not wanting to adopt staff's

1 recommendation. Is there a third, just so that we  
2 have --

3 CHAIRMAN LA ROSA: Well, we will find out here  
4 real soon if there is a third, right? I think so.  
5 Okay. Oh, excellent. I am sorry, I had my head  
6 down.

7 So I guess I will go back to staff. We are  
8 good to move?

9 All right. So hearing a motion on Block 1,  
10 Issues 1, 2 and 3, is there a second?

11 COMMISSIONER GRAHAM: Second.

12 CHAIRMAN LA ROSA: All right. Hearing a  
13 motion, and hearing a second.

14 All those in favor signify by saying yay.

15 (Chorus of yays.)

16 CHAIRMAN LA ROSA: Yay.

17 Opposed no?

18 Show that Block 1 passes as modified.

19 Commissioner Fay, you are recognized.

20 COMMISSIONER FAY: I apologize, Mr. Chairman.  
21 I don't want to interrupt.

22 On the first block, I wanted for clarity  
23 purposes, I support the motion as presented. I  
24 thought that 10 was more favorable, but I think at  
25 a 20-year, it doesn't negate our ability to provide

1 an accurate or relevant forecast. So I don't  
2 object to what was proposed, but with that said, I  
3 thought the 10-year was more appropriate.

4 Thank you.

5 CHAIRMAN LA ROSA: Thank you.

6 Okay. Let's move to Block No. 2, which only  
7 has a single issue, Issue 4, which is quality of  
8 service.

9 Commissioners, any discussions or thoughts on  
10 this block, Block 2?

11 COMMISSIONER CLARK: Move to approve staff  
12 recommendation on Block 2, Mr. Chairman.

13 COMMISSIONER GRAHAM: Second.

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

16 All those in favor signify by saying yay.

17 (Chorus of yays.)

18 CHAIRMAN LA ROSA: Yay.

19 Opposed no?

20 Show that Block 2, Issue 4, passes as  
21 recommended.

22 All right. So let's now move to Block 3,  
23 which is Issues 5, 6, 7, 8, 9, 10, 11 and 12. So  
24 Issues 5 through 12, Commissioners, is there  
25 discussion on this block?

1           Seeing none.

2           COMMISSIONER CLARK: Move to approve staff  
3 recommendation on all items in Block 3, Mr.  
4 Chairman.

5           COMMISSIONER GRAHAM: Second.

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

8           All those in favor signify by saying yay.

9           (Chorus of yays.)

10          CHAIRMAN LA ROSA: Yay.

11          Opposed no?

12          Show that issues in Block 3 pass as  
13 recommended.

14          All right. Next up is Block 4, which is  
15 Issues 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23,  
16 24, 25, 26, 27, 28, 29, 30, 31, 32. I apologize  
17 for reading them all out realizing that it's Items  
18 13 through 32.

19          Is there questions? Is there questions?

20          Commissioner Graham, you are recognized.

21          COMMISSIONER GRAHAM: Thank you, Mr. Chairman.

22          I think this is going to be my inner military  
23 brat coming out here. Issue No. 22, the one on  
24 MacDill Air Force Base. I find it difficult  
25 sometimes when my military asks me for things and I



1 tell them no, so I started digging a little deeper  
2 into this.

3 Staff, walk me through this issue.

4 CHAIRMAN LA ROSA: Staff, you are recognized  
5 when you are ready.

6 MR. DAVIS: Okay. This issue involves  
7 providing four RICE engines to operate on the  
8 MacDill Air Force Base. The operation for MacDill  
9 will only take place in case of a national  
10 emergency, something like 9/11. Other than that,  
11 the improvements would serve the ratepayers.

12 And basically our recommendation is there  
13 really isn't a need for -- there is no reliability  
14 need for this facility. There is awesome  
15 operational benefits, but really no reliability  
16 needs, so that's why we did not recommend going  
17 forward with this project.

18 COMMISSIONER GRAHAM: My issue with this one  
19 was I did see that there was some operational  
20 benefits to this. Looking at several things us.

21 Number one, looking at the peninsula that the  
22 military base is located on, I think it gives a lot  
23 of benefits to that location wise. I think it  
24 gives benefits to all of TECO's area that --  
25 because if you look at the other two power plants

1           that they have, they are located over, we will call  
2           it more on the mainland, than out on this  
3           Peninsula. And maybe to this date they haven't had  
4           any problems, but I see that may be problematic,  
5           and so there is a benefit to all the ratepayers  
6           there.

7           The military is asking for this specifically  
8           for when there is a time of emergency. We are not  
9           talking about a whole lot of megawatts here. I  
10          believe there was something like 40 megawatts.

11          MR. DAVIS: Yes, Commissioner, let's see  
12          37 megawatts.

13          COMMISSIONER GRAHAM: 37. I was close. And  
14          these being the reciprocating internal combustion  
15          engines, which I think work very well -- the staff  
16          mentions here talking about the solar panels, and  
17          the more and more solar panels we put out there.  
18          You know, on those cloudy days, when all of a  
19          sudden there is no juice coming through those solar  
20          panels, that's instantaneous -- that's more  
21          instantaneous power coming to when you need it  
22          where you need it. And the cost-effectiveness of  
23          this, I think it's pretty awesome.

24          The only pushback, and I get where staff is  
25          coming from. If you look at their reserve margin,

1 I mean, they have plenty of reserve available, but  
2 I don't think that the military is asking for a lot  
3 here, and it's really not going to cost anybody any  
4 money in the long run, so that being the case, I  
5 think we should step out a little bit and help  
6 them.

7 CHAIRMAN LA ROSA: Yeah, Commissioner, I  
8 agree. I think there is a \$10 million benefit to  
9 customers, if I am reading through my notes.

10 COMMISSIONER GRAHAM: Net 10 million.

11 CHAIRMAN LA ROSA: Yeah, net \$10 million, and  
12 that was pretty well spelled out. I agree with  
13 you. I think that these -- this source of energy  
14 production gives us the ability to strike the  
15 balance, and I think that's certainly important.

16 I am going to go to Commissioner Fay,  
17 Commissioner Clark, if that's all right, because  
18 his light is on, and then we will come back to  
19 Commissioner Clark.

20 Commissioner Fay, you are recognized.

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

23 I just -- I have got, I guess, a few questions  
24 and then a comment on the item, or maybe a few  
25 comments on the item.

1           First, let me just, I guess, fully understand  
2           the CPVRR. So the analysis that was presented  
3           essentially provides 10 million and the net gain of  
4           a CPVRR, and your analysis excludes essentially  
5           three energy storage projects, and then all the  
6           other solar projects that are presented that would  
7           be in place before the in-service dated of this  
8           actual generation, correct?

9           MR. DAVIS: Yes, correct.

10          COMMISSIONER FAY: Okay. Did you do a further  
11          analysis on if those projects were included into  
12          that CPVRR, what that number would be?

13          MR. DAVIS: No, we did not.

14          MR. ELLIS: In the sense we do not have in the  
15          record an alternative CPVRR analysis, with  
16          additional resources beyond those included in their  
17          initial review, which includes some of the solar,  
18          some of the energy storage and some other fossil  
19          generation as well.

20          COMMISSIONER FAY: Okay. So that -- I guess  
21          to that point, it's a little bit unknown. I mean,  
22          it's probably in the same sort of range depending  
23          on up and down what would fluctuate, but the  
24          recommendation it just essentially stating because  
25          those components aren't in the calculation, it's an

1 unknown, is that fair to say? You are not saying  
2 the CPVRR is invalid, or in the red, or anything.  
3 You are just saying essentially we don't know.

4 MR. DAVIS: Correct. Yeah.

5 COMMISSIONER FAY: Okay. All right. And then  
6 On the actual benefits of the project itself. So  
7 the recommendation discusses some of TECO's points  
8 as to what benefits would apply. If -- and I, you  
9 know, I grew up in Tampa. I am well aware of the  
10 area. I am thinking of where this base is located.

11 I would presume that in some version of  
12 restoration, depending on what occurred, if -- you  
13 had mentioned, like, a severe event. I guess it  
14 could be a number of things, either physical or  
15 cyber related, that component, for restoration  
16 purposes, would arguably be one of the top  
17 priorities for that entire area if power went down,  
18 correct? Is that fair to say?

19 MR. DAVIS: Yes.

20 COMMISSIONER FAY: Okay. And so I would  
21 presume that the resources for restoration purposes  
22 under -- without this project, like as of today,  
23 would go there first, at least some position of the  
24 resources would go there first.

25 If this generation was available to the base,

1 I presume those resources would then be able to be  
2 utilized for areas around that base, in other  
3 words, residential, business and customers. Is  
4 that a fair presumption? I mean, we don't know  
5 what -- exactly how many resources, and where they  
6 would all be, but they at least wouldn't be sort of  
7 mandated or necessitated to go there first?

8 MR. DAVIS: Yes, sir. That's correct.

9 COMMISSIONER FAY: Okay. Yeah, this -- I  
10 mean, this is a really tough decision. I can see  
11 the limitations based on that CPVRR. I recognize  
12 that there is -- as Commissioner Graham said, there  
13 is absolutely some value. I mean, we are -- it's a  
14 sort of, you know, tough dilemma in that there are  
15 some clear benefits and, you know, I just think  
16 when I read through this -- I actually pulled one  
17 of the sentences out of the recommendation which,  
18 to be honest with you, has caused me to have -- to  
19 literally have trouble sleeping.

20 It says: The STR Project is located ON  
21 MacDill Air Force Base, which agreed to lease the  
22 land at no cost to TECO in exchange for the  
23 provision of electrical service due to a validated  
24 threat against the Air Force Base.

25 I think this is one of those projects where,

1           you know, if we had a clear CPVRR in the red, and  
2           we knew exactly what that looked like, we would be  
3           inclined to deny that.

4           I think, Commissioners, we need to give  
5           serious consideration to the significance of this  
6           project, and what's presented, and recognize that  
7           maybe that component that's unknown could be  
8           outweighed by the benefits of this area. So I am,  
9           like Commissioner Graham, going to support this,  
10          and I hope it's given serious consideration to be  
11          included in this rate case.

12          Thank you.

13          CHAIRMAN LA ROSA: Commissioner Clark.

14          COMMISSIONER CLARK: I just -- I think there  
15          has been an ample amount said about the project. I  
16          do also believe that it's extremely beneficial for  
17          our national security efforts.

18          I see it as a reliability enhancement as well.  
19          I don't -- I am not sure how we can determine that  
20          it's not really needed for reliability. I think  
21          there is certainly reliability implications that we  
22          can draw off of what's going happen here.  
23          Especially -- and Commissioner Fay's point, what's  
24          going to happen to the grid. I don't know how  
25          TECO's system is set up, by my assumption is that

1           they are able to isolate MacDill from the rest of  
2           the grid, and be able to feed just that portion.  
3           From a security perspective, it would make sense to  
4           me to do it that way, but that all of these  
5           resources be allocated to one of the most -- one of  
6           the most strategic command centers in the United  
7           States of America is located at this location. I  
8           don't think I am giving away any national security  
9           information here, but I certainly see that as an  
10          important part of what we are doing, and it's part  
11          of our responsibility as well, Mr. Chairman. I  
12          fully support the item.

13                   CHAIRMAN LA ROSA: Thank you, Commissioner  
14                   Clark.

15                   And I will just simply say I support the  
16                   direction that we are going with this as well.  
17                   When I look at the statute, you don't to kind of  
18                   rehash and say word-for-word, but when I look at,  
19                   you know, emphasizing the diverse supply of  
20                   domestic energy, you know, resources, I think this  
21                   -- this simply answers that question and it gives  
22                   that level of comfort.

23                   I will look back to my Commissioners if there  
24                   is any further thoughts on this. We are talking  
25                   specifically Issue 22. I am going to stop us



1 before we take a motion, because I want to kind of  
2 lay out a few directions, but any further thoughts  
3 or discussions on Issue 22 specifically?

4 Okay. So the reason I stopped us was because  
5 I don't want to get confused, right, I am bringing  
6 up blocks. But what I need to maybe do is identify  
7 the issues in the blocks and try to maybe kind of  
8 stay in numerical order. I want to come back to  
9 14, so I don't want that to be overlooked when  
10 looking at Block 4. But again, just -- we are on  
11 22, talking about the South Tampa Resilience  
12 Project.

13 So let's pick it up kind of where we are at.  
14 We have all, you know, had some thoughts and  
15 comments. Is there a motion specifically on Issue  
16 22 that we would like to change from what staff is  
17 recommending?

18 COMMISSIONER FAY: Mr. Chairman.

19 CHAIRMAN LA ROSA: You are recognized.

20 COMMISSIONER FAY: If you would allow me just  
21 to make clear with our staff. I believe there  
22 would be some fallout for the approval of that item  
23 that would change some of our numbers, so I am  
24 happy to include those issues in our motion, or if,  
25 I think, maybe with the appropriate administrative

1 authority, we could -- it sounds like the  
2 Commission is prepared to approve this. If we were  
3 to approve it, then those adjustments could be  
4 made. I am happy do it either way.

5 MR. MARQUEZ: Commissioner Fay, that would be  
6 appropriated, and you can us to do that so that we  
7 can take into account all of the adjustments that  
8 the Commission is making today.

9 COMMISSIONER FAY: Okay. Great.

10 So with that, Mr. Chairman, what I would do is  
11 move for the approval of the South Tampa Resilience  
12 Project, which is counter to staff's  
13 recommendation, and include administrative  
14 authority to adjust any fallout issues.

