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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20200002-EG

ENERGY CONSERVATION COST
RECOVERY CLAUSE.

_____ /

VOLUME 1
PAGES 1 through 98

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, November 3, 2020

TIME: Commenced: 10:20 a.m.
Concluded: 10:35 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 APPEARANCES:

2 MARIA JOSE MONCADA, WADE R. LITCHFIELD, and
3 JOEL T. BAKER, ESQUIRES, 700 Universe Boulevard, Juno
4 Beach, Florida 33408-0420, appearing on behalf of
5 Florida Power & Light Company.

6 RUSSELL A. BADDERS, One Energy Place,
7 Pensacola, Florida 32520-0100; and STEVEN R. GRIFFIN,
8 ESQUIRES, Beggs & Lane, Post Office Box 12950, Pensacola,
9 Florida 32591-2950, appearing on behalf of Gulf Power
10 Company.

11 DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue
12 North, St. Petersburg, Florida 33701; and MATTHEW R.
13 BERNIER, ESQUIRE, 106 East College Avenue, Suite 800,
14 Tallahassee, Florida 32301-7740, appearing on behalf of
15 Duke Energy Florida, LLC.

16 BETH KEATING, ESQUIRE, Gunster, Yoakley &
17 Stewart, P.A., 215 South Monroe Street, Suite 601,
18 Tallahassee, Florida 32301-1839, appearing on behalf of
19 Florida Public Utilities Company.

20 JAMES D. BEASLEY, J. JEFFRY WAHLEN, and
21 MALCOLM N. MEANS, ESQUIRES, Ausley & McMullen, Post
22 Office Box 391, Tallahassee, Florida 32302, appearing on
23 behalf of Tampa Electric Company.

24

25

1 APPEARANCES (CONTINUED):

2 J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL,
3 DEPUTY PUBLIC COUNSEL; and PATRICIA A. CHRISTENSEN, A.
4 MIREILLE FALL-FRY, and THOMAS (TAD) DAVID, , ESQUIRES,
5 Office of Public Counsel, c/o The Florida Legislature,
6 111 W. Madison Street, Room 812, Tallahassee, Florida
7 32399-1400, appearing on behalf of the Citizens of the
8 State of Florida.

9 JAMES W. BREW and LAURA WYNN BAKER, ESQUIRES,
10 Stone Mattheis Xenopoulos & Brew, PC, 1025 Thomas
11 Jefferson Street, NW, Eighth Floor, West Tower,
12 Washington, DC 20007, appearing on behalf of White
13 Springs Agricultural Chemicals, Inc. d/b/a PCS
14 Phosphate - White Springs.

15 JON C. MOYLE, JR., and KAREN A. PUTNAL,
16 ESQUIRES, Moyle Law Firm, P.A., The Perkins House, 118
17 North Gadsden Street, Tallahassee, Florida 32301,
18 appearing on behalf of Florida Industrial Power Users
19 Group.

20 ASHLEY J. WEISENFELD, ESQUIRE, FPSC General
21 Counsel's Office, 2540 Shumard Oak Boulevard,
22 Tallahassee, Florida 32399-0850, appearing on behalf of
23 the Florida Public Service Commission Staff.

24

25

1 APPEARANCES (CONTINUED):

2 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE
3 HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
5 Florida 32399-0850, Advisor to the Florida Public
6 Service Commission.

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EXHIBITS

NUMBER :		ID	ADMITTED
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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: All right. Good morning
3 again. We are going to call the November 3rd
4 clause docket hearing to order.

5 I would ask staff, if they would, please read
6 the notice.

7 MS. WEISENFELD: By notice issued on October
8 7th, 2020, this time and place has been set for
9 hearings in Docket Nos. 20200001-EI, 20200002-EG,
10 20200003-GU, 20200004-GU and 20200007-EI. The
11 purpose of these hearings is set out more fully in
12 the notice.

13 CHAIRMAN CLARK: All right. Thank you, Ms.
14 Weisenfeld.

15 Let me just give kind of a quick overview of
16 what I think -- how I think things are going to go
17 today.

18 We had scheduled this for today, tomorrow and
19 Thursday. It looks like we are going to be able to
20 consolidate things pretty rapidly. We are not
21 going to try to rush anything through, but my plan
22 this morning is to get through the first -- the 02,
23 03, 04 and 07 dockets even prior to lunch today.

24 If the timing hits us right, we are going to
25 take a lunch break at 12 o'clock. We are going to

1 probably take about 45 minutes for lunch. Those of
2 you that are sitting at your kitchen table, it
3 should not be too difficult for you to grab a quick
4 sandwich, but the rest of us have got to go out and
5 scrape something up. So we are going to probably
6 take about 45 minutes for lunch. Then we will come
7 back, and if we don't get to the 01 prior to lunch,
8 we will take it up immediately after.

