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Attorneys and Counselors at Law
123 South Calhoun Street
P.O. Box 391 32302
Tallahassee, FL 32301

P: (850) 224-9115
F: (850) 222-7560

ausley.com

April 2, 2025

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 20250001-EI

Dear Mr. Teitzman:

Attached for filing in the above docket, on behalf of Tampa Electric Company, is the Prepared Direct Testimony of John C. Heisey and Exhibit JCH-1 supporting the company's Optimization Mechanism results for the period ending December 2024.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Malcolm N. Means'.

Malcolm N. Means

MNM/bml
Attachment

cc: All Parties of Record (w/attachment)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibit filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 2nd day of April 2025, to the following:

Ryan Sandy
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us
rsandy@psc.state.fl.us
discovery-gcl@psc.state.fl.us

Walter Trierweiler
Charles Rehwinkel
Patricia A. Christensen
Mary Wessling
Octavio Ponce
Austin Watrous
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
Trierweiler.Walt@leg.state.fl.us
Rehwinkel.charles@leg.state.fl.us
christensen.patty@leg.state.fl.us
wessling.mary@leg.state.fl.us
ponce.octavio@leg.state.fl.us
watrous.austin@leg.state.fl.us

Dianne M. Triplett
Duke Energy Florida
299 First Avenue North
St. Petersburg, FL 33701
Dianne.triplett@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

Maria Moncada
David M. Lee
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
maria.moncada@fpl.com
david.lee@fpl.com

Kenneth Hoffman
Vice President, Regulatory Relations
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859
ken.hoffman@fpl.com

Mike Cassel
Regulatory and Governmental Affairs
Florida Public Utilities Company
Florida Division of Chesapeake Utilities Corp.
208 Wildlight Ave.
Yulee, FL 32097
mcassel@fpuc.com

Robert Scheffel Wright
John LaVia, III
Gardner, Bist, Wiener, Wadsworth, Bowden,
Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308
shef@gbwlegal.com
jlavia@gbwlegal.com

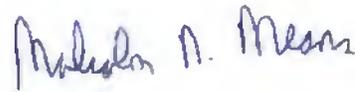
Matthew R. Bernier
Robert Pickles
Stephanie A. Cuello
Duke Energy Florida
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740
Matthew.bernier@duke-energy.com
Robert.pickles@duke-energy.com
Stephanie.Cuello@duke-energy.com

Jon C Moyle, Jr.
Moyle Law Firm
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
mqualls@moylelaw.com

Michelle D. Napier
1635 Meathe Drive
West Palm Beach, FL 33411
mnapier@fpuc.com

James W. Brew
Laura W. Baker
Sarah B. Newman
Stone Mattheis Xenopoulos & Brew, PC
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, D.C. 20007-5201
jbrew@smxblaw.com
lwb@smxblaw.com
sbn@smxblaw.com

Peter J. Mattheis
Michael K. Lavanga
Joseph R. Briscar
Stone Law Firm
1025 Thomas Jefferson St., NW
Suite 800 West
Washington, DC 20007-5201
pjm@smxblaw.com
mkl@smxblaw.com
jrb@smxblaw.com



ATTORNEY



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20250001-EI
IN RE: FUEL & PURCHASED POWER COST RECOVERY
AND
CAPACITY COST RECOVERY**

2024 ASSET OPTIMIZATION MECHANISM

TESTIMONY AND EXHIBIT

JOHN C. HEISEY

FILED: April 2, 2025

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **JOHN C. HEISEY**

5
6 **Q.** Please state your name, address, occupation, and
7 employer.

8
9 **A.** My name is John C. Heisey. My business address is 702 N.
10 Franklin Street, Tampa, Florida 33602. I am employed by
11 Tampa Electric Company ("Tampa Electric" or "company") as
12 Director, Origination and Trading.

13
14 **Q.** Please provide a brief outline of your educational
15 background and business experience.

16
17 **A.** I graduated from Pennsylvania State University with a
18 Bachelor of Science in Business Logistics. I have over 30
19 years of power and natural gas trading experience,
20 including employment at TECO Energy Source, FPL Energy
21 Services, El Paso Energy, and International Paper. Prior
22 to joining Tampa Electric, I was Vice President of Asset
23 Trading for the Entegra Power Group LLC ("Entegra") where
24 I was responsible for Entegra's energy trading
25 activities. Entegra managed a large quantity of merchant

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

13
14 **Q.** Please state the purpose of your testimony.

15
16 **A.** The purpose of my testimony is to present, for the
17 Commission's review, the 2024 results of Tampa Electric's
18 activities under the Asset Optimization Mechanism, as
19 originally authorized by FPSC Order No. PSC-2017-0456-S-
20 EI, issued in Docket No. 20160160-EI on November 27, 2017
21 and most recently extended by the Commission in Order No.
22 PSC-2025-0038-FOF-EI, issued February 3, 2025 in Docket
23 No. 20240026-EI.

24
25 **Q.** Do you wish to sponsor an exhibit in support of your

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testimony?