15 COMMISSIONER GRAHAM: Second.

16 CHAIRMAN LA ROSA: All right. Hearing and  
17 motion and hearing a second.

18 All those in favor signify by saying yay.

19 (Chorus of yays.)

20 CHAIRMAN LA ROSA: Yay.

21 Opposed no?

22 Show that Issue 22 passes as adjusted.

23 I would like to move to Issue 14, if we can,  
24 in this same block. And here's where I had some  
25 concern, and kind of going back and forth with it.

1           I felt like that this decision was a little  
2           bit premature in the sense that it was based on  
3           potential EPA rules that are not finalized, right?  
4           And that simply just kind of gave me a little bit  
5           of concern to not willing to want to include it  
6           within this case. I understand how the grant  
7           works, and a lot of that money is coming from the  
8           federal government, but it felt like this was a  
9           little bit premature to approve this at this point  
10          in time.

11          So that's where I stand on this, but I will  
12          open it up for any further discussions or thoughts.  
13          Talking about issue 14, the future environmental  
14          compliance recovery.

15          Commissioner Fay.

16          COMMISSIONER FAY: Thank you, Mr. Chairman. I  
17          feel like I am talking a lot. It might be my  
18          Dayquil has kicked in here, so I apologize.

19          So maybe if I could maybe just ask staff one  
20          or two questions here to make sure I understand  
21          clarity of the item itself.

22          So as proposed, we have the initial assessment  
23          that would occur at the \$18.2 million valuation, is  
24          that accurate?

25          MS. BUYS: That's correct.

1 COMMISSIONER FAY: Okay.

2 MS. BUYS: It's a valuation.

3 COMMISSIONER FAY: Okay. And then the reality  
4 is that if the Commission were to approve that  
5 component -- I guess two things. One, that the  
6 assessment would show that the rest of the project  
7 is not viable. And under that circumstance, the  
8 utility would no longer move forward, and that  
9 would kind of end the allocation and the cost for  
10 that.

11 MS. BUYS: If that's what it shows, yeah.

12 COMMISSIONER FAY: Okay. And then if it does,  
13 it appears there are -- if it does show it to be  
14 worth moving forward, it appears there are some  
15 additional costs that would -- that are not being  
16 asked to be recovered in this rate case but are not  
17 covered by the federal funds that are being  
18 provided, is that --

19 MS. BUYS: That's correct.

20 COMMISSIONER FAY: Okay.

21 MS. BUYS: So with that extra cost that's not  
22 being recovered in this rate case, if the rule  
23 becomes effective, they will add that on to the  
24 project costs and go through the ECRC.

25 COMMISSIONER FAY: Okay. And than it's my

1           understanding from the recommendation that --  
2           because I presumed with -- I mean, DOE has all  
3           kinds of funding that came from the IRA, and it's,  
4           you know, done different things, for better or  
5           worse, or whatever reason, money is just going out  
6           constantly on a federal level.

7                        So the funds itself for this project, are they  
8           allocated already to the utility -- are they  
9           allocated already to the utility, or is it like --  
10          is it one of these processes where depending on  
11          what step in the process they are then paid for?

12                       MS. BUYS: I believe it's already allocated to  
13          the utility to do this project, just for this  
14          project. They can't use it for anything else.

15                       COMMISSIONER FAY: Okay. And to that point,  
16          as the Chairman mentioned, if we don't have  
17          specific rules that take effect that essentially  
18          support this type of project, I would presume that  
19          would be included in the assessment at that time,  
20          and either, I guess, validated or invalidated, is  
21          that a fair sort of approach, or is the assessment  
22          more what's just viable for purposes of what the  
23          utility could do?

24                       MS. BUYS: The assessment is to see if they  
25          can actually do the project. And through

1           discovery, we actually asked them. And they said,  
2           if the rule does not become effective, that they  
3           may still choose to pursue the project because  
4           there is tax credits through the IRA that they will  
5           get. And essentially that will benefit the  
6           customers also.

7           COMMISSIONER FAY: Gotcha. Okay. So really,  
8           the project is the combination of the actual grant  
9           funding and the potential tax credits that would  
10          come with that value? And is that -- is that  
11          apparent in the numbers that we have before us, or  
12          is that a separate adjustment on the tax credits  
13          line?

14          MS. BUYS: I couldn't tell you what the tax  
15          are.

16          COMMISSIONER FAY: Okay. Yeah, I mean, Mr.  
17          Chairman, I absolutely have some concerns about  
18          this project. I mean, I -- you know, it's  
19          interesting. When I first saw it, I thought, okay,  
20          well, you know, it's an environmentally driven  
21          project with a bunch of federal funding that's  
22          being spent. And then I looked at it, and Sierra  
23          Club opposes it.

24          I mean, I think there is some valid concerns  
25          about spending 18.2 million on an assessment to

1 determine if the project should move forward or  
2 not. And that's based, as you mentioned it, Mr.  
3 Chairman, on a rule that may or may not be in  
4 place, depending on the next administration.

5 So I have got my concerns with it, and, you  
6 know, I am not sure I am going to be able to  
7 support it today. But I do think it's the right  
8 mentality of the utilities to basically recognize  
9 that these funds are being flowed out, and they are  
10 going to some utility. They are going to some  
11 state. They are going somewhere, and they don't  
12 want to be left behind in at least trying to move  
13 forward with some of these projects. Because if  
14 they didn't, honestly, we may criticize them for  
15 doing that.

16 So it's a really tough place to be in to  
17 decide if it's worthwhile or not. I just, one  
18 again, seeing that certain intervenors say that  
19 maybe this isn't worth the 18.2 million really made  
20 me rethink maybe the value of this project going  
21 forward.

22 Thank you.

23 CHAIRMAN LA ROSA: Thank you, Commissioner.

24 Commissioner Passidomo Smith, you are  
25 recognized.

1           COMMISSIONER PASSIDOMO SMITH: Thank you, many  
2 Mr. Chairman.

3           I think the second half of Commissioner Fay's  
4 comments resinate a little bit more with me. I  
5 guess I see it a little bit differently in the  
6 sense that I see what he is saying -- you know,  
7 that this money -- this federal money is out here.  
8 It's -- you know, it was given out of the IRA.  
9 Whether these -- this EPA rule goes into effect or  
10 not, that they still have the ability to recover  
11 these costs through the IRA. They have -- and so  
12 it's only a small margin that the Tampa -- that the  
13 ratepayers are going to be on the hook for.

14           I am a believer in carbon capture technology.  
15 I think we are going to need -- you know, that I  
16 guess it doesn't -- you know, that's not really  
17 even part of our purview, is looking at most of the  
18 environmental factors. We are here as an economic  
19 agency. But it's definitely something that we have  
20 to know if they are cost-effective or not. And in  
21 this instance, I think it is with all of the  
22 federal money. So I am more in the fence of  
23 supporting this program, but will obviously defer  
24 to my colleagues.

25           CHAIRMAN LA ROSA: Any further questions or



1 thoughts?

2 Commissioner Clark, you are recognized.

3 COMMISSIONER CLARK: I will just say that's an  
4 awfully expensive study to -- I certainly am in  
5 favor of us doing things that going to support the  
6 long-term viability and use of natural gas. And I  
7 think that kind of may address why some of the  
8 parties take the positions they are taking here, is  
9 because this type of program is supportive of  
10 continuing to use fossil fuels. And I do think  
11 that is a significant part of where our generation  
12 is going to come from in the future.

13 But at the same time, we have seen carbon  
14 capture projects across the United States in small  
15 scale being tried. There has been a lot of  
16 failures. We haven't really, to my knowledge, seen  
17 any major success with the technology yet. It's --  
18 this is rolling the dice, and that's a lot of money  
19 to spend to try to figure out if something is going  
20 to work or not. And I just don't see it, at this  
21 particular time, sticking this on the backs of  
22 ratepayers in the state of Florida right now, so I  
23 am going to be supportive of your motion, Mr.  
24 Chairman.

25 CHAIRMAN LA ROSA: All right. Any further

1 questions or thoughts?

2 I will look to my fellow Commissioners for a  
3 motion, and I am happy to pass the gavel if  
4 necessary.

5 Commissioner Fay.

6 COMMISSIONER FAY: Sure, I am fine doing it,  
7 Mr. Chairman.

8 So I would move that the Commission reject  
9 Issue 14 as proposed, and reject the future  
10 environmental compliance project.

11 COMMISSIONER GRAHAM: Second.

12 CHAIRMAN LA ROSA: All right. Hearing a  
13 hearings motion and hearing a second.

14 All those in favor signify by saying yay for  
15 Issue 14.

16 (Chorus of yays.)

17 CHAIRMAN LA ROSA: Yay.

18 Opposed no?

19 Is that -- the fallout?

20 MS. HELTON: And then staff would have the  
21 administrative ability to accommodate that  
22 decision, you know, when they come back with rates.

23 COMMISSIONER FAY: Yeah, Mr. Chairman. So  
24 just included in my motion would be to give staff  
25 authority to make those adjustments for fallout.

1 CHAIRMAN LA ROSA: Okay.

2 MR. MARQUEZ: Mr. Chairman, we can bring that  
3 up each and every time that there is an adjustment,  
4 or I was just planning on just leaving it at the  
5 end, or you could just order right now that any  
6 changes that the Commission ends up ordering, staff  
7 is directed to implement.

8 CHAIRMAN LA ROSA: Let's come back to it at  
9 the end --

10 MR. MARQUEZ: Okay.

11 CHAIRMAN LA ROSA: -- in case there something  
12 that we are not considering at this point.

13 All right. So for the record, show that Issue  
14 passes as modified by us, the Commission.

15 Okay. So now we are still on Block 4. Are  
16 there any other issues in Block 4?

17 Commissioner Fay, you are recognized.

18 COMMISSIONER FAY: Thank you, Mr. Chairman.  
19 And my hope is in the new year I am going to be  
20 more positive, so I have a project that I like in  
21 here that I would like to reflect on. So I think,  
22 you know, the technology updates on Issue 17 are  
23 the perfect example of, you know, a need for what  
24 the utility needs going forward.

25 I think probably most significantly in there

1 is some assessment or realization of improvements  
2 on the cybersecurity side, which we think about  
3 operation -- the OT components of a utility, and  
4 the severity of that as it relates to  
5 cybersecurity. But, you know, it also talks about  
6 protecting customer information, which I think is  
7 something that is commonly not discussed, but is  
8 equally as valuable as far as the impact that that  
9 can have to all of the customers in a certain  
10 utility.

11 So I think this is a great project. I  
12 absolutely support it. I am glad the utility  
13 brought it forward. And when we motion the other  
14 items out as a block, Mr. Chairman, I will be  
15 obviously supporting that item at the same time. I  
16 don't see any need to take it separately, unless my  
17 colleagues have any, you know, debate or otherwise  
18 to pull it.

19 CHAIRMAN LA ROSA: Okay. Seeing no debate.

20 Any other issues within Block 4? If not, I  
21 think we can take up a motion.

22 COMMISSIONER CLARK: Mr. Chairman, I move to  
23 approve the remaining items in Block 4.

24 COMMISSIONER GRAHAM: Second.

25 CHAIRMAN LA ROSA: Hearing a motion, and

1 hearing a second for all remaining items in Block  
2 4.

3 All those in favor signify by saying yay.  
4 (Chorus of yays.)

5 CHAIRMAN LA ROSA: Yay.

6 Opposed no?

7 Show that all other items in Block 4 passes as  
8 recommended by staff.

9 Okay. So now let's move to Block 5, which is  
10 Issues 3 -- excuse me, 33 through 40. 33 through  
11 40.

12 Is there any issues within that block that  
13 need to be flagged?

14 Commissioner Fay, you are recognized.

15 COMMISSIONER FAY: Yeah, Mr. Chairman. Thank  
16 you.

17 So we are on Issues 33 through 40?

18 CHAIRMAN LA ROSA: Correct.

19 COMMISSIONER FAY: Correct, okay.

20 I have some questions on the ROE, which would  
21 be Issue 39. So if issue anybody has an issue  
22 before we get down to 39, Mr. Chairman, I am happy  
23 to wait.

24 CHAIRMAN LA ROSA: I also have questions for  
25 39, so I appreciate you bringing that up.

1           Are there -- anything before 39 that we need  
2           to discuss?

3           Seeing none, let's go to 39.

4           COMMISSIONER FAY: Okay. And I am also happy  
5           to defer, Mr. Chairman, if you want me to go ahead.  
6           I have some questions for our staff maybe, and then  
7           if you need comments, I am happy to wait for my  
8           comments, depending on how you would like to take  
9           it up.

10          CHAIRMAN LA ROSA: You are recognized for a  
11          series.

12          COMMISSIONER FAY: Okay. Great. Thank you.

13          Okay. So I am going to go to -- let me see if  
14          I can give you a certain page number to pull to.  
15          Your table that list out the various ROEs -- Mr.  
16          Buys, maybe you can help direct me to where that is  
17          in the recommendation.

18          MR. BUYS: The summary of the cost of equity  
19          model results for the witnesses is page 134 in  
20          Table 39-1, is that --

21          COMMISSIONER FAY: Yes, that's correct. Thank  
22          you.

23          So I am on page 134, and you have the DCF  
24          models, the CAPM, Risk Premium, and then you have  
25          various averages of the witness presented numbers

1           that are on that page.