9 My anticipation, based on the number of
10 witnesses and what we have seen so far, is that we
11 are going to try to finish it up today. If it
12 doesn't look like it's going to push much past 5:00
13 p.m., we will stay and wrap everything up today.
14 If it does look like it's going to go quite a bit
15 further, then we certainly have tomorrow scheduled,
16 and we will reconvene tomorrow morning. Maybe we
17 can make a little bit better call on that issue
18 somewhere around 3:30 or four o'clock this
19 afternoon.

20 So with that said, we are going to take
21 appearances with all of the dockets to begin with.

22 Ms. Weisenfeld.

23 MS. WEISENFELD: There are five dockets to
24 address today. We suggest that all appearances be
25 taken at once.

1 All parties should enter their appearances and
2 declare the dockets that they are entering an
3 appearance for. Several parties will make
4 appearances, and after the parties make their
5 appearances, staff will need to make theirs.

6 CHAIRMAN CLARK: All right. Thank you.

7 All right. So we are going to take
8 appearances beginning with Florida Power & Light.
9 If you would, please state the docket that you are
10 going to be appearing in when you give your
11 appearance, please.

12 FPL.

13 MS. MONCADA: Good morning, Mr. Chairman. Can
14 you hear me?

15 CHAIRMAN CLARK: Yes, we can hear you.

16 MS. MONCADA: Wonderful.

17 Maria Moncada on behalf of Florida Power &
18 Light Company in the 01, 02 and 07 dockets. In
19 each of those dockets, I would like to also enter
20 an appearance for our general counsel, Wade
21 Litchfield. In the 01 and 07 dockets, I will also
22 enter an appearance for David Lee, and in the 02
23 docket, for Joel Baker.

24 Mr. Chairman, I am also here today on behalf
25 of Gulf Power Company in the 01 and the 07 dockets.

1 And in those two dockets, I would like to also
2 enter an appearance for Russell Badders.

3 Thank you.

4 CHAIRMAN CLARK: All right. Any other -- any
5 other appearances for Gulf Power?

6 MR. GRIFFIN: Yes, Mr. Chairman. Thank you.
7 Good morning, Commissioners.

8 This is Steven Griffin with the Beggs & Lane
9 law firm in Pensacola. I will be entering an
10 appearance for Gulf Power Company in the 02 docket,
11 and would also like to enter an appearance for
12 Russell Badders with Gulf Power Company in the 02
13 docket as well.

14 Thank you.

15 CHAIRMAN CLARK: All right. Thank you very
16 much.

17 Duke Energy, Mr. Bernier.

18 MR. BERNIER: Good morning, Mr. Chairman,
19 Commissioners. Matt Bernier from Duke Energy. I
20 will be appearing in the 01, 02 and 07 dockets. I
21 would also like to enter an appearance for Dianne
22 Triplett in the same dockets.

23 Thank you.

24 CHAIRMAN CLARK: Thank you very much.

25 TECO.

1 MR. MEANS: Good morning, Mr. Chairman,
2 Commissioners. This is Malcolm Means with the
3 Ausley McMullen law firm in Tallahassee. I would
4 also like to enter appearances for Jim Beasley and
5 Jeff Wahlen with the Ausley McMullen law firm. We
6 are appearing on behalf of Tampa Electric in the
7 02, 07 and 01 dockets.

8 Thank you.

9 CHAIRMAN CLARK: Thank you very much.
10 Florida Public Utilities, Ms. Keating.

11 MS. KEATING: Good morning, Mr. Chairman,
12 Commissioners. Beth Keating with the Gunster Law
13 Firm appearing today on behalf of FPUC in the 01,
14 02, 03 and 04 dockets. I will also be making an
15 appearance for Chesapeake and Sebring in the 04
16 docket, and I will also be appearing for Florida
17 City Gas in the 03 and 04 dockets. And in those
18 dockets, I would like to also enter appearance for
19 Greg Munson with the Gunster Law Firm, as well as
20 Chris Wright with FPL.

21 CHAIRMAN CLARK: All right. Thank you very
22 much.

23 That takes care of Florida City Gas and
24 Sebring Gas. Anybody else under those two?

25 All right moving to Peoples Gas.

1 MR. BROWN: Thank you, Mr. Chairman, Andy
2 Brown of the law firm of Macfarlane Ferguson &
3 McMullen. I am appearing on behalf of Peoples Gas
4 in the 03 and 04 dockets.

5 CHAIRMAN CLARK: All right. St. Joe Natural
6 Gas Company. They were requested to be excused?
7 Okay.

8 MS. WEISENFELD: They should be on the line.
9 They should be on the line. St. Joe should be on
10 the line, Mr. Chairman.

11 CHAIRMAN CLARK: Okay. Is there anyone from
12 St. Joe? Anyone from St. Joe? Stuart Shoaf?

13 All right. Move right along to the Office of
14 Public Counsel.

15 MS. FALL-FRYE: Good morning. A. Mireille
16 Fall-Fry. I will be appearing for the Office of
17 Public Counsel in the 02, 03, 04 and 07 dockets,
18 and also would like to enter an appearance for
19 Charles Rehwinkel and Stephanie Morse in the 01
20 docket, and J.R. Kelly in all of the dockets.