A. Yes. Exhibit No. JCH-1, entitled Asset Optimization Mechanism Results, was prepared under my direction and supervision. My exhibit shows the gains for each type of activity included in the Asset Optimization Mechanism and the sharing of gains between customers and the company.

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

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

Under the Asset Optimization Mechanism, gains on eligible activities up to \$4.5 million are retained by customers. Gains between \$4.5 million and \$8 million are split, with 60 percent of gains allocated to the company's shareholders and 40 percent allocated to customers. Gains above \$8 million are also split, with 50 percent of gains

1 allocated to shareholders and 50 percent of gains
2 allocated to customers.

3
4 Q. What activities are eligible for inclusion under the
5 current Asset Optimization Mechanism?

6
7 A. Gains on the company's wholesale sales, short-term
8 wholesale purchases, and optimization activities are
9 eligible for the program. Optimization activities
10 include: (1) gas storage utilization; (2) delivered gas
11 sales using existing transport; (3) delivered solid fuel
12 and/or transportation; (4) production area (upstream)
13 sales; and (5) asset management agreement activities.

14
15 **Asset Optimization Mechanism Transactions**

16 Q. Please provide the details of Tampa Electric's short-term
17 wholesale power sales under the Asset Optimization
18 Mechanism for 2024.

19
20 A. Asset Optimization Mechanism gains from wholesale power
21 sales were \$4,641,268 or 40 percent of total optimization
22 gains for 2024. The monthly detail is shown in my exhibit
23 on schedule "Wholesale Power Sales-Table 3."

24
25 Q. Please provide the details of Tampa Electric's short-term

1 wholesale power purchases under the Optimization
2 Mechanism for 2024.

3
4 **A.** Asset Optimization Mechanism gains from wholesale power
5 purchases were \$5,906,317 or 52 percent of total
6 optimization gains for 2024. The monthly detail can be
7 found in my exhibit on schedule "Wholesale Power
8 Purchases-Table 4."

9
10 **Q.** Please describe Tampa Electric's asset optimization
11 activities and the gains from those transactions under
12 the Asset Optimization Mechanism for 2024.

13
14 **A.** Asset Optimization Mechanism gains from asset
15 optimization activities were \$894,167 or 8 percent of
16 total optimization gains for 2024. The gains from asset
17 optimization activities are shown in my exhibit on
18 schedule "Asset Optimization Detail-Table 5."

19
20 A description of Tampa Electric's 2024 asset optimization
21 activities is provided below.

- 22 • Delivered gas sales using existing transport - sell
23 gas to Florida customers, using Tampa Electric's
24 existing gas transportation capacity during periods
25 when it is not needed to serve Tampa Electric's

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native electric load;

- Asset Management Agreement ("AMA") - outsource optimization functions to a third party through assignment of power, transportation and/or storage rights in exchange for a premium to be paid to Tampa Electric. Regarding transportation, revenue from the release of natural gas pipeline capacity is not subject to sharing under the Asset Optimization Mechanism consistent with FPSC Order No. PSC-2021-0423-S-EI.

Q. Please summarize the activities and results of the Asset Optimization Mechanism for 2024.

A. Tampa Electric participated in the following Asset Optimization Mechanism activities in 2024: wholesale power purchases and sales, delivered gas sales, and a natural gas storage AMA. The total asset optimization gains for 2024 were \$11,441,752 which exceeded the \$4,500,000 threshold by \$6,941,752 as shown in my exhibit on schedule "Total Gains Threshold Schedule-Table 1." Customer benefits were \$7,620,876 and company benefits were \$3,820,876 in 2024 as shown in my exhibit on schedule "Total Gains Sharing Schedule-Table 2."

1 Q. Did Tampa Electric incur incremental Asset Optimization
2 Mechanism costs during 2024?

3

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

10

11 Q. Overall, were Tampa Electric's activities under the Asset
12 Optimization Mechanism successful in 2024?

13

14 A. Yes, Tampa Electric produced customer gains of
15 \$7,620,876. The company continues to focus on
16 improvements in processes, reporting, and optimization
17 strategies.

18

19 Temperatures in Tampa were moderate most of the year.
20 Tampa Electric's gains across four optimization products
21 were consistent from month to month. There were two
22 exceptions; 1) a cold weather event in January, which
23 provided some incremental power and gas sales
24 opportunities, and 2) an unusually warm and dry May,
25 allowing us to utilize a favorable economic power purchase

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for customer savings. There was record precipitation in August through October which minimized optimization gains during that period. Delivered gas sales and natural gas storage AMA gains provided the balance of the gains for 2024.