2           You also have a paragraph on page 132 that  
3           summarizes some of the ROEs that are presented as  
4           it relates to the various models. So is it kind of  
5           fair to say that in your Table 39-1, you kind of --  
6           you go from top to bottom as we look at the average  
7           for the entities. On the summary that you have in  
8           the previous pages you essentially are going from  
9           left to right. You are taking the model averages  
10          and then coming to a conclusion of what those  
11          models would be?

12          MR. BUYS: Table 39-1 list the model results  
13          presented by the witnesses from their testimony.

14          COMMISSIONER FAY: Okay. So there are  
15          essentially --

16          MR. BUYS: The information I believe --

17          COMMISSIONER FAY: Go ahead.

18          MR. BUYS: -- you are referring to --

19          COMMISSIONER FAY: Yeah, so I was on page 132,  
20          where it says the averages are 9.98, 10.26 and  
21          10.56.

22          MR. BUYS: Gotcha. I am there.

23          COMMISSIONER FAY: Okay. So those essentially  
24          would be, to your point -- and because I -- it's  
25          not to -- not to critique the writing, but it's a

1           little confusing. I just want to make sure I am  
2           clear on this. It's -- essentially those are the  
3           averages of those models, so the DCF is 9. -- let  
4           me do this, can you explain what the average is?

5           MR. BUYS: Let me clarify, if I could.

6           COMMISSIONER FAY: Okay.

7           MR. BUYS: Yeah. When I reviewed the  
8           testimony and I -- and the mathematical models used  
9           by the witnesses, I felt that it was a good way to  
10          kind of balance all of the models that the  
11          witnesses used by taking the averages of each one  
12          of their models. And so for the DCF I looked at  
13          using witness -- TECO Witness D'Ascendis' rebuttal  
14          testimony, I reviewed his DCF results of 10.16, the  
15          OPC witnesses' DCF model results of 10 percent and  
16          9.7 percent from the two various proxy groups, and  
17          then FEA witnesses' DCF result making two  
18          adjustments from his 10.98 percent result to come  
19          up with a 10.48 percent result for his DCF model  
20          result.

21          COMMISSIONER FAY: Okay.

22          MR. BUYS: The two adjustments I made were  
23          simply to use the same methodology that Witness  
24          D'Ascendis did, by removing the -- I believe it was  
25          the Portland company's result, which was outside of



1 the reasonable range as testified to by Witness  
2 D'Ascendis, and also using the half growth -- the  
3 half-year growth methodology, so to make that more  
4 comparable to the other two witnesses' DCF model.

5 And I averaged out the 10.16, the OPC witness'  
6 two -- two model results of 10.97 at 9.85, and  
7 February the FEAE -- FEA's witness' model results  
8 of 9.93, average those three together and I came up  
9 with the 9.98.

10 COMMISSIONER FAY: Okay. So let me -- and  
11 that sort of repeats from the model.

12 So can I turn you to the table on 134? So if  
13 you take the first column that's there, that DCF  
14 with analyst gross estimates, that -- TECO has a  
15 10.16, your FEA would be a 10.48 because you made  
16 an adjustment to that number, is that accurate?

17 MR. BUYS: Correct.

18 COMMISSIONER FAY: Okay. So that would be  
19 10.48. So then if I keep going, you take those  
20 models -- I presume that you -- to get that number,  
21 you would have averaged -- or you would have  
22 included both the 9.70 and the 10.00 proxy group  
23 numbers?

24 MR. BUYS: Yes.

25 COMMISSIONER FAY: Okay.

1 MR. BUYS: The OPC witness.

2 COMMISSIONER FAY: Okay. And then for the  
3 multistage growth, which essentially looks like  
4 it's almost the same as the sustainable growth  
5 model for the numbers you get out, do you exclude  
6 that multistage --

7 MR. BUYS: I exclude -- yes. Yes, sir, I  
8 excluded that one.

9 COMMISSIONER FAY: Okay.

10 MR. BUYS: It seemed -- in the testimony,  
11 Witness D'Ascendis rebutted using that multistage  
12 growth model, and indicated that it was not  
13 appropriate for TECO, as TECO is in the mature  
14 stage --

15 COMMISSIONER FAY: Okay.

16 MR. BUYS: -- business cycle, and the  
17 multistage growth was more for a --

18 COMMISSIONER FAY: Like a startup style kind  
19 of --

20 MR. BUYS: -- startup type company --

21 COMMISSIONER FAY: Okay.

22 MR. BUYS: Yes, sir.

23 COMMISSIONER FAY: Okay. Gotcha.

24 And so that's not commonly used for, like, a  
25 larger sort of more slow growth entity model?

1 MR. BUYS: Correct.

2 COMMISSIONER FAY: Okay.

3 MR. BUYS: The constant growth model is more  
4 appropriate.

5 COMMISSIONER FAY: Okay. So then moving on to  
6 the CAPM model, so you have TECO's witness  
7 essentially 11.91, did you also adjust that rate?

8 MR. BUYS: From my average, I used the 11.58  
9 percent result that he got from his traditional  
10 CAPM cost rate model. The 11.91 was using his EP  
11 Predictive Risk Premium Model, which we are  
12 recommending not -- to not consider that.

13 And D'Ascendis, the TECO witness, also said he  
14 presented the various models without the risk  
15 premium -- the Predictive Risk Premium and with it  
16 so that we could consider either/or.

17 COMMISSIONER FAY: So is that 11.91, is that  
18 the ECAPM, then? Is that --

19 MR. BUYS: That -- he takes the traditional  
20 using a methodology including the Predictive Risk  
21 Premium Model, he uses the traditional and the  
22 ECAPM, and then he averages those two --

23 COMMISSIONER FAY: Okay.

24 MR. BUYS: -- to come up with the 11.91.

25 COMMISSIONER FAY: Okay. But for purposes of

1 the average rates that you calculated, you have the  
2 lower adjusted of 11.85?

3 MR. BUYS: That is his average result from  
4 just the traditional CAPM model not using the ECAPM  
5 or the Predictive Risk Premium Model.

6 COMMISSIONER FAY: Okay. Gotcha.

7 All right. So then the FEA witness, do you --  
8 to get that calculation for the CAPM, do you just  
9 -- do you average -- like, you have a range here.  
10 So do you just average the numbers to get whatever  
11 you would calculate for the FEA witness?

12 MR. BUYS: Yes. He used nine iterations of  
13 the CAPM with various risk-free rates and risk  
14 market risk premiums. So the simplest thing to do,  
15 I thought, was to average all those together, and  
16 that was -- the result was 10.36.

17 COMMISSIONER FAY: Okay. So 10.36 is the  
18 average of that FEA Walters CAPM rate.

19 Okay. So then the risk -- moving on to risk  
20 premium, same concept. I am guessing you took the  
21 11.09, and then you took the average of 9.90 to  
22 10.23?

23 MR. BUYS: Yes, for the TECO and the FEA  
24 witness.

25 COMMISSIONER FAY: Okay. And then you

1 averaged the range results for those -- from top to  
2 bottom for those witnesses, okay.

3 All right. So then let me just make sure I  
4 understand. So you exclude -- to get to these  
5 numbers, you do exclude, I guess, what's referred  
6 to as the PRPM, is that the Predictive Risk Premium  
7 Model is not included in this estimate?

8 MR. BUYS: Correct. The results from using  
9 that Predictive Risk Premium Model in various  
10 components of his modeling.

11 COMMISSIONER FAY: Okay. And I know that we,  
12 in the PGS rate case, we -- the Commission made a  
13 decision and the order articulated basically why  
14 that wasn't adopted, but was that something where  
15 you reviewed that and made a determination to not  
16 include that model, or where the witness suggested  
17 kind of, you know, you could include it or you  
18 could not? Was he more indifferent to it? I can't  
19 remember sort of his approach to it.

20 MR. BUYS: Yes, Commissioner. He was  
21 indifferent to it. He suggested that, in this rate  
22 case, the Commission might review it, but he also  
23 acquiesced that the Commission had rejected it in  
24 the PGS rate case, and so he gave -- he presented  
25 his modeling using it and not using it.

1           COMMISSIONER FAY: Okay. Gotcha. So he sort  
2 of recognized our precedent, and that it was very,  
3 I guess, likely or probable. And is that in part  
4 because that number, if you run that model, that --  
5 I mean, I recognized it's a new theory, or a newer  
6 model, which I think he, in part, is one of the  
7 creators of. But is it that it creates just a  
8 disproportionate high number, is that sort of why  
9 we throw it out? Or is it just that it's so new we  
10 haven't been able to sort of validate it yet?

11           MR. BUYS: Yes. It's -- not may -- not any  
12 commission, other state commissions that I am aware  
13 of, other than the two South Carolina and North  
14 Carolina water rate cases that were presented in  
15 the testimony used that model to develop a risk  
16 premium, a market risk premium. And it's also --  
17 usually presents a higher result, not always, but  
18 typically it's a high result than just using a  
19 regular risk premium.

20           COMMISSIONER FAY: Okay. So when you made the  
21 determination to exclude that, which seems that  
22 it's appropriate, did you also make a determination  
23 to throw out -- were there any low outliers? So  
24 you are throwing out sort of the higher --

25           MR. BUYS: No. He just -- Witness D'Ascendis,

1 presented his modeling without using it, so I just  
2 relied on the modeling without using the risk  
3 premium.

4 COMMISSIONER FAY: Okay. Gotcha.

5 MR. BUYS: In the risk premium model.

6 COMMISSIONER FAY: Okay. And then I think you  
7 said this earlier, but you did exclude -- in your  
8 recommendation for the proposed ROE, you did  
9 exclude the Portland General Electric Company rate,  
10 which was, I think, at 14 percent or something?

11 MR. BUYS: Yes, only for the FEA witness' DCF  
12 model, I did not -- I recalculated what his result  
13 would be without the Portland --

14 COMMISSIONER FAY: Okay.

15 MR. BUYS: -- without the Portland company's  
16 number --

17 COMMISSIONER FAY: Okay.

18 MR. BUYS: -- to be comparable with the other  
19 two witnesses.

20 COMMISSIONER FAY: And that's basically  
21 because it was an outlier?

22 MR. BUYS: Yes.

23 COMMISSIONER FAY: Okay.

24 MR. BUYS: Yes. It was greater than the  
25 reasonable range according to Witness D'Ascendis.

1 COMMISSIONER FAY: Okay. Gotcha.

2 And just a few more, Mr. Chairman. I  
3 apologize.

4 CHAIRMAN LA ROSA: No, absolutely.

5 COMMISSIONER FAY: I don't want to take up too  
6 much time.

7 Okay. So then when you get to those average  
8 numbers -- I don't want to get into the capital  
9 structure, per se, but I recognize it's intertwined  
10 with the ROE.

11 So assuming that the Commission accepts the  
12 54 percent equity structure, is that component  
13 built into your rate analysis, or is that a  
14 separate analysis that is done following --  
15 concluding the initial sort of average out thing  
16 that you did here?

17 MR. BUYS: Yes, Commissioner, the equity ratio  
18 is determined separately from the ROE. And  
19 depending on the financial risk, you know, which is  
20 established through the amount of equity that's in  
21 the capital structure, the ROE is -- I guess you  
22 can use your judgment as to whether or not the ROE  
23 should be lower or higher based on the level of  
24 risk in the capital structure.

25 So typically, a capital structure with a



1 higher rate of equity, higher amount of equity,  
2 that capital structure has lower risk --

3 COMMISSIONER FAY: Okay.

4 MR. BUYS: -- therefore, the ROE should be  
5 lower to reflect that lower financial risk.

6 COMMISSIONER FAY: Okay. So then does the  
7 proxy group reflect that that at all?

8 MR. BUYS: The proxy group -- the average of  
9 the proxy groups equity ratios for the holding  
10 companies, those are the parent companies of the  
11 operating companies.

12 So those holding companies are the entities  
13 which are traded in the market, and we get the  
14 market data to develop the financial models.  
15 The -- that -- those equity ratios for the  
16 operating companies were about 43 percent, I  
17 believe. The operating companies, which are closer  
18 to TECO, is about 50 percent, 49 or 50 percent.

19 COMMISSIONER FAY: Okay.

20 MR. BUYS: So the -- both of them have a  
21 little bit lower equity ratio as compared to TECO.  
22 So therefore, just all else being equal, they would  
23 have a little bit higher risk.

24 COMMISSIONER FAY: Okay. And because -- I  
25 think, to your point, it's -- that ratio, that

1 capital structure is within the range of the  
2 proxies --

3 MR. BUYS: Correct.

4 COMMISSIONER FAY: -- but it also -- there is  
5 also a gap between the average and what that number  
6 actually is?

7 MR. BUYS: Yeah.

8 COMMISSIONER FAY: Okay. Let me ask you, so  
9 taking that into account, you have, I guess, maybe  
10 some version of an offset due to the financial  
11 risk.

12 So I -- in the recommendation, the capital  
13 structure talks about the risk components, and the  
14 ROE talks about the risk components. I think, you  
15 know, accepting the structure as it is, you would  
16 otherwise probably have some adjustments if you  
17 didn't have either the business or the financial  
18 risk. Is that -- is that -- I don't mean to put  
19 words in your mouth, but is that fair to say, that  
20 the recommendation might have looked differently if  
21 you didn't have those risks?

22 MR. BUYS: Yes, Commissioner. The results of  
23 the average of the model was 10.27. If the -- all  
24 else being equal, and there is no other business  
25 risk, I would have made an adjustment to lower that

1 ROE recommendation from the 10.27. But because  
2 there is some business risks associated with TECO,  
3 I believe that they both offset each other, so the  
4 ROE should be roughly what the models presented.