21 CHAIRMAN CLARK: All right. Thank you, Ms.
22 Fall-Fry.

23 FIPUG.

24 MS. PUTNAL: Good morning, Mr. Chairman,
25 Commissioners. Karen Putnal with the Moyle Law

1 Firm appearing on behalf of Florida Industrial
2 Power Users Group in the 01, 02 and 07 dockets.
3 And I would also like to enter an appearance for
4 Jon Moyle in all three.

5 CHAIRMAN CLARK: All right. Thank you, Ms.
6 Putnal.

7 PCS Phosphate.

8 MR. BREW: Good morning, Chairman and
9 Commissioners. For White Springs Agricultural
10 Chemicals, PCS Phosphate, with the law firm of
11 Stone Mattheis Xenopoulos & Brew, in the 01, 02 and
12 07 dockets, I am James Brew, and I would like to
13 note the appearance of Laura Baker and as well.

14 CHAIRMAN CLARK: All right. Great. Thank you
15 very much, Mr. Brew.

16 Commission staff.

17 MS. WEISENFELD: Ashley Weisenfeld in the 02
18 docket. I would also like to enter appearances for
19 Kurt Schrader in the 03, Gabriella Passidomo in the
20 04, Charles Murphy in the 07 and Suzanne Brownless
21 in the 01.

22 MS. HELTON: And finally, Mr. Chairman, Mary
23 Anne Helton is here as your Advisor today, as well
24 as for the other Commissioners, along with your
25 General Counsel, Keith Hetrick.

1 CHAIRMAN CLARK: Thank you, Ms. Helton.

2 Okay, let's move to preliminary matters, Ms.
3 Weisenfeld.

4 MS. WEISENFELD: State buildings are currently
5 closed to the public, and other restrictions on
6 gatherings remain in place due to COVID-19.
7 Accordingly, this hearing is being conducted
8 remotely with the parties participating by
9 communications media technology.

10 Members of the public who want to observe or
11 listen to this hearing may do so by accessing the
12 live video broadcast which is available from the
13 Commission website. Upon completion of the
14 hearing, the archived video will also be available.

15 Each person participating today needs to keep
16 their phone or device muted when they are not
17 speaking, and only unmute when they are called upon
18 to speak. If they do not keep their phone muted,
19 or put their phone on hold, they may be
20 disconnected from the proceeding and will need to
21 call back in.

22 Also, telephonic participants should speak
23 directly into their phone and not use their speaker
24 function.

25 CHAIRMAN CLARK: All right. Thank you, Ms.

1 Weisenfeld.

2 All right. The order of the dockets we are
3 going to take up today, we are going to begin with
4 the 02 docket, the 03, the 04 and the 07, and then
5 we will conclude the day with the 01 docket.

6 Commissioners, I would remind you, we are
7 going be to moving most of this -- most of the
8 items we are going to be moving through fairly
9 quickly, and I am trying to juggle quite a bit of
10 paperwork here and keep track of where we are. I
11 am not monitoring my screen as closely as I
12 normally do, so if you have questions, or want to
13 stop at any point in time, just please unmute your
14 microphone and get my attention because I'm
15 probably looking at something else during this
16 particular time.

17 All right. With that said, let's please move
18 into the 02 docket.

19 Are there preliminary matters in the 02
20 docket?

21 MS. WEISENFELD: Yes, there are proposed Type
22 2 stipulations for all issues. All parties either
23 agree or take into position on the proposed
24 stipulations that are before the Commission today.

25 The proposed Type 2 stipulations anticipate

1 the inclusion of all testimony and exhibits in the
2 record.

3 All witnesses have been excused and staff has
4 no other matters at this time.

5 CHAIRMAN CLARK: All right. Then let's move
6 into the prefiled testimony.

7 MS. WEISENFELD: We ask that the prefiled
8 testimony of all witnesses identified in Section VI
9 of the prehearing order appearing on page five be
10 inserted in the record as though read.

11 CHAIRMAN CLARK: All right. Make it so.

12 (Whereupon, prefiled direct testimony of Renae
13 B. Deaton was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF RENAE B. DEATON**

4 **DOCKET NO. 20200002-EG**

5 **MAY 4, 2020**

6

7 **Q. Please state your name and address.**

8 A. My name is Renae B. Deaton. My business address is Florida Power & Light
9 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

10 **Q. By whom are you employed and in what capacity?**

11 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as
12 Director, Cost Recovery and Wholesale Rates, in the Regulatory & State
13 Governmental Affairs Department.