Q. Does this conclude your testimony?

A. Yes, it does.

EXHIBIT TO THE TESTIMONY OF
JOHN C. HEISEY

OPTIMIZATION MECHANISM RESULTS
JANUARY 2024 – DECEMBER 2024

**TAMPA ELECTRIC
OPTIMIZATION MECHANISM
Actual for the Period: January 2024 through December 2024**

TOTAL GAINS THRESHOLD SCHEDULE-Table 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Wholesale Sales Total Gains (\$)	Purchases Total Savings (\$)	Asset Optimization Gains (\$)	Total Monthly Gains (\$)	Threshold 1 Gains ≤ \$4.5 M (\$)	Threshold 2 \$4.5M < Gains ≤ (\$)	Threshold 3 Gains > \$8.0 M (\$)
				(2) + (3) + (4)			
January	2,135,759	30,280	210,374	2,376,413	2,376,413	-	-
February	241,172	1,373	33,094	275,639	275,639	-	-
March	61,979	212,759	59,937	334,675	334,675	-	-
April	87,792	112,133	65,841	265,766	265,766	-	-
May	86,565	3,744,754	82,204	3,913,523	1,247,506	2,666,016	-
June	407,162	1,499,817	76,469	1,983,448	-	833,984	1,149,464
July	900,252	4,445	73,381	978,078	-	-	978,078
August	444,085	1,554	111,163	556,802	-	-	556,802
September	81,932	5,174	22,318	109,424	-	-	109,424
October	17,876	59,665	21,376	98,917	-	-	98,917
November	76,953	143,609	36,817	257,379	-	-	257,379
December	99,741	90,754	101,193	291,688	-	-	291,688
Total	4,641,268	5,906,317	894,167	11,441,752	4,500,000	3,500,000	3,441,752

TOTAL GAINS SHARING SCHEDULE-Table 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Threshold 1 100% Customer Benefit (\$)	Threshold 2 \$8.0M 40% Customer Benefit (\$)	Threshold 2 \$8.0M 60% TEC Benefit (\$)	Threshold 3 50% Customer Benefit (\$)	Threshold 3 50% TEC Benefit (\$)	Total Customer Benefits (\$)	Total TEC Benefits (\$)
January	2,376,413	-	-	-	-	2,376,413	-
February	275,639	-	-	-	-	275,639	-
March	334,675	-	-	-	-	334,675	-
April	265,766	-	-	-	-	265,766	-
May	1,247,506	1,066,407	1,599,610	-	-	2,313,913	1,599,610
June	-	333,593	500,390	574,732	574,732	908,326	1,075,122
July	-	-	-	489,039	489,039	489,039	489,039
August	-	-	-	278,401	278,401	278,401	278,401
September	-	-	-	54,712	54,712	54,712	54,712
October	-	-	-	49,458	49,458	49,458	49,458
November	-	-	-	128,689	128,689	128,689	128,689
December	-	-	-	145,844	145,844	145,844	145,844
Total	4,500,000	1,400,000	2,100,000	1,720,876	1,720,876	7,620,876	3,820,876

TAMPA ELECTRIC
WHOLESALE POWER DETAIL
 Actual for the Period: January 2024 through December 2024

Wholesale Sales-Table 3

(1)	(2)	(3)	(4)	(5)
Month	Wholesale Sales (MWh)	Wholesale Gross Gains (\$)	Third Party Transmission Costs (\$)	Total Net Wholesale Sales Gains (\$) (3) + (4)
January	60,216	2,458,094	(322,335)	2,135,759
February	45,604	293,925	(52,753)	241,172
March	13,703	61,979		61,979
April	13,678	100,464	(12,672)	87,792
May	7,950	95,543	(8,979)	86,565
June	30,566	497,472	(90,310)	407,162
July	57,232	1,468,844	(568,591)	900,252
August	37,592	557,152	(113,067)	444,085
September	11,690	88,576	(6,644)	81,932
October	2,266	19,412	(1,536)	17,876
November	13,081	84,416	(7,463)	76,953
December	12,564	122,357	(22,615)	99,741
Total	306,142	5,848,234	(1,206,965)	4,641,268

Wholesale Purchases-Table 4

(1)	(2)	(3)	(4)	(5)
Month	Wholesale Purchases (MWh)	Wholesale Savings (\$)	Capacity Purchases (\$)	Total Net Wholesale Purchase Gains (\$) (3) + (4)
January	2,363	30,280	-	30,280
February	568	1,373	-	1,373
March	7,185	212,759	-	212,759
April	27,884	112,133	-	112,133
May	199,825	3,744,754	-	3,744,754
June	97,100	1,499,817	-	1,499,817
July	3,879	4,445	-	4,445
August	1,631	1,554	-	1,554
September	3,547	5,174	-	5,174
October	3,584	59,665	-	59,665
November	28,881	143,609	-	143,609
December	12,455	90,754	-	90,754
Total	388,902	5,906,317	-	5,906,317

TAMPA ELECTRIC

ASSET OPTIMIZATION DETAIL-Table 5

Actual for the Period: January 2024 through December 2024

(1) Month	(2) Natural Gas Storage Optimization (\$)	(3) Natural Gas AMA Gains (\$)	(4) Delivered Gas Sales	(5) Resale of Solid Fuel (\$)	(6) Total Asset Optimization Gains (\$)
January					210,374
February					33,094
March					59,937
April					65,841
May					82,204
June					76,469
July					73,381
August					111,163
September					22,318
October					21,376
November					36,817
December					101,193
Total	-	250,200	643,967	-	894,167