5 COMMISSIONER FAY: Okay. And then the actual  
6 structure of TECO -- so I am not sure I am going to  
7 get the business structure correct, but essentially  
8 Emera sits above, as the parent of TECO --

9 MR. BUYS: Correct.

10 COMMISSIONER FAY: -- and some version of  
11 that. So you don't -- do you take into account  
12 any -- even give any consideration of any  
13 components of Emera's financial status when  
14 presenting this ROE?

15 MR. BUYS: No. The -- we try and look at the  
16 entity, TECO as a stand-alone company as if it were  
17 to issue its own debt and issue its own equity.  
18 And so TECO's parameters don't really come into  
19 consideration when we develop the ROE  
20 recommendation.

21 COMMISSIONER FAY: You mean Emera?

22 MR. BUYS: Emera, yes, sir.

23 COMMISSIONER FAY: Yeah. Okay.

24 So to that point, it doesn't -- I mean, if  
25 another entity owned them, or whatever that

1 financial status is, that doesn't drive any of this  
2 model, it doesn't drive how we come to the ROE?

3 MR. BUYS: No, not for the ROE.

4 COMMISSIONER FAY: Okay. Gotcha.

5 And then last question. So the -- so we --  
6 you average out the rates and end up with this  
7 2. -- this 10.27 that's presented in your  
8 recommendation, and then there is an adjustment  
9 based on interest rates that essentially rounds  
10 that up to 10.3, correct?

11 MR. BUYS: Yes. Should -- typically, for  
12 whatever reason, most of the ROEs that are approved  
13 either at a five or a zero at the end. So with the  
14 interest rates being what they are, they actually  
15 might have gone up a little bit during the rate  
16 case. They certainly didn't go down. So instead  
17 of rounding it down to 10.25, I just made the  
18 judgment to round it up to 10.3.

19 COMMISSIONER FAY: Okay. And if, to your  
20 point, the rates were moving downwards, I guess in  
21 between the time of filing and the decision made,  
22 that would lead it to likely decision to round  
23 downward?

24 MR. BUYS: If they were to move downward  
25 during the rate case, it's -- because from the time

1           they filed to hearing -- and the interest rates,  
2           when we talk about those, it's the 30-year treasury  
3           rate. So they are somewhat volatile, so they can  
4           move 20 basis points or so during the course of a  
5           hearing in the proceeding.

6           COMMISSIONER FAY: Yeah. Okay.

7           So then -- but isn't -- in your model, doesn't  
8           the model -- I guess, maybe it's more CAPM and DCF,  
9           but doesn't it include that, whatever the interest  
10          rates are at the --

11          MR. BUYS: CAPM uses a risk-free rate, usually  
12          a projected risk-free rate. I think it was 4.4,  
13          anywhere from 4.2 to 4.65 is what the witnesses  
14          used in their CAPM model. So those do reflect  
15          current and forecasted 30-year treasury rates.

16          COMMISSIONER FAY: Okay.

17          MR. BUYS: Some of the models, the CAPM in  
18          particular, has that 30-year treasury rate as a  
19          component in the model.

20          COMMISSIONER FAY: Okay. That's fair. So  
21          it's not accurate to say all of the models include  
22          it, but at least for the CAPM --

23          MR. BUYS: The CAPM.

24          COMMISSIONER FAY: -- that rate does include  
25          some version of where the market rates are.

1           Because I think of the treasury, but it's  
2           essentially what the 30-year interest -- is that --  
3           the 30-year treasury, is that kind of what you  
4           consider that rate?

5           MR. BUYS: That seems to be the guideline, the  
6           guidepost for what the interest rates are.

7           COMMISSIONER FAY: Okay.

8           MR. BUYS: They basically give an indication  
9           of what the capital costs are at the -- in the  
10          current market when the -- during the -- when the  
11          witnesses file their testimony --

12          COMMISSIONER FAY: Okay.

13          MR. BUYS: -- and present their models.

14          COMMISSIONER FAY: Okay. Yeah. I mean, I  
15          thought you did a good job putting these in the  
16          table and then the average. It would have been  
17          nice to kind of have the averages on the bottom  
18          two -- or the cross so then you can line them up,  
19          but I think your calculations are very sound.

20          The only thing I do take a little bit of an  
21          issue with is this kind of, I guess, final or last  
22          component of the adjustment with the interest rate  
23          since there is some variable. And I concede it's  
24          not in every model, but there is some variable in  
25          the CAPM model that does include that in that

1 calculation. So it does seem a little bit  
2 repetitive to me.

3 To your point -- so part of your research, or  
4 part of working on this case, you recognize that  
5 most ROEs -- and I think you are right, now that  
6 you mentioned this, but most ROEs, probably at  
7 least for electric and gas, land on kind of a .5 or  
8 a zero -- they basically round to, you know, some  
9 version of -- I don't want to call it a round  
10 number because five is not, but it's either  
11 typically a five or a zero?

12 MR. BUYS: Anecdotally yes --

13 COMMISSIONER FAY: Okay.

14 MR. BUYS: -- without doing the research.

15 COMMISSIONER FAY: I gotcha, okay. But that's  
16 not part of the actual calculation?

17 MR. BUYS: No.

18 COMMISSIONER FAY: Okay. Gotcha.

19 Okay. Mr. Buys, I appreciate -- I know I had  
20 a lot of questions for you. I appreciate you  
21 taking the time to do it. And you did a great job  
22 on this table. I don't mean to any nitpick on what  
23 you have done here. But I just think, looking at  
24 the averages both up and down is helpful to kind of  
25 get that correlated average for what you have done,

1 and I think it's fairly clear, maybe other than one  
2 or two components to be adjusted.

3 So I have had my questions answered, Mr.  
4 Chairman.

5 CHAIRMAN LA ROSA: Yeah. No. Thank you. And  
6 I appreciate the back and forth, because that was  
7 obviously a pretty good depth. And I, you know,  
8 agree with how the numbers are perceived for the  
9 most part, but I have a few questions.

10 So when it relates to the business risk  
11 specifically for this service area, can you kind of  
12 point to where the risk was higher, or maybe even  
13 lower, in comparison to other companies that were  
14 considered in some of the witnesses' testimony?

15 MR. BUYS: Yes. Primarily Witness D'Ascendis  
16 highlighted some business risks, one of them being  
17 the weather risk and potential storm damage.

18 TECO's risk with extreme weather events is  
19 relatively high as compared to the proxy group  
20 because of their proximity to the Tampa Bay area,  
21 and their footprint, there geographic footprint of  
22 their service territory is small. And while not in  
23 the record, we did see, you know, the impacts of  
24 Milton when it came in, and that's -- those risks  
25 are also recognized by the Standard & Poor's credit



1 rating agency and the Moody's credit rating agency.

2 And also, Witness D'Ascendis highlighted the  
3 fact that there is risk associated with capital  
4 investment, and TECO is planning to make  
5 significant investments in their infrastructure  
6 over the next few years. And from a credit rating  
7 perspective, which is also recognized by the credit  
8 rating agencies, that -- you know, that can put  
9 pressure, downward pressure on earnings, which is  
10 another risk factor that they consider.

11 So those are the two main risk factors that  
12 were highlighted that, as I wrote in the  
13 recommendation, kind of offset any financial risk.  
14 So I came up with kind of, you know, just a no  
15 adjustment necessary to the mathematical models;  
16 whereas, Witness D'Ascendis did appear to consider  
17 those. While he did not make a quantitative  
18 adjustment to the results of his models. He did  
19 say he considered those risks when he made his  
20 recommendation of 11.5 percent.

21 CHAIRMAN LA ROSA: I don't know that I agree  
22 with how far he went with it, but under -- I do  
23 agree with maybe the direction that he was going of  
24 there being, you know, a risk calculation.

25 The market risks were also just kind of well

1 spelled out between yourself and Commissioner Fay,  
2 and understanding where the treasury is, and  
3 understanding where interest rates may or, frankly,  
4 may not be, you know, moving forward. So I -- I  
5 mean, do consider that there is a risk there as  
6 well.

7 Commissioners, any further questions or  
8 thoughts on Issue 39?

9 So I will just kind of tell you kind of where  
10 I am at. I put an emphasis, ironically, talking  
11 about rounding, where I thought this would land  
12 somewhere at, like, 10.5. And agreeing with where  
13 staff has analyzed, and broken down, and added and  
14 subtracted from the witness testimonies that have  
15 been provided, I think that's been well done.

16 I have maybe put a little heavier emphasis on  
17 the territory, understanding what the risk impact  
18 would be to a small territory such as this. That's  
19 hard to negate, right? It's hard to spread the  
20 cost out if a storm was to come through, right,  
21 just because of its mere size.

22 So that's kind of where my thinking was.  
23 That's where, kind of how I calculated things. I  
24 do recognize that this was a pretty wide open, and  
25 staff did a great job of explaining that with me as

1 we went through our briefing as far as where this  
2 would land, and I think they did a great job of  
3 getting us to a good spot. I just -- if there was  
4 an adjustment, that's where I would lean, but I  
5 would certainly want to hear from any of the other  
6 Commissioners.

7 Commissioner Passidomo Smith, you are  
8 recognized.

9 COMMISSIONER PASSIDOMO SMITH: Thank you,  
10 Mr. Chair. I was waiting for you to sort of take  
11 that direction. I had similar thoughts of -- I  
12 think, you know, that staff laid out a really good  
13 synopsis here of what the record supports, both  
14 indicating sort of downward adjustments with having  
15 a lower financial risk, but then offsetting with  
16 the higher upward adjustment when we are talking  
17 about higher business risk, and weather, and just  
18 the territory, I think, just in the going through  
19 the record, I think it supports a 10.5. I think  
20 that there is a significant weather and climate  
21 risk that's going to impact the Tampa territory.  
22 And again, we also don't know about any sort of  
23 earnings variability, or things with interest  
24 rates, and so that's -- I am onboard with you on  
25 that.

1           Those are my thoughts.

2           CHAIRMAN LA ROSA: Commissioners, further  
3 thoughts?

4           Okay. So I will -- I think we can wrap up 39.  
5 I will -- maybe I will past the gavel, okay, or  
6 not? Yeah, let's hear what you have to say. Yeah,  
7 turn on your mic too so everyone else can hear you.

8           COMMISSIONER CLARK: I move approval of all  
9 the items in Block No. 5 with the modification to  
10 Item 39, raising the ROE from 10.3 to 10.5.

11          CHAIRMAN LA ROSA: Hearing a motion, is there  
12 a second?

13          COMMISSIONER GRAHAM: Second.

14          CHAIRMAN LA ROSA: All right. Hearing a  
15 second.

16          All those in favor signify by saying yay.

17          (Chorus of yays.)

18          CHAIRMAN LA ROSA: Yay.

19          Opposed no?

20          Show that Block 5 passes as modified.

21          All right. Let's move to Block No. 6, which  
22 is Issues 41 through 67. 41 through 67.

23          Commissioners, any thoughts or questions? So  
24 we are on Block 6.

25          COMMISSIONER FAY: Mr. Chairman?

1           CHAIRMAN LA ROSA: Yes, sir. Commissioner  
2           Fay, you are recognized.

3           COMMISSIONER FAY: Question on 64. Am I on  
4           the right block here?

5           CHAIRMAN LA ROSA: We are.

6           COMMISSIONER FAY: Okay.

7           CHAIRMAN LA ROSA: 64, Deferred Production Tax  
8           Credit?

9           COMMISSIONER FAY: Yes. Thank you.

10          Okay. I just had a quick question for staff  
11          on this issue. So this is essentially just the 22  
12          through 24 production tax credits, the resolution  
13          of it, correct?

14          MR. BUYS: Yes, Commissioner, that's correct.

15          COMMISSIONER FAY: Not going forward, okay.

16          And is it -- am I correct in saying that when  
17          -- I guess, essentially when these were put into  
18          place, that all the utilities, I guess, had to make  
19          some adjustment based on the PTCs, like, some  
20          decision if they normalize or not, and --

21          MR. BUYS: Yes, Commissioner. The Inflation  
22          Reduction Act allowed companies to choose, for the  
23          solar projects, whether they could maintain the  
24          investment tax credits that they received from the  
25          solar plants, or change to production tax credits.

1           The production tax credits were more advantageous  
2           to the utility, and all the utilities switched from  
3           the ITCs, investment tax credits, to production tax  
4           credits.

5           From my understanding, I think both FPL and  
6           Duke Energy had provisions where they made the  
7           adjustments to reflect the PTCs in the rates. And  
8           at the time that the, in '22, '23 and '24, at the  
9           time the IRA changed the law.

10          Because TECO was under a settlement with --  
11          for their last rate case, they chose to, I guess,  
12          defer those PTCs, the differential between the PTC  
13          and the ITC to this rate case for determination as  
14          to how the production tax credits would be  
15          accounted for.

16          COMMISSIONER FAY: Okay. And we essentially  
17          approved that -- those deferments, correct? I  
18          mean --

19          MR. BUYS: Yes. Each year in the GBRAs they  
20          filed letters advising the Commission of that  
21          action.