14 **Q. Please describe your educational background and professional experience.**

15 A. I hold a Bachelor of Science in Business Administration and a Master of Business
16 Administration from Charleston Southern University. Since joining FPL in 1998,
17 I have held various positions in the rates and regulatory areas. Prior to my current
18 position, I held the positions of Senior Manager of Cost of Service and Load
19 Research and Senior Manager of Rate Design in the Rates and Tariffs
20 Department. I am a member of the Edison Electric Institute (“EEI”) Rates and
21 Regulatory Affairs Committee, and I have completed the EEI Advanced Rate
22 Design Course. I have been a guest speaker at Public Utility Research

1 Center/World Bank International Training Programs on Utility Regulation and
2 Strategy. In 2016, I assumed my current position, where my duties include
3 providing direction as to the appropriateness of inclusion of costs through a cost
4 recovery clause and the overall preparation and filing of all cost recovery clause
5 documents including testimony and discovery. I have testified before this
6 Commission in base rate and clause recovery proceedings.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to present for Commission review and approval
9 the schedules supporting the calculation of the Energy Conservation Cost
10 Recovery (“ECCR”) Clause final net true-up amount for the period January 2019
11 through December 2019.

12 **Q. Have you prepared or caused to be prepared under your direction,
13 supervision or control an exhibit in this proceeding?**

14 A. Yes, I am sponsoring Schedules CT-1 and CT-4, and co-sponsoring Schedules
15 CT-2 and CT-3, in Exhibit AS-1. The specific sections of Schedules CT-2 and
16 CT-3 that I am sponsoring are identified in the Table of Contents, which is found
17 in Exhibit AS-1, page 1.

18 **Q. What is the source of the data used in calculating the final net true-up amount
19 for the January 2019 through December 2019 period?**

20 A. Unless otherwise indicated, the data used in calculating the final net true-up amount
21 were taken from the books and records of FPL. The books and records are kept in
22 the regular course of the Company’s business in accordance with generally

1 accepted accounting principles and practices, and in accordance with the applicable
2 provisions of the Uniform System of Accounts as prescribed by this Commission
3 and directed in Rule 25-17.015, Florida Administrative Code. Schedule CT-2,
4 pages 6 and 7 provides a complete list of all account numbers used for ECCR
5 during the period January 2019 through December 2019.

6 **Q. What is the actual end of period true-up amount that FPL is requesting the**
7 **Commission to approve for the January 2019 through December 2019 period?**

8 A. FPL has calculated and is requesting approval of an over-recovery of \$9,970,966
9 including interest, as the actual end of period true-up amount for the period January
10 2019 through December 2019. The calculation of this \$9,970,966 over-recovery is
11 shown on Schedule CT-3, page 9, line 6 plus line 7.

12 **Q. What is the final net true-up amount for the January 2019 through December**
13 **2019 period that FPL is requesting to be included in the January 2021**
14 **through December 2021 ECCR factors?**

15 A. FPL has calculated and is requesting approval of an over-recovery of \$2,036,766 as
16 the final net true-up amount for the period January 2019 through December 2019.
17 This final net true-up over-recovery of \$2,036,766 is the difference between the
18 actual end of period true-up over-recovery of \$9,970,966 and the actual/estimated
19 true-up over-recovery of \$7,934,200. The calculation of the \$2,036,766 over-
20 recovery is shown on Schedule CT-1, page 2.

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1 **Q. Was the calculation of the final net true-up amount for the period January**
2 **2019 through December 2019 performed consistently with prior true-up**
3 **calculations in predecessor ECCR dockets?**

4 A. Yes. The calculation of the final net true-up amount for the period January 2019
5 through December 2019 was performed consistently with prior true-up calculations
6 in predecessor ECCR dockets.

7 **Q. Have you provided a schedule showing the variances between actual and**
8 **actual/estimated program costs and revenues for the period January 2019**
9 **through December 2019?**

10 A. Yes. Schedule CT-2, page 3, compares actual to actual/estimated program costs,
11 revenues and interest, resulting in the variance of \$2,036,766.

12 **Q. Please explain the calculation of the \$2,036,766 variance.**

13 A. The difference between 2019 actual and actual/estimated ECCR revenues
14 applicable to the period, net of revenues taxes of \$901,313 (CT-2, page 3, line 12)
15 minus the difference between 2019 actual and actual/estimated total adjusted
16 program costs of (\$1,144,109) (CT-2, page 3, line 9) results in a variance of
17 \$2,045,423 (CT-2, page 3, line 13). This \$2,045,423 variance, plus the variance
18 of (\$8,656) in interest (CT-2, page 3, line 14), results in the net over-recovery of
19 \$2,036,766 (CT-2, page 3, line 18).

20 **Q. Does this conclude your testimony?**

21 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF RENAE B. DEATON**

4 **DOCKET NO. 20200002-EG**

5 **AUGUST 7, 2020**

6
7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Renae B. Deaton and my business address is 700 Universe
9 Boulevard, Juno Beach, FL 33408. I am employed by Florida Power & Light
10 Company (“FPL” or “the Company”) as Director of Clause Recovery and
11 Wholesale Rates in the Regulatory Affairs Department.