22          COMMISSIONER FAY: Okay. Gotcha.

23          So now, presuming the other utilities did what  
24          they did, presuming we take this up as presented in  
25          your recommendation with a three-year amortization

1 rate, I guess we treat it as a regulatory  
2 liability. There is a three-year amortization. We  
3 include carrying costs in it as presented in the  
4 recommendation. That would essentially -- I know  
5 they are not identical, but would that essentially  
6 make customers whole comparatively to if it was  
7 taken up at the time it was presented?

8 MR. BUYS: Yes, Commissioner. The OPC  
9 witness, I think it's Witness Kollen, proposed that  
10 they add a carrying charge for each year based on  
11 the cost of capital at that time, and add that on  
12 to the amount of the PTCs that would be collected,  
13 or flowed -- excuse me -- flowed back through to  
14 the customers during the three-year period.

15 COMMISSIONER FAY: Okay.

16 MR. BUYS: So I think it was that we  
17 calculated approximately 1.56 million.

18 COMMISSIONER FAY: Okay, of the carrying  
19 costs?

20 MR. BUYS: For the carrying costs.

21 COMMISSIONER FAY: Okay. Gotcha.

22 So with that, and then based on the next issue  
23 going forward, we won't be in this position again  
24 where there is sort of this delay and we have catch  
25 up with the carrying costs? I mean, we will be

1           able, going forward, to sort of do it at the  
2           appropriate time depending on what the Commission  
3           sets that amortization at?

4           MR. BUYS: Yes. Well, the PTCs are a  
5           flow-through tax credit. In 2025, I think it's  
6           Issue 63, it's already been accounted for for the  
7           2025 test year to reduce the income tax expense  
8           based on the amount of production tax credits they  
9           ender.

10          COMMISSIONER FAY: Okay.

11          MR. BUYS: So going forward, this will --  
12          it -- you won't have the deferral on the PTCs.

13          COMMISSIONER FAY: Okay. Great.

14          All right. That's all I had, Mr. Chairman.  
15          Thank you.

16          CHAIRMAN LA ROSA: Thank you.

17          Commissioners, further questions?

18          Any other issues within this block? We are in  
19          Block 6.

20          Seeing none, I am open for a motion.

21          COMMISSIONER FAY: Mr. Chairman, I will go  
22          ahead and make a motion.

23          So I would move for staff recommendation  
24          approval for Issues 41 through 67, and I believe 55  
25          is an oral modification that we would include.



1 CHAIRMAN LA ROSA: Yes. I'm getting a nod  
2 that, yes, there is an oral modification on 55.

3 COMMISSIONER FAY: Okay.

4 CHAIRMAN LA ROSA: All right. Hearing a  
5 motion, is there a second?

6 MR. FUTRELL: And, Mr. Chairman, if I may,  
7 also in your motion, some of these issues have --  
8 would need to give staff administrative authority  
9 to reflect the decisions in the prior issues. For  
10 example, Issues 2, the decisions on Issue 2 and  
11 Issue 22, and those effects -- how they affect  
12 Issues 41, 42 and 45. So I want to make sure that  
13 you are aware of that.

14 COMMISSIONER FAY: Sure. Okay. Yeah.

15 MR. FUTRELL: That will need to flow through.

16 COMMISSIONER FAY: Okay. Yeah.

17 And I think, to your point, Mr. Chairman, we  
18 -- I am happy to make sure I include that -- the  
19 administrative authority in the motion unless  
20 anyone has any objection to it.

21 CHAIRMAN LA ROSA: Seeing no objection.

22 COMMISSIONER CLARK: Second the motion, Mr.  
23 Chairman.

24 CHAIRMAN LA ROSA: All right. Hearing a  
25 motion, and hearing a second.

1 All those in favor signify by saying yay.

2 (Chorus of yays.)

3 CHAIRMAN LA ROSA: Yay.

4 Opposed no?

5 Show that Block 6 passes.

6 Let's move now to Block 7, which is only 68

7 and 69. Issues 68 and 69.

8 Commissioners, is there questions or

9 discussions on these two?

10 Block 7, Issues 68 and 69. Not seeing any.

11 COMMISSIONER CLARK: Move approval, Mr.

12 Chairman.

13 COMMISSIONER GRAHAM: Second.

14 CHAIRMAN LA ROSA: Hearing a motion, is there

15 a second?

16 Hearing a motion and a second.

17 All those in favor signify by saying yay.

18 (Chorus of yays.)

19 CHAIRMAN LA ROSA: Yay.

20 Opposed no?

21 Show that Issues 68 and 69 are approved as

22 recommended.

23 All right. Let's move now to Block 8, which

24 Block 8 is Issues 70 through 93. So 70 through 93.

25 Commissioner Graham, you are recognized for a

1 question on this block. Please just identify which  
2 issue it is.

3 COMMISSIONER GRAHAM: Issue 71.

4 CHAIRMAN LA ROSA: 71. Go ahead and --

5 COMMISSIONER GRAHAM: I have for say, I  
6 actually like the 4 peak method. I am not quite  
7 sure why we went to the 12 peak method.

8 MS. DRAPER: Commissioner, this is Elisabeth  
9 Draper with staff.

10 CHAIRMAN LA ROSA: You are recognized.

11 MS. DRAPER: Would you like an overview  
12 staff's position or --

13 COMMISSIONER GRAHAM: Yes, ma'am.

14 MS. DRAPER: So the 4 CP method was filed  
15 because it was included in the last settlement, and  
16 it was a requirement of the settlement that TECO  
17 file two cost of service studies. One is the 4 CP,  
18 which TECO supported as required by the settlement.  
19 And then the MFR rules require the utility also to  
20 always file the 12 CP and 1/13th method. The  
21 1/13th reflects an energy allocation of about eight  
22 percent.

23 Staff did not, based on the evidence in this  
24 record, find TECO's arguments persuasive. And TECO  
25 gave a couple of reasons to support the 4 CP.

1           Their key argument was that it was a requirement of  
2           the settlement, that is correct.  However, based on  
3           the evidence in this record, I think, staff  
4           recommends the Commission vote for the 12 CP.

5           Another argument TECO made that was the  
6           transition to solar away from coal-fired generation  
7           has diminished importance of shoulder months for  
8           operational planning, because under 12 CP, each  
9           month has about the same importance, and the 4 CP  
10          only look at customers' demand during four  
11          months -- and by the way, the four months shows  
12          chosen were also outcome of the settlement.

13          But solar, TECO stated that solar investments  
14          are being done because the energy savings and  
15          production tax credits.  So if there are energy  
16          savings, there should be some recognition that  
17          costs should all be allocated on an energy basis.  
18          And under 4 CP, there is no energy allocation.

19          And as Florida Rising/LULAC who filed, who was  
20          not a signatory to the last settlement and they  
21          were opposing the 4 CP method in their testimony,  
22          pointed out that they are objecting to the 4 CP  
23          too.

24          Another reason that TECO gave to support the 4  
25          CP was economic development, that it helps promote

1 economic development. And staff was simply  
2 pointing out that TECO has other tools available,  
3 such as Commission-approved economic development  
4 tariffs, to promote retaining existing customers or  
5 attracting new load into Florida.

6 So these are some of the reasons that staff is  
7 recommending 12 CP.

8 COMMISSIONER GRAHAM: And you are saying that  
9 they have other avenues when it comes to economic  
10 development?

11 MS. DRAPER: Correct.

12 COMMISSIONER GRAHAM: Now, how do they go  
13 about incentivizing, and let's just say some of our  
14 larger manufacturers to continue making product  
15 here compared to, let's say, Alabama because it may  
16 be cheaper to do it in Alabama. Do they have the  
17 ability to enhance or to incentivize that  
18 production here through economic development?

19 MS. DRAPER: Yes, TECO has two economic  
20 development tariffs. One is actually being  
21 addressed in one of the issues, the economic  
22 development rider, where TECO is making changes to  
23 make it even more beneficial.

24 And the other economic development tariff that  
25 TECO has is the commercial/industrial service rider

1 tariff. And if an existing under that tariff were  
2 to approach TECO and say, we may leave TECO, to  
3 retain that customer, has the option to give them a  
4 discount on the base rates and negotiate a  
5 contract, given that the customer satisfies certain  
6 criteria and states that absent that discount, they  
7 would move to Alabama.

8 COMMISSIONER GRAHAM: But you are talking  
9 about them basically picking up, packing --  
10 manufacturing packing up and leaving compared to,  
11 like, production just dropping down. That's two  
12 different things.

13 Do they actually have to leave the state for  
14 the economic development to kick in, or can they --  
15 if for some reason the production dropped 20  
16 percent because it's cheaper to make it somewhere  
17 else?

18 Because what I liked about the 4 peak, you  
19 know, you are focusing in -- I think it was Witness  
20 Pollock that was talking about putting the cost for  
21 the cost causers. And so wherever the high peak  
22 is, where you are dealing with reserve margin where  
23 you got to build that next plant, and so they liked  
24 the idea of focusing in on those particular times.  
25 And it seems like when you are going to the 12

1 peak, you are spreading that out too much, and you  
2 are diluting the cost and the cost causers.

3 MS. DRAPER: If I just may respond that peak  
4 demand is the underlying driver for new capacity,  
5 and the timing of new capacity, but the cost being  
6 incurred for the utility's investment divisions are  
7 most -- is a function of economic generation  
8 facility that satisfies both capacity and energy  
9 requirements.

10 COMMISSIONER GRAHAM: You lost me.

11 MS. DRAPER: The peak demand, if you look at  
12 the four months, which, I agree, for 2025, these  
13 four months chosen have the highest peak, but  
14 looking at peak demand, in staff's opinion, is the  
15 driver for the need of capacity, and the timing of  
16 new capacity when the next power plant should be  
17 built. This here is a cost allocation issue.

18 COMMISSIONER GRAHAM: But if you are forcing  
19 for that -- you are allocating the costs based on  
20 what everybody is adding during those peaks, and so  
21 if residential is higher during those peaks, then  
22 residential should be paying more. If  
23 manufacturing is higher during those peaks, then  
24 manufacturing should be pushing in more, so  
25 everybody is paying their pro rata share at that

1 peak, because that peak is what's forcing you to  
2 buy that -- to install that next power generator.

3 I mean, when it's not at the peak, when you  
4 are at the low month, then you have got all of that  
5 extra capacity, and there is no pushing you to  
6 provide more capacity. There is no push the build  
7 that next plant. The costs all come from building  
8 that next plant.

9 And so when that -- I think when that peak is  
10 there is when you got to figure out who is adding  
11 to that load, and when you are figuring out who is  
12 adding to that load, that's when everybody is going  
13 to -- that's when you figure out the best way of  
14 the pro rata share, and you do that better -- I  
15 don't care if you do it one-month, two-month, if  
16 you do it four months, it just -- it seems to me  
17 the smaller, you get the better get. And when you  
18 go over to 12, I think you are diluting that.

19 That's my opinion. I didn't mean -- Ms.  
20 Draper, I didn't mean to make a debate about you  
21 and staff. I am just saying, this is where I  
22 disagree.

23 Thank you.

24 CHAIRMAN LA ROSA: Thank you.

25 Commissioner Clark, you are recognized.



1           COMMISSIONER CLARK: Thank you, Mr. Chairman.

2           Just a couple. Listen, I get it. This is  
3 complex. This is probably one of the more  
4 complicated items that we have discussed, in my  
5 opinion, and how you allocate system cost is  
6 certainly the major component here. But, Ms.  
7 Draper, can you talk about how the minimum  
8 distribution system comes into play here, and how  
9 that cost allocation comes into effect?

10           MS. DRAPER: Just to be clear, the minimum  
11 distribution system is being addressed in Issue 73,  
12 and only affects distribution costs. The Issue 71  
13 we just address only affects production costs,  
14 demand related production costs. Now we are -- if  
15 you want to talk minimum distribution system, we  
16 are switching to the allocation of distribution  
17 cost, just to be clear on this point.

18           COMMISSIONER CLARK: Okay. Understood.

19           So the system, the minimum system size, you  
20 are saying has no contribution to the production  
21 cost?

22           MS. DRAPER: That is correct. Yeah. It's  
23 allocation of production cost, allocation of  
24 distribution cost.

25           COMMISSIONER CLARK: Okay.

1 MS. DRAPER: And then Issue 72 is the  
2 allocation of transmission cost.

3 COMMISSIONER CLARK: Okay.

4 MS. DRAPER: So those are different cost  
5 buckets.

6 COMMISSIONER CLARK: That's under 73?

7 MS. DRAPER: 73.

8 COMMISSIONER CLARK: Gotcha.

9 MS. DRAPER: And the decision on one does not  
10 necessarily impact --

11 COMMISSIONER CLARK: The other, okay.

12 MS. DRAPER: -- the decision on the another  
13 issue -- on the other one.

14 COMMISSIONER CLARK: Okay. Thank you.

15 CHAIRMAN LA ROSA: Commissioners further  
16 questions or thoughts?

17 Commissioner Passidomo Smith, you are  
18 recognized.

19 COMMISSIONER PASSIDOMO SMITH: Thank you, Mr.  
20 Chairman.

21 I think -- I mean, I understand Commissioner  
22 Graham's perspective, you know, cost allocation  
23 according to use, you know, how -- the cost of  
24 serving those customers and trying to, you know,  
25 uniform those.

1           I am of the opinion, I think that those, you  
2           know, manufacturing customers, or larger industrial  
3           customers, have other options that they can avail  
4           themselves of, like you said, Ms. Draper, the  
5           economic development rider. They have credits  
6           that, I believe in this case, are even expanded  
7           more than the prior settlement you gave them.

8           So I am comfortable with staff's  
9           recommendation here. I think that, you know, even  
10          just going back to the record, that there is --  
11          that the case wasn't strong enough -- being strong  
12          enough made by the company to show why, other than  
13          having to file that cost of service methodology  
14          because of the prior settlement, I think moving  
15          back to the more traditional 12 CP is where I would  
16          prefer to go, but just my thoughts.

17          CHAIRMAN LA ROSA: Commissioners, further  
18          thoughts or questions on this item, or on this  
19          issue specifically? We are talking about 71.

20          Commissioner Clark.

21          COMMISSIONER CLARK: I guess I will just kind  
22          of go back to this. I don't -- I kind of tend to  
23          favor 4 CP as well, and I do want to understand  
24          what is moving the cost here. In your analysis,  
25          you mention that there would be a cost shift to, I

1           guess, residential customers over a 12-month period  
2           based on going from 12 CP to -- excuse me, from 4  
3           CP to 12 CP.

4                    That cost differential, where do you -- where  
5           does that number come from? Help explain that to  
6           me. Is that based on the fact that in a 4 CP  
7           demand, you are talking about coincident peak, you  
8           are talking about the facility peaking at the exact  
9           same time the system is peaking, and what that  
10          contribution is to the overall peak system. So are  
11          you saying that that's -- that cost average is that  
12          much being supported by the residential customer?  
13          Suppose it's a winter peak, isn't the residential  
14          class going to be pretty much 100 percent on-peak  
15          anyway.

16                   MS. DRAPER: The cost shifting, the number  
17          that Florida Rising/LULAC first brought up, 71  
18          million, and then TECO confirmed that that is a  
19          correct number, that compares 12 CP to 4 CP, but it  
20          also includes in the comparison, we cannot separate  
21          the two, 4 CP with MDS, which is what TECO  
22          proposed, and compares it to 12 CP without MDS. So  
23          it includes two consideration. We do not have in  
24          the record just comparing 12 CP and 4 CP with or  
25          without MDS. So MDS shifts additional dollars, if

1           you will, to the residential class.

2           So to your question, the monthly coincident  
3           peaks, it's during one hour of the month, if the  
4           utility looks at their system peak and then looks  
5           at the classes' contribution, in other words, who  
6           has the lights on during that hour. And it's a  
7           percentage. The residential class contributes  
8           60 percent, commercial 20 percent. It always adds  
9           up to 100 percent.

10           And that's how the allocation factors are  
11           developed. That's how the costs are then allocated  
12           to the classes. If you contribute 40 percent to  
13           the peak, you should be responsible for 40 percent  
14           of the demand related production cost?

15           COMMISSIONER CLARK: And that cost is  
16           calculated on a monthly basis depending on the  
17           formula, whether it's four months or whether it's  
18           12 months?

19           MS. DRAPER: Yes. It's the average of the  
20           four months or the average of the 12 months,  
21           whichever method you choose.

22           COMMISSIONER CLARK: And so does that detract  
23           from the amount that the residential consumer is  
24           paying if you have -- okay, let's make an  
25           assumption. Let's assume that you had one month

1           that you had a significant peak, and it was a major  
2           peak, and the rest of the year was flat. How do  
3           you allocate that cost differential of having to  
4           have a -- I am still going to use the term minimum  
5           system in place, you are still going to have to  
6           have capacity to handle every single customer that  
7           one month, but the rest of the year, who is getting  
8           the benefit of that system being built?

9           You have got a thousand megawatt system, but  
10          you are only using 500 megawatts the remainder of  
11          the year. Where does that -- where does that cost  
12          allocation come out to that right now, that's being  
13          borne by a distribu -- you know, by a pretty even  
14          distribution of the whole system. Changing to a  
15          12-month would give a lot more benefit to  
16          residential customers, would it not?

17          MS. DRAPER: It allo -- 12 months allocates  
18          fewer costs to residential customers, so, yes,  
19          that's the benefit you are asking about, yes.

20          COMMISSIONER CLARK: Thank you. Thank you  
21          very much.

22          MS. DRAPER: And just to be clear, both  
23          methodologies are accepted as valid methodologies.  
24          At the end, it's a little bit of a judgment call.  
25          Staff just felt that -- one main argument I would

1           like to repeat. The solar facilities are being  
2           installed for energy savings. And under 4 CP,  
3           that's not being recognized, and that's why -- it  
4           is in the record, Duke, who also installed solar,  
5           has proposed a 25-percent energy -- 12 CP and 25  
6           percent energy weighting. TECO, in its last rate  
7           case prior to the settlement, for its solar  
8           facilities, proposed a 50-percent of energy  
9           weighting for solar. Now on the 4 CP, we are going  
10          to the other extreme, no energy allocation.

11                    COMMISSIONER CLARK: And I would agree, Mr.  
12           Chair. I appreciate the comment, Ms. Draper.  
13           There is methodologies that are used and accepted,  
14           and depending on the circumstances, depending on  
15           which class of customers is going to be affected.

16                    I realize they had this one in the last  
17           settlement agreement. That doesn't -- I am trying  
18           to figure out how they came to it. That's usually  
19           I come back, is where did they come up with this  
20           methodology? And how is this going to make a  
21           significant impact?

22                    I am concerned, you have small commercial  
23           customers, you have industrial customers that are  
24           going to be affected by this change pretty  
25           significantly. I mean, that's going to be a more

1 significant shift back to the commercial class, to  
2 the industrial class, I think. So I --

3 MS. DRAPER: And just to one more point,  
4 Commissioner. The small commercial class, like the  
5 GS class, general service non-demand class, they  
6 are in the same bucket as the residential customer.

7 COMMISSIONER CLARK: Residential, yeah,  
8 non-demand.

9 MS. DRAPER: Yeah, they will be better off --

10 COMMISSIONER CLARK: Only demand customers are  
11 going to be affected by CP, right. Gotcha. Thank  
12 you.

13 Thank you.

14 CHAIRMAN LA ROSA: Commissioners, further  
15 thoughts or questions on 71?

16 COMMISSIONER GRAHAM: Let's see if this boat  
17 floats anywhere.

18 I make the motion for 71 that we stick with  
19 the 4 CP and deny staff recommendation of 12 CP.

20 CHAIRMAN LA ROSA: Hearing a motion to change  
21 to a 4 CP methodology.

22 COMMISSIONER CLARK: I will second the motion,  
23 Mr. Chairman.

24 CHAIRMAN LA ROSA: Hearing a motion, hearing a  
25 second.



1 All those in favor signify by saying yay.

2 (Chorus of yays.)

3 CHAIRMAN LA ROSA: Yay.

4 Opposed no?

5 Show that the motion passes.

6 So -- all right. So still on Block 8. We  
7 have now just changed Issue 71. Is there any other  
8 issue numbers that need to be adjusted or  
9 discussed?

10 COMMISSIONER CLARK: I move approval the  
11 remainder of the items in Block 8, Mr. Chairman.

12 CHAIRMAN LA ROSA: Hearing a motion to move  
13 all remaining items in Block 8. Is there a second?

14 COMMISSIONER GRAHAM: Second.

15 CHAIRMAN LA ROSA: Hearing a second.

16 All those in favor signify by saying yay.

17 (Chorus of yays.)

18 CHAIRMAN LA ROSA: Yay.

19 Opposed no?

20 Show that all other items in Block 8 have  
21 passed as recommended.

22 MR. MARQUEZ: Commissioner, I just wanted to  
23 clarify. Since you were referencing the voting  
24 block before, you are referencing all specific  
25 issues that we are not leaving for the rates

1 agenda?

2 CHAIRMAN LA ROSA: Yes. Correct.

3 MR. MARQUEZ: Okay. Thank you.

4 CHAIRMAN LA ROSA: Did I miss an item, or did  
5 I include an item in here I should not have?

6 MR. MARQUEZ: No, just all -- the same was all  
7 issues were approved, and so I just wanted to make  
8 sure that we are going through 70, 72 through 77,  
9 83 and 84 through 90.

10 CHAIRMAN LA ROSA: Yes. I appreciate you  
11 pointing that out.

12 COMMISSIONER CLARK: We have defined them as  
13 the block, Mr. Chairman. That's what we are  
14 looking at. So my assumption is that's what we are  
15 voting on and approving each time, is what's  
16 sitting right in front of us.

17 CHAIRMAN LA ROSA: Right. So all of those  
18 other items within that block that will be taken up  
19 at the 12/19 Agenda obviously are not included.  
20 Awesome. Thank you for that.

21 Okay. Let's move now to block --

22 COMMISSIONER GRAHAM: Nine.

23 CHAIRMAN LA ROSA: Nine. Just -- I am looking  
24 at the time, and I not sure. I mean, we all have  
25 kind of, of course, our thoughts on this. I am not

1           trying to rush anything, but are we okay without a  
2           break or anything between now and whenever we  
3           finish? Okay. We have two blocks ago. All right.  
4           I will look, then, to my right.

5           So let's go to -- let's move to Block No. 9,  
6           which is Items 94 through 110. I will start with  
7           94.

8           So 94 is the subsequent year adjustments.  
9           Here are my thoughts:

10           So we have a long history of approving  
11           multiyear plans and SYAs through assessments, of  
12           course, as being in the public interest. I agree  
13           with how staff has considered this, and how they  
14           have laid this out.

15           So looking at the rec -- let me make sure I  
16           got my right notes in front of me -- I agree with  
17           making adjustments for improved safety,  
18           reliability, operation efficiencies. I have a  
19           concern where it says, whether the projects will  
20           put pressure on the company's ability to earn  
21           within the range of return, right.

22           The law has changed, right, from recently. So  
23           when I look at 377, and kind of the point that I  
24           made earlier, was within that, ensuring and  
25           resilient and reliable energy supply, with an

1           emphasis on diverse supply of domestic energy  
2           resources.  If we see something that we want to  
3           include, I don't think it should be -- I don't  
4           think the company should be punished, or I think  
5           there should be an incentive at the end of the day  
6           for them to continue to push for operational  
7           opportunities.

8           So with that, I am leaning both from how we  
9           are reading the statute and what's been laid out  
10          within the record, I am leaning on striking the  
11          pressures on the company's ability to earn within  
12          the range of return.  So different -- slightly  
13          different from the way staff has laid that out for  
14          us in Issue 94.

15          Thoughts or questions, Commissioners?

16          Commissioner Fay, you are recognized.

17          COMMISSIONER FAY:  Thank you, Mr. Chairman.  I  
18          just have one question for staff.

19          So just in readings that, it's -- based on the  
20          recommendation, it's, as the chairman stated, will  
21          put pressure on the company's ability to earn  
22          within its return of -- the range of return.

23          So historically -- I mean, obviously, when the  
24          utility moves either above or below the range,  
25          typically that triggers, you know, a rate case, or

1 at least some form of review. For this, I think --  
2 can you give clarity? Is it stating that it needs  
3 to fall below, or just kind of move in that  
4 direction?

5 MS. NORRIS: The intent of that language would  
6 be falling below that range.

7 COMMISSIONER FAY: Okay. And so would that  
8 lend itself to the larger the project, the higher  
9 the possibility that they would trigger that ROE,  
10 drop below that ROE?

11 MS. NORRIS: Correct. Definitely within that  
12 sensitivity analysis would be looking at, again,  
13 the larger impacts of, you know, the total project.

14 COMMISSIONER FAY: Okay. One follow-up, Mr.  
15 Chair.

16 Is it viable that there are proj -- based on  
17 what the Chairman is mentioning here about that,  
18 moving in that direction, is it viable that you  
19 could have a project that doesn't essentially  
20 trigger the falling below the ROE, but that puts  
21 the utility in a position that would have to come  
22 in for a rate case?

23 MS. NORRIS: Without specifically, I think,  
24 for the company to evaluate that in terms of what  
25 would bring it in, but I think that's just

1 traditionally would be the metric that we would  
2 look at -- or that would be, you know, reviewed by  
3 and large for if that would necessitate addressing  
4 rates, say in, like, a limited proceeding, or  
5 something like that, or a full blown rate  
6 proceeding.

7 COMMISSIONER FAY: Okay. Because in the  
8 previous settlements for that rate, we have that  
9 trigger component, and then something could be  
10 filed by either an intervenor or utility. With  
11 this, I think what we are saying is it would, at  
12 that point, almost be up to the utility to decide,  
13 is it worthwhile to come back in at that point,  
14 depending on how close it gets that line?

15 MS. NORRIS: Correct. Right. It would --  
16 several variables would then play in that --  
17 including that analysis within the recommendation  
18 is there are many variables in play, especially the  
19 farther out you go in terms of different inputs  
20 that you would look at that ROE analysis as far as  
21 whether it would drop them below the range.

22 COMMISSIONER FAY: Okay. Gotcha. Yeah,  
23 because, I mean, I know we see, like, historically  
24 the SoBRAs and GBRAs, like, they come in, but they  
25 are, like, they are very limited proceedings as

1 compared to then forcing a utility, on a  
2 large-scale project, forcing them to file a new  
3 rate case and come in and deal with that. Even if  
4 it's -- maybe it doesn't trigger, but it's still a  
5 large asset that's put into service.

6 I mean, it seems like that's a big gap, is  
7 that fair to say? I mean, you guys do the work on  
8 a lot of those hearings, so behind the scenes, the  
9 staff workload, it's probably nothing compared to a  
10 rate case, I would presume.