12 **Q. Have you previously filed testimony in this docket?**

13 A. Yes.

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to present the schedules necessary to support the
16 calculations of the Energy Conservation Cost Recovery (“ECCR”) factors to be
17 applied during the January 2021 through December 2021 billing period,
18 consisting of the projected Demand Side Management (“DSM”) energy
19 conservation program expenses for the period January 2021 through December
20 2021, as well as the final true-up for the period January 2019 through December
21 2019, the actual/estimated true-up for the period January 2020 through December
22 2020 and an interest provision for both true-ups.

1 **Q. Have you prepared or caused to be prepared under your direction,**
2 **supervision or control any exhibits in this proceeding?**

3 A. Yes, I am sponsoring Schedules C-1 and C-4, and co-sponsoring Schedules C-2
4 and C-3, in Exhibit AS-2. The specific sections of Schedules C-2 and C-3 that I
5 am sponsoring are identified in the Table of Contents found on Exhibit AS-2,
6 page 1.

7 **Q. What is the source of the data used in calculating the 2020 actual/estimated**
8 **true-up amount?**

9 A. Unless otherwise indicated, the data used in calculating the 2020 actual/estimated
10 true-up amount was taken from the books and records of FPL. The books and
11 records are kept in the regular course of the Company's business in accordance with
12 generally accepted accounting principles and practices, and with the applicable
13 provisions of the Uniform System of Accounts as prescribed by this Commission
14 and directed in Rule 25-17.015, Florida Administrative Code.

15 **Q. Please explain the calculation of the ECCR end of period net true-up and**
16 **actual/estimated true-up amount for 2020 included in Exhibit AS-2.**

17 A. Schedule C-3, pages 24 and 25 provide the calculation of the 2020 ECCR end of
18 period net true-up and actual/estimated true-up amounts. The end of period net
19 true-up amount to be carried forward to the 2021 ECCR factors is an over-recovery
20 of \$4,276,518 (Schedule C-3, page 24, line 9). This \$4,276,518 over-recovery
21 includes the 2019 final true-up over-recovery of \$2,036,766 (Schedule C-3, page
22 24, line 7a) filed with the Commission on May 4, 2020, and the 2020

1 actual/estimated true-up over-recovery, including interest, of \$2,239,751 (Schedule
2 C-3, page 24, lines 5 plus 6) for the period January 2020 through December 2020.
3 The 2020 actual/estimated true-up is based on actual data for the period January
4 2020 through June 2020 and revised estimates for the period July 2020 through
5 December 2020.

6 **Q. Were these calculations made in accordance with the procedures previously**
7 **approved in the predecessors to this docket?**

8 A. Yes, they were.

9 **Q. Please describe the Weighted Average Cost of Capital (“WACC”) that is used**
10 **in the calculation of the return on the 2021 capital investments included for**
11 **recovery.**

12 A. FPL calculated and applied a projected 2021 WACC in accordance with the
13 methodology established in Commission Order No. PSC-2020-0165-PAA-EU,
14 Docket No. 20200118-EU, issued on May 20, 2020 (“2020 WACC Order”).
15 Pursuant to the 2020 WACC Order, the WACC was calculated using the currently
16 approved mid-point return on equity and the proration formula prescribed by
17 Treasury Regulation §1.167(l)-1(h)(6)(i) applied to the plant only depreciation-
18 related Accumulated Deferred Federal Income Tax balances included in the
19 capital structure. This projected WACC is used to calculate the rate of return
20 applied to the 2021 ECCR capital investments. The projected capital structure,
21 components and cost rates used to calculate the rate of return are provided on
22 page 22 of Exhibit AS-2.

1 **Q. Have you prepared calculations of the allocation factors for demand and**
2 **energy?**

3 A. Yes. Schedule C-1, page 3 in Exhibit AS-2 provides these calculations. The
4 demand allocation factors are calculated by determining the percentage each rate
5 class contributes to the monthly system peaks. The energy allocation factors are
6 calculated by determining the percentage each rate class contributes to total kWh
7 sales, as adjusted for losses.

8 **Q. Have you prepared calculations of the 2021 ECCR factors by rate class?**

9 A. Yes. Schedule C-1, page 4 in Exhibit AS-2 provides the calculations of FPL's
10 2021 ECCR factors by rate class.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

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(Whereupon, prefiled direct testimony of Anita

3

Sharma was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **FLORIDA POWER & LIGHT COMPANY**
3 **TESTIMONY OF ANITA SHARMA**
4 **DOCKET NO. 20200002-EG**
5 **MAY 4, 2020**

6

7 **Q. Please state your name and business address.**

8 A. My name is Anita Sharma and my business address is 7201 Cypress Road, Plantation,
9 Florida 33317.

10 **Q. By whom are you employed and in what capacity?**

11 A. I am employed by Florida Power and Light Company (FPL) as Manager, Cost &
12 Performance for Demand-Side Management (DSM) programs.