11 MS. NORRIS: The filings and subsequent  
12 filings for those SoBRAs and GBRA that, again, are  
13 created as a result of settlements, but in terms of  
14 those docketed -- those dockets, far less -- more  
15 narrow focus in terms of processing them from the  
16 staff and the Commission's standpoint.

17 COMMISSIONER FAY: Okay.

18 MS. NORRIS: A lot of it just looking at just  
19 tariff approvals and, you know, verifying the  
20 inputs and what was previously approved, so a much  
21 smaller scale proceeding.

22 COMMISSIONER FAY: Gotcha. Okay. Yeah, I  
23 presume nobody wants to see us more than they have  
24 to, but maybe that's a false presumption, so --  
25 okay, that answers my questions. Thanks, Mr.

1 Chairman.

2 CHAIRMAN LA ROSA: Commissioners, further  
3 questions?

4 Commissioner Clark, you are recognized.

5 COMMISSIONER CLARK: This one, I guess, kind  
6 of slipped by me, I didn't -- so what would -- if  
7 the utility is earning below the rate of return,  
8 why would we be calling them in for a rate case?  
9 Did I miss something there?

10 MS. NORRIS: I don't believe it would be us,  
11 per se, calling in. I think it would look at the  
12 magnitude of these projects, I guess. The way the  
13 company laid out the request was that in this  
14 subsequent year, these projects were of such a  
15 magnitude that they would potentially drop below  
16 their, you know, range of return, therefore, they  
17 would request that. In this --

18 COMMISSIONER CLARK: They would want to come  
19 back --

20 MS. NORRIS: -- we would look at that --

21 COMMISSIONER CLARK: Okay.

22 MS. NORRIS: -- instead of -- because they  
23 would potentially evaluate coming in for a limited  
24 proceeding in a subsequent year, versus us looking  
25 at it at this juncture and, you know, again,



1           agreeing to looking at that type of step increase  
2           in a subsequent year.

3           COMMISSIONER CLARK:   Okay.  That's a  
4           self-induced issue and triggers, typically,  
5           external factors, like, you know, the treasury  
6           rate --

7           MS. NORRIS:   Right.  Right.  So if the ROE had  
8           trigger --

9           COMMISSIONER CLARK:   So that was kind of what  
10          was confusing me.

11          MS. NORRIS:   Right yes.

12          COMMISSIONER CLARK:   Okay.

13          MS. NORRIS:   More so, yeah, a decision --

14          COMMISSIONER CLARK:   Okay.

15          MS. NORRIS:   -- a decision point triggered  
16          from that point.  Yes.

17          COMMISSIONER CLARK:   Okay.  Thank you.

18          CHAIRMAN LA ROSA:   Fair to say, though, that  
19          each project would be separately considered and for  
20          all different types of reasons --

21          MS. NORRIS:   Absolutely.  Absolutely.  And I  
22          think that's why, in laying out that rubric within  
23          Issue 94, is that they would absolutely be  
24          considered on their own in terms of, like you said,  
25          reliability, need, and that just -- that was laid

1 out as one component of that, yeah.

2 CHAIRMAN LA ROSA: Other thoughts or  
3 questions?

4 Commissioner Fay, you are recognized.

5 COMMISSIONER FAY: Just one quick follow-up.

6 So how would a utility file -- so to your  
7 point of, for example, if one of these projects  
8 under an SYA was found not to be appropriate here,  
9 there is nothing that precludes the utility from  
10 then coming in at a later date and submitting a  
11 project to the Commission for approval, correct?

12 MS. NORRIS: That's correct. And that's kind  
13 of in laying out the request, was that that would  
14 be envisioned potentially as say like a limited  
15 proceeding down the road, and perhaps avoiding that  
16 quick turnaround and filing that type of request.  
17 But they could petition the Commission with a  
18 limited proceeding for, you know, specific  
19 projects.

20 COMMISSIONER FAY: Okay. And I think you are  
21 probably going to say it depends on what that  
22 project is, but, I mean, I am presuming there is  
23 still -- there is still a lot that goes into that  
24 filing. So as distinguished from a SoBRA and GBRA  
25 that's been approved --

1 MS. NORRIS: Correct.

2 COMMISSIONER FAY: -- and then comes in for  
3 sort of a finalization, there is essentially a  
4 filing, or a proceeding that is initiated, and then  
5 goes through the process for approval, is that --

6 MS. NORRIS: Correct. So a limited proceeding  
7 being more focused on the request as they laid out,  
8 you know, looking at the actual projects and the  
9 different aspect costs, you know, reasonableness,  
10 et cetera, would be looked at in a limited  
11 proceeding to a greater degree; whereas, these  
12 other feelings filings are more, again, more so  
13 tariff approvals. They have laid out the amounts  
14 that were involved in each project, et cetera, and,  
15 again, those are much -- a smaller scale docket  
16 versus a limited proceeding, would have a lot more  
17 facets that staff would review over that.

18 COMMISSIONER FAY: Gotcha. Okay. Thanks.

19 CHAIRMAN LA ROSA: Okay. So if the earnings  
20 test was removed, you don't think that  
21 deincentivizes the company?

22 MS. NORRIS: So -- and I guess kind of, maybe  
23 just to step back in that. I think the way that it  
24 was laid out in this request is more so, you know,  
25 certainly any company would have year in year out

1 different plant improvement investments they would  
2 make.

3 And so I really think with that entered into  
4 the whole conversation with SYA is really just  
5 saying, for that reason, we are asking -- you know,  
6 it's beyond just the normal plant capital  
7 investment we would look at in a year-in year-out  
8 basis, and based on that magnitude, we believe  
9 that, you know, the petition would request now for  
10 that step increase in that subsequent year for,  
11 say, for this case, I guess, 2026 plant additions.

12 So that's where I believe the genesis of that  
13 in terms of looking at how we would review those  
14 subsequent year requests. And certainly in this  
15 case, there is two different types. There is the  
16 annualization of those projects that were put on in  
17 '25 in the projected test year, and perhaps the  
18 impact of not including that full -- recognizing  
19 the full capital investment, that would also have  
20 an affect potentially within that range. But  
21 again, this is specific more so to those projects  
22 that were going to come on line in a subsequent  
23 year.

24 So in terms of the de incentivizing, I think  
25 it's -- I don't know that I could necessarily speak

1 to that for those subsequent year projects.

2 CHAIRMAN LA ROSA: Okay. I guess my point is  
3 that is this tying our hands down the road?

4 MR. MARQUEZ: Could you repeat the question,  
5 please?

6 CHAIRMAN LA ROSA: Yeah. Is this tying our  
7 hands down the road?

8 MR. MARQUEZ: In terms of what, the revenue  
9 test?

10 CHAIRMAN LA ROSA: Yes.

11 MR. MARQUEZ: It could, right, it could  
12 restrict the Commission from considering or  
13 approving subsequent year adjustments on the other  
14 factors that, Mr. Chairman, you articulated today.

15 CHAIRMAN LA ROSA: All right. Thank you.

16 Commissioners, any other thoughts or  
17 questions?

18 Well, you know where I stand in wanting to  
19 make a change. If there is --

20 COMMISSIONER CLARK: I will take -- Mr.  
21 Chairman, that was a very good point, kind of the  
22 lightbulb went off for me right there when you said  
23 that. You tie our hands with the language. If it  
24 was a project that came in that was -- might cause  
25 an underearning for a period of time, I think we

1           would be -- would be --

2           I will move to approve item -- Issue No. 94,  
3           with the exception of striking the last sentence,  
4           whether the project will put pressure on the  
5           company's ability to earn within its range of  
6           return.

7           COMMISSIONER GRAHAM:   Second.

8           CHAIRMAN LA ROSA:   Hearing a motion and  
9           hearing a second, I want to hear from staff.  Is  
10          that motion --

11          COMMISSIONER CLARK:   Coherent?

12          CHAIRMAN LA ROSA:   Yeah, and the light is an  
13          indicator by any means.

14          COMMISSIONER CLARK:   You understand what my  
15          redneckese?

16          CHAIRMAN LA ROSA:   Yeah.  100 percent.  So  
17          let's take a five-minute break with the motion on  
18          the table.

19          (Brief recess.)

20          CHAIRMAN LA ROSA:   All right.  Well, sorry for  
21          the -- throwing the cards up in the air and looking  
22          around and having to pick them all up and put them  
23          back in order.

24          So let's -- so there was a motion on the  
25          table.  We broke.  Staff wanted to discuss, I am

1           assuming has some comments with regards to the  
2           motion that's been made.

3           MS. HARPER: We just wanted to clarify that by  
4           including these earnings statements, it would be a  
5           consideration. How much weight you give it is up  
6           to the Commission. It's certainly not going to  
7           mandate an outcome, but it is something that is  
8           presented as a consideration in this issue.

9           MR. BALLINGER: And I would like to add --

10          CHAIRMAN LA ROSA: Sure.

11          MR. BALLINGER: -- that it was -- the earnings  
12          test was really proposed by TECO as the  
13          justification for having a subsequent year  
14          adjustment, is that it would impact their earnings  
15          is why they needed the relief in the subsequent  
16          year. And to, in my mind, to get rid of it, you  
17          get rid of the guardrails of having a range on a  
18          rate of return.

19          Utilities add capital every year, you know,  
20          every month, they are adding capital, and it  
21          impacts their earnings when they do that, but you  
22          have growth and revenue and other things to offset  
23          that.

24          So I think it is a important consideration for  
25          you to look at in these larger projects, and what

1 the impact is on earnings, but it's not dispositive  
2 of what you have to do in the future.

3 CHAIRMAN LA ROSA: Okay. So I will kind of  
4 go, then, to where I -- where my last question was,  
5 was it tying our hands in the future. You are  
6 saying we could put the weight that we so feel is  
7 necessary on it. Are we limited in any other way?

8 MR. BALLINGER: I don't believe you are. I  
9 don't believe you are. I think it's just a  
10 consideration to look at on a project that's  
11 brought forward, and look at these safety,  
12 reliability, whatever, and earnings, what's the  
13 impact of this project, and then make your  
14 decision.

15 CHAIRMAN LA ROSA: All right. Commissioners,  
16 questions or thoughts? I don't know if that's  
17 helpful to you, or if there is anymore questions to  
18 ask of staff.

19 Commissioner Fay, you are recognized.

20 COMMISSIONER FAY: Mr. Chairman, just one  
21 quick question, which I think, hopefully, would  
22 make some of this process a little bit more  
23 simplified, if there is such a thing on a complex  
24 issue like this.

25 The recommendation does state that -- and this



1 is something that I sort of battled with a little  
2 bit to get some clarity. But it does state in the  
3 recommendation that we look -- and the SYAs will  
4 substantially improve the safety, reliability or  
5 operational efficiency, and whether the projects  
6 will put pressure on the company's ability to earn  
7 within its range of return. It doesn't say, and  
8 company earns below the rate of return, right?

9 So I think the recommendation itself even sort  
10 of gets at what you were recommending, or what you  
11 were stating on this, and so I don't see a conflict  
12 kind of what's in front of us and what you are  
13 proposing, but maybe I am interpreting that a  
14 little too liberally. Maybe staff can clarify for  
15 me. It doesn't seem to say you have got to trigger  
16 below earnings.

17 MS. NORRIS: That's correct.

18 COMMISSIONER FAY: Okay.

19 CHAIRMAN LA ROSA: Yeah. So here's my comment  
20 and thought, and I appreciate you pointing that  
21 out.

22 I think it's left very ambiguous, at the end  
23 of the day, as it's stated. I would maybe retract  
24 or move away from, but feel that this is maybe  
25 something for us to talk about further at maybe at

1           some future point, but feel like how this has kind  
2           of come up in this case, I -- if I could go back in  
3           time, I would probably spend more time and maybe  
4           ask more questions on it, but that's not what we  
5           have in front of us. We have what we have.

6           So I am okay moving away from where I was. I  
7           had good discussion overall, but just feel like  
8           overall it has been kind of left ambiguous, and I  
9           think that's kind of maybe just where it lies, so I  
10          am willing to accept it, but not overly excited.

11          Commissioners, further thoughts or questions?

12          So let's, then, move from 94, off of 94 -- go  
13          ahead, Commissioner -- oh, gotcha. So let's -- I  
14          appreciate you bringing that up.

15          All right. So we have a motion and a second,  
16          assuming that members still feel the way that they  
17          do, we will take that motion -- take that motion  
18          up.

19          All those in favor signify by saying yay.

20          (Chorus of yays.)

21          CHAIRMAN LA ROSA: Yay.

22          Opposed no?

23          COMMISSIONER FAY: Can we just restate the  
24          motion just so --

25          CHAIRMAN LA ROSA: Yeah. Go ahead. Let's

1 restate the motion.

2 COMMISSIONER CLARK: The motion as I made it,  
3 Mr. Chairman, was to approve Issue 94 with the  
4 exception of my proposal to strike: And whether  
5 the projects will put pressure on the company's  
6 ability to do so within its range of return. My  
7 motion is to strike that sentence and approve it  
8 otherwise.

9 COMMISSIONER FAY: Okay.

10 COMMISSIONER CLARK: That was the motion and  
11 the second.

12 COMMISSIONER FAY: And that, I guess -- Mr.  
13 Chairman, that's not necessarily consistent with  
14 what we just discussed, so I am not trying to  
15 complicate Commissioner Clark's motion, but I just  
16 -- I want to be clear that the discussion was that  
17 it would have an impact on it, not that it would  
18 trigger it. So I guess I can vote how I want to  
19 vote if we don't want to back it up.

20 CHAIRMAN LA ROSA: No. We are going to make  
21 it clear.

22 So I am going to go, then, back to staff and  
23 just can I ask, then, as the motion has been made,  
24 how does that change the factors? I am not sure if  
25 I am asking that correctly, but how does that

1 change the factors that -- for us to consider?

2 MS. HELTON: Let me take a stab, and I am  
3 hoping that I get corrected if I am not stating  
4 this correctly.

5 As I understand Commissioner Clark's motion,  
6 then he is removing that particular factor with  
7 respect to the Commission's ability to earn within  
8 its range of return, he is removing that as a  
9 factor for consideration when looking at subsequent  
10 year adjustments.

11 COMMISSIONER CLARK: That was correct.

12 CHAIRMAN LA ROSA: Okay.

13 COMMISSIONER CLARK: Vote the motion down and  
14 make a new motion if that's the body's privilege.

15 CHAIRMAN LA ROSA: All right. So hearing a  
16 motion and hearing a second.

17 All those in favor signify by saying yay.

18 COMMISSIONER CLARK: Yay.

19 CHAIRMAN LA ROSA: Opposed no?

20 COMMISSIONER FAY: No.

21 CHAIRMAN LA ROSA: No.

22 Show that the motion fails.

23 Do we want to rediscuss the issue will move  
24 on? Okay. Move on?

25 COMMISSIONER FAY: Mr. Chairman, in hopes of

1           maybe finalizing this, so as stated through the  
2           recommendation that some weight would be given to  
3           that return, which just staff pointed out, was  
4           something that TECO put forward in their filing, I  
5           would move that we approve staff's recommendation  
6           on Issue 924, unless you want to take it all  
7           together. That's fine, I just want to make sure  
8           nobody has another issue that they want to --

9           CHAIRMAN LA ROSA: Okay. So hearing a motion  
10          for that, is there any other issues that another  
11          Commissioner would like to bring up? Seeing none,  
12          so hearing a motion.

13          COMMISSIONER FAY: Yeah, if not, then, Mr.  
14          Chairman, then what I would do is I would move for  
15          approval of staff's recommendation on Issues 94  
16          through 110.

17          CHAIRMAN LA ROSA: Issues in Block 9, Issues  
18          94 through 110, is there a second?

19          Question, Commissioner Passidomo Smith.

20          COMMISSIONER PASSIDOMO SMITH: I am sorry.  
21          The only think I just want to just clarify Issue  
22          101, because we denied staff's recommendation on  
23          Issue 22. I mean, this is a fallout sort of  
24          situation I guess, but that we would deny staff's  
25          recommendation on Issue 101, is that correct,

1 staff?

2 MR. BALLINGER: Correct.

3 CHAIRMAN LA ROSA: So we will come back --

4 COMMISSIONER PASSIDOMO SMITH: Can you make --  
5 yeah, thank you.

6 CHAIRMAN LA ROSA: Okay. I am going to -- I  
7 am going to bring up one more issue, is that fair?

8 COMMISSIONER FAY: Yeah. Absolutely. I am  
9 happy to, Mr. Chairman, whatever you would like to  
10 do.

11 CHAIRMAN LA ROSA: Yeah, so Issue 102 --

12 COMMISSIONER FAY: Mr. Chairman, can I just  
13 withdraw my motion then?

14 CHAIRMAN LA ROSA: Yeah. So the motion has  
15 been withdrawn.

16 Let's move -- I am going to bring up Issue  
17 102, and again, apologize as I kind of put my notes  
18 together, right.

19 So Issue 102 is the Polk Fuel Diversity  
20 Project. So for similar reasons why I felt about  
21 the South Tampa Resiliency Project, I feel this has  
22 similar, kind of similar meaning behind it, right.

23 Again, in looking through the statute and  
24 understanding kin of the direction that we are at,  
25 I felt that, you know, this ultimately would

1 mitigate natural gas spikes if that was to occur,  
2 adds a second fuel source in the event that there  
3 is a major hurricane, of course, or other natural  
4 cause that would mess with natural gas supply.

5 I think there was testimony, fair testimony by  
6 the company within -- to include this project. So  
7 I would like to -- I am leaning on moving to have  
8 the Polk Fuel Diversity Project included in the  
9 2027 SYA. So -- well, that's where I stand. Is  
10 there further discussion on it?

11 Go ahead, Commissioner Fay.

12 COMMISSIONER FAY: Is there any discussion on  
13 it, I think? So I will just weigh in. I mean, I  
14 think back -- the item itself, Issue 24 that we  
15 dealt with is the main component of this. You are  
16 speaking to be the SYA, which is Issue 102, relates  
17 to the 2027 SYA?

18 CHAIRMAN LA ROSA: Correct.

19 COMMISSIONER FAY: Okay. Gotcha. All right.

20 MS. NORRIS: Just to clarify, with that, it  
21 would be placed in service in 2026. So there would  
22 be a component in the 2026 SYA, and then the  
23 annualized portion to recognize the full investment  
24 would be in a '27 SYA. So as it stands currently,  
25 we don't have that '27 component based on that, but

1           it would affect both of those years.

2           CHAIRMAN LA ROSA: '26 and '27?

3           MS. NORRIS: Yes, sir.

4           CHAIRMAN LA ROSA: Okay.

5           COMMISSIONER FAY: And is this currently as  
6 proposed annualized from '25?

7           MS. NORRIS: My understanding is Polk fuel  
8 diversity would go into service in '26, I believe.  
9 So it would be '26 and '27. This was not '25.  
10 Engineering could probably --

11          MR. BALLINGER: Right. Commissioner Fay, you  
12 are -- there is the Polk Flexibility Project and  
13 the Polk Fuel Diversity Project. They are two  
14 separate projects.

15          COMMISSIONER FAY: Okay.

16          MR. BALLINGER: So it wasn't tied to Issue 24  
17 at all.

18          COMMISSIONER FAY: Okay.

19          MR. BALLINGER: The Fuel Diversity Project is  
20 going into service in '26, so it would have an  
21 incremental impact in '26, and also an  
22 annualization into '27, is what I think is on the  
23 table.

24          COMMISSIONER FAY: Perfect. Okay.

25          CHAIRMAN LA ROSA: I think that's clear.



1           Okay. Any -- I appreciate that. Thank you,  
2           staff.

3           Any further questions or discussions on that?  
4           If so, I am willing to pass the gavel to  
5           Commissioner Graham.

6           COMMISSIONER GRAHAM: Chairman La Rosa, you  
7           are recognized.

8           CHAIRMAN LA ROSA: Thank you. I should have  
9           asked for that before I handed it to you.

10          So I move to find that the Polk Fuel Diversity  
11          Project is prudent and included as staff has laid  
12          out in '26 and '27.

13          COMMISSIONER GRAHAM: There is a motion. Is  
14          there a second?

15          Okay. The motion and duly seconded.

16          Any further discussion on the motion?

17          Seeing none, all in favor say aye.

18          (Chorus of ayes.)

19          CHAIRMAN LA ROSA: Any opposed?

20          COMMISSIONER FAY: Aye.

21          COMMISSIONER GRAHAM: One opposed.

22          By your action, you have approved the motion.

23          Mr. Chairman.

24          CHAIRMAN LA ROSA: Well, thank you.

25          So let's move -- well, we are still in Block

1           9. Is there any other discussion on any other  
2 issues in Block 9? That one was interesting.

3           All right. So we will take a motion, if there  
4 is a motion, to move the remaining issues in Block  
5 9.

6           Let's go to staff. Staff.

7           MS. BUYS: The Issue 105 needs to be denied  
8 because of the South Tampa project, because we will  
9 have to update the O&M expenses.

10          CHAIRMAN LA ROSA: Yeah. Can we go into a  
11 little more depth on that? So how would 105 then  
12 be affected specifically?

13          MS. NORRIS: It would be multiple components  
14 where if there is O&M associated with that, the  
15 South Tampa piece that was in '26, so there -- it  
16 would also be as well as what, 107 as well. So  
17 really, you could view it as the fallout of  
18 allowing South Tampa, technically it would be  
19 amending what staff would have recommended in those  
20 issues.

21          CHAIRMAN LA ROSA: Okay. So that's all  
22 considered fallout.

23          MS. NORRIS: Considering that's amenable to  
24 GCL. Is that --

25          CHAIRMAN LA ROSA: Is that fair?

1 MR. MARQUEZ: Yep.

2 CHAIRMAN LA ROSA: Okay. All right.

3 MS. NORRIS: As well as 103 being the rate of  
4 return based on the Commission's decision in 39, as  
5 that bounces back off of their Issue 39. So the  
6 rate of return would be affected by the change in  
7 39, and it would flow through, so --

8 CHAIRMAN LA ROSA: Okay. And I think that's  
9 fair to bring up as a fallout issue as well. I  
10 will look for confirmation.

11 MS. HARPER: Yes.

12 CHAIRMAN LA ROSA: Yes. Thank you.

13 All right. So it sounds like I got a motion  
14 on the table to approve all remaining issues in  
15 Block 9. Is there a second?

16 COMMISSIONER FAY: Mr. Chairman, if you would  
17 allow me.

18 CHAIRMAN LA ROSA: Go ahead.

19 COMMISSIONER FAY: Okay. Thank you.

20 So I would move for approval of staff  
21 recommendation on all issues in Block 9, which  
22 excludes 102, which already has been addressed by  
23 the Commission, and include fallout for 103 and  
24 105, or any other fallout within these issues, and  
25 administrative authority to do so.

1 COMMISSIONER GRAHAM: Second.

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

4 All those in favor signify by saying yay.  
5 (Chorus of yays.)

6 CHAIRMAN LA ROSA: Yay.

7 Opposed no?

8 Show that Block 9 is approved and modified  
9 accordingly.

10 All right. Let's move to Block 10. These are  
11 now Issues 11 through 121, Issues 11 through 121,  
12 with the exception of 117, which we will take up at  
13 the 12/19 Agenda.

14 Commissioners, do we have any questions,  
15 thoughts on any of those issues?

16 Okay. Seeing none, is there a motion on the  
17 table?

18 COMMISSIONER GRAHAM: Move staff  
19 recommendation on Block 9 -- I am sorry, Block 10.

20 CHAIRMAN LA ROSA: Hearing a motion, is there  
21 a second?

22 COMMISSIONER CLARK: Second.

23 CHAIRMAN LA ROSA: Hearing a motion and a  
24 second.

25 All those in favor signify by saying yay.

1 (Chorus of yays.)

2 CHAIRMAN LA ROSA: Yay.

3 Opposed no?

4 Show that Block 10 is approved per staff's  
5 recommendation.

6 Let's now go -- I guess, yes, sir.

7 MR. FUTRELL: Mr. Chairman, I just want to  
8 mention while we are still on the record here that  
9 in Issue 71, the Commission approved the 4 CP cost  
10 of service methodology. And we just want to note  
11 that in 72, you approved that issue, but that 72  
12 also should reflect the 4 CP methodology. And  
13 there is a mention in the staff analysis that makes  
14 this conditional upon the approval of 71, and that  
15 our understanding is your intention is that 4 CP  
16 will carry forward into 72 on transmission as well,  
17 and be consistent.

18 So I don't think we are asking for a vote  
19 here. We just want to clarify in the discussion  
20 here that the vote on 71 will also be consistently  
21 applied in 72 on transmission.

22 CHAIRMAN LA ROSA: Commissioners, is there  
23 opposition to that? Seeing no opposition, that's  
24 accurate, yes.

25 Okay. You want to take out fallout issues?

1 Is there an appropriate way of doing that? Yeah,  
2 go ahead.

3 MS. HELTON: Mr. Chairman, maybe if we could  
4 just get a motion that, you know, you have not  
5 moved staff on all issues, and so all of your  
6 decisions to deny staff will affect other issues,  
7 not all other issues, but some other issues.

8 So if you would give staff administrative  
9 authority to make the appropriate changes in the  
10 remaining issues based on your votes where you  
11 denied staff, that would be, I think, appreciated.

12 CHAIRMAN LA ROSA: Is someone willing to take  
13 a stab at that?

14 COMMISSIONER GRAHAM: I think we will move  
15 staff recommendation on all issues, also giving  
16 them administrative authority for changes, and  
17 denials, and amendments that we have made on all  
18 the other previous blocks.

19 CHAIRMAN LA ROSA: Hearing a motion, is there  
20 a second?

21 All right. Hearing a motion and a second.

22 All those in favor of the motion to allow  
23 staff to make the necessary changes as fallout  
24 issues signify by saying yay.

25 (Chorus of yays.)

1           CHAIRMAN LA ROSA: Yay.

2           Opposed no?

3           Show that the fallout issues are then taken  
4 care of.

5           All right. Is there any other business that  
6 we need to address? Seeing -- all right, seeing  
7 none, thank you all. Again, staff, I appreciate  
8 your work on this. This was very much a unique  
9 case, and I appreciate you laying out the way that  
10 you did, and certainly all the work that's gone  
11 into it.

12           So seeing no further business before us, see  
13 that this meeting is adjourned.

14           (Proceedings concluded.)

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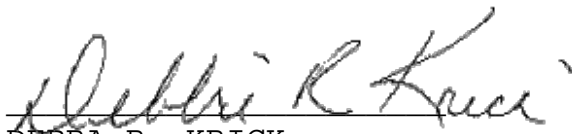
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COUNTY OF LEON )

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DATED this 20th day of December, 2024.

  
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