13 **Q. Please describe your educational and professional background and experience.**

14 A. I received a Masters in Economics in 1983 and a Masters in Finance in 2006 from
15 Florida International University. I began working at FPL in 1985 as an Assistant
16 Economist and have worked in positions of increasing responsibility in the areas of
17 economics and energy forecasting. I began in my present position as Manager of Cost
18 & Performance for DSM programs in March 2009. I have testified before this
19 Commission in prior clause recovery proceedings.

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to present the actual Energy Conservation Cost
22 Recovery (ECCR) costs for FPL's DSM programs for the period January 2019 through
23 December 2019.

1 **Q. Have you prepared or caused to be prepared under your direction, supervision**
2 **or control an exhibit in this proceeding?**

3 A. Yes. I am sponsoring Schedules CT-5, CT-6 and Appendix A and co-sponsoring
4 Schedules CT-2 and CT-3 in Exhibit AS-1. The specific sections of Schedules CT-2
5 and CT-3 that I am co-sponsoring are identified in Exhibit AS-1, Page 1, Table of
6 Contents.

7 **Q. For the January 2019 through December 2019 period, did FPL seek recovery of**
8 **any costs for advertising which makes a specific claim of potential energy savings**
9 **or states appliance efficiency ratings or savings?**

10 A. Yes.

11 **Q. For the January 2019 through December 2019 period, did FPL seek recovery of**
12 **any costs for advertising which makes a specific claim of potential energy savings**
13 **or states appliance efficiency ratings or savings?**

14 A. Yes. The documentation required by the Rule is included in Appendix A.

15 **Q. Are all costs listed in Schedule CT-2 attributable to Commission-approved DSM**
16 **programs?**

17 A. Yes.

18 **Q. How did FPL's actual program costs for the January 2019 through December**
19 **2019 period compare to the actual/estimated costs presented in Docket No.**
20 **20190002-EG, and approved in Order No. PSC-2019-0504-FOF-EG?**

21 A. Actual program costs for the period were \$161,738,898. The actual/estimated
22 program costs were \$162,833,007. Therefore, actual costs were \$1,114,109, or less

1 than one percent below the actual/estimated costs (see Schedule CT-2, Page 3, Line
2 9). Each program's contribution to the variance is shown on Schedule CT-2, Page 5.

3 **Q. Does this conclude your testimony?**

4 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF ANITA SHARMA**

4 **DOCKET NO. 20200002-EG**

5 **AUGUST 7, 2020**

6

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Anita Sharma. My business address is 7201 Cypress Road, Plantation,
9 Florida 33317. I am employed by Florida Power & Light Company (“FPL”) as
10 Manager, Cost and Performance for Demand-Side Management programs.

11 **Q. Have you previously filed testimony in this or a predecessor docket?**

12 A. Yes.

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to submit for Commission review and approval
15 FPL’s actual/estimated Energy Conservation Cost Recovery (“ECCR”) costs for its
16 Demand-Side Management (“DSM”) programs incurred from January through
17 December 2020 and the projected costs to be incurred from January through
18 December 2021.

19 **Q. Are you sponsoring an exhibit in this proceeding?**

20 A. Yes. I am sponsoring Exhibit AS-2, Schedule C-5 and co-sponsoring Schedules C-
21 2 and C-3. The specific sections of Schedules C-2 and C-3 that I am co-sponsoring
22 are shown on the Table of Contents (Exhibit AS-2, page 1).

23 **Q. Are all of the costs listed in these exhibits reasonable, prudent and attributable**
24 **to programs approved by the Commission?**

1 A. Yes. The 2021 projections and 2020 actual/estimated costs are based on the
2 programs from FPL's DSM Plan approved by the Commission in Order No. PSC-
3 2020-0274-PAA-EG (Docket No. 20200056-EG). The 2020 costs also include
4 some residual carryover costs associated with the Business Photovoltaic for
5 Schools Pilot that was discontinued in 2015.

6 **Q. Please describe the methods used to derive the program costs for which FPL**
7 **seeks recovery.**

8 A. The actual costs for the months of January through June 2020 came from the books
9 and records of FPL. The books and records are kept in the regular course of FPL's
10 business in accordance with generally accepted accounting principles and practices
11 and with the applicable provisions of the Uniform System of Accounts as
12 prescribed by this Commission and directed in Rule 25-17.015, Florida
13 Administrative Code.

14
15 Costs for the months of July through December 2020 and January through
16 December 2021 are projections compiled from detailed month-by-month analyses
17 for each program which were prepared by the relevant departments within FPL.
18 The projections have been created in accordance with FPL's standard budgeting
19 and on-going cost justification process.

20 **Q. What are the ECCR costs for the January through December 2020**
21 **actual/estimated period?**

22 A. The actual/estimated costs for the period January through December 2020 are
23 \$158,912,758 as shown on Exhibit AS-2, Schedule C-3, page 13, line 69.

24

1 **Q. What are the 2021 costs FPL is requesting the Commission to approve?**

2 A. FPL is requesting approval of \$158,665,512 for recovery during the period of
3 January through December 2021 as shown on Exhibit AS-2, Schedule C-1, page 2,
4 line 8. This includes projected costs for January through December 2021 of
5 \$162,904,787 as shown on Exhibit AS-2, Schedule C-1, page 2, line 1 as well as
6 prior and current period over recoveries, interest and applicable revenue taxes.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

1 (Whereupon, prefiled direct testimony of John
2 N. Floyd was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost Recovery
 Clause

Docket No.: 20200002-EG
 Filed: August 6, 2020

ERRATA SHEET

May 4, 2020 Testimony and Exhibit of John N. Floyd

TESTIMONY

<u>Page No.</u>	<u>Line No.</u>	<u>Change</u>
Page 2	Line 20	Change "9,607,626" to "9,609,490"
Page 2	Line 21	Change "725,701" to "723,837"
Page 3	Line 7	Change "725,701" to "723,837"
Page 3	Line 14	Change "970,447" to "981,017"

EXHIBIT JNF-1

<u>Schedule</u>	<u>Description</u>
CT-1	See Revised Schedule CT-1 attached hereto
CT-2	See Revised Schedule CT-2 attached hereto
CT-3	See Revised Schedule CT-3 attached hereto Pages 1 through 5 of 5
CT-4	See Revised Schedule CT-4 attached hereto
CT-6	See Revised Schedule CT-6 attached hereto

Note: All revisions are highlighted in blue

1 **GULF POWER COMPANY**

2 **Before the Florida Public Service Commission**
3 **Prepared Direct Testimony of**
4 **John N. Floyd**
5 **Docket No. 20200002-EG**
6 **Date of Filing: May 4, 2020**

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is John N. Floyd, and my business address is One Energy
9 Place, Pensacola, Florida 32520. I am employed by Gulf Power Company
10 (Gulf or the Company) as the Manager of Strategy and Market
11 Intelligence.

12 **Q. Mr. Floyd, please describe your educational background and**
13 **business experience.**

14 A. I received a Bachelor Degree in Electrical Engineering from Auburn
15 University in 1985. After serving four years in the U.S. Air Force, I began
16 my career in the electric utility industry at Gulf Power in 1990 and have
17 held various positions with the Company in Power Generation, Metering,
18 Power Delivery and Marketing. In my present position, I am responsible
19 for the development and implementation of Gulf's customer program
20 offerings associated with the Company's Demand-Side Management
21 (DSM) Plan.

22
23 **Q. Have you previously testified before this Commission in connection**
24 **with the Energy Conservation Cost Recovery Clause?**

25 A. Yes.

1 **Q. Mr. Floyd, what is the purpose of your testimony?**

2 A. The purpose of my testimony is to present the results of the approved
3 Energy Conservation Cost Recovery Clause programs and related
4 expenses for January 2019 through December 2019.

5

6 **Q. Are you sponsoring any exhibits to your testimony?**

7 A. Yes, I sponsor Exhibit JNF-1, Schedules CT-1 through CT-6.

8

9 **Q. Have you verified that the information contained in Exhibit JNF-1 is**
10 **correct?**

11 A. Yes, I have. This exhibit was prepared under my direction and control,
12 and the information contained therein is true and correct to the best of my
13 knowledge.

14

15 **Q. Please summarize for this Commission the deviations between the**
16 **actual expenses for this recovery period and the amount of**
17 **estimated/actual expenses previously filed with this Commission.**

18 A. The estimated/actual true-up net expenses for the entire recovery period
19 January 2019 through December 2019, previously filed, were
20 \$10,333,327. The actual expenses incurred in 2019 were \$9,607,626,
21 which resulted in a variance of \$725,701 or 7.0% under the projection.
22 See Schedule CT-2, Line 10.

23

24

25

1 **Q. Mr. Floyd, would you explain the January 2019 through December**
2 **2019 variance?**

3 A. Yes. The variance resulted from overall actual expenses being less than
4 estimated in Depreciation, Return & Property Tax, Materials & Supplies,
5 Advertising, and Incentives while Payroll & Benefits expenses were higher
6 than estimated. Overall, actual program expenses for the 12-month
7 period through December 2019 were \$725,701 less than the level of
8 estimated/actual program expenses filed on August 9, 2019 as shown on
9 Schedule CT-2. A more detailed description of the deviations is contained
10 in Schedule CT-3, Page 1 and Schedule CT-6.

11

12 **Q. Mr. Floyd, what was Gulf's adjusted net true-up for the period**
13 **January 2019 through December 2019?**

14 A. The net true-up for 2019 is \$970,447 over-recovery as shown on Schedule
15 CT-1.

16

17 **Q. Please describe your program participation levels during the**
18 **recovery period.**

19 A. A more detailed review of each of the programs is included in my
20 Schedule CT-6. The following is a synopsis of program participation
21 levels during this recovery period.

22 (A) Residential Energy Surveys - During the 2019 recovery period, the
23 Company completed 12,581 surveys.

24 (B) Community Energy Saver – During the 2019 recovery period, the
25 Company served a total of 2,499 eligible participants.

- 1 (C) Residential Custom Incentive – During the 2019 recovery period,
2 no participants enrolled in this program.
- 3 (D) HVAC Efficiency – During the 2019 recovery period, there were a
4 total of 1,044 participants in this program.
- 5 (E) Residential Building Efficiency – During the 2019 recovery period,
6 there were a total of 1,012 participants in this program.
- 7 (F) Energy Select - During the 2019 recovery period, there was an
8 addition of 836 customers in this program.
- 9 (G) Commercial/Industrial (C/I) Energy Analysis - During the 2019
10 recovery period, a total of 169 C/I Energy Analyses were
11 completed.
- 12 (H) Commercial HVAC Retrocommissioning – During the 2019
13 recovery period, there were 7 participants in this program.
- 14 (I) Commercial Building Efficiency - During the 2019 recovery period,
15 Gulf Power had 585,073 square feet and 71 tons of qualifying
16 measures installed in this program.
- 17 (J) Commercial/Industrial Custom Incentive – During the 2019
18 recovery period, no participants were enrolled in this program.
- 19 (K) Critical Peak Option (CPO) – As of December 2019, there were no
20 customers participating in CPO.
- 21 (L) Curtable Load (CL) Rider - During the 2019 recovery period, 24
22 customers enrolled in the CL Rider program.
- 23 (M) Residential Time of Use Rate Pilot – As of December 2019, there
24 were 300 customers participating in the pilot.
- 25

1 (N) Conservation Demonstration and Development (CDD)– Gulf did not
2 initiate any new CDD projects in 2019.

3

4 **Q. Should Gulf's recoverable energy conservation cost for the period be**
5 **accepted as reasonable and prudent?**

6 A. Yes.

7

8 **Q. Mr. Floyd, does this conclude your testimony?**

9 A. Yes, it does.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 20200002-EG

Before me the undersigned authority, personally appeared John N. Floyd, who being first duly sworn, deposes, and says that he is the Manager of Strategy and Market Intelligence of Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



John N. Floyd
Manager of Strategy and Market Intelligence

Sworn to and subscribed before me by means of physical presence or _____
online notarization this 4th day of May, 2020.

Melissa Darnes
Notary Public, State of Florida at Large



MELISSA ADARNES
Commission # GG 366942
Expires December 17, 2023
unded thru Budget Notary Services

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Amended Direct Testimony
4 John N. Floyd
5 Docket No. 20200002-EG
6 Energy Conservation Cost Recovery Clause
7 Amended August 14, 2020

8 Q. Will you please state your name, business address, employer and
9 position?

10 A. My name is John N. Floyd, and my business address is One Energy
11 Place, Pensacola, Florida 32520. I am employed by Gulf Power Company
12 (Gulf or the Company) as the Manager of Strategy and Market
13 Intelligence.

14 Q. Mr. Floyd, please describe your educational background and business
15 experience.

16 A. I received a Bachelor Degree in Electrical Engineering from Auburn
17 University in 1985. After serving four years in the U.S. Air Force, I began
18 my career in the electric utility industry at Gulf Power in 1990 and have
19 held various positions with the Company in Power Generation, Metering,
20 Power Delivery and Customer Service. In my present position, I am
21 responsible for the development and implementation of Gulf's customer
22 program offerings associated with the Company's Demand-Side
23 Management (DSM) Plan.
24
25

1 Q. Mr. Floyd, for what purpose are you appearing before this Commission
2 today?

3 A. I am testifying before this Commission on behalf of Gulf Power to address
4 matters related to the Energy Conservation Cost Recovery Clause
5 (ECCR) and to answer any questions concerning the calculation of
6 recoverable conservation costs in this filing. Specifically, I will address
7 projections for approved programs during the January 2021 through
8 December 2021 recovery period and the anticipated results of those
9 programs during the current recovery period, January 2020 through
10 December 2020 (six months actual, six months estimated).

11

12 Q. Are you sponsoring any exhibits to your testimony?

13 A. Yes. My exhibit, JNF-2, consists of seven schedules, each of which was
14 prepared under my direction, supervision, or review.

15

16 Q. Why are you filing amended testimony in this docket?

17 A. I am filing amended testimony to reflect updates to the calculation of the
18 Company's weighted average cost of capital (WACC) for the projection
19 period January- December 2021 that were not reflected in my testimony
20 as filed on August 7, 2020.

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1 Q. What is the nature of the change associated with the calculation of the
2 Company's WACC?

3 A. Commission Order No. PSC-2020-0165-PAA-EU, Docket No. 20200118-
4 EU, issued on May 20, 2020 established a revised methodology for
5 calculating a projected WACC for the clause projection year. This
6 projected WACC is used to calculate the rate of return applied to the 2021
7 ECCR capital investments. The projected capital structure, components,
8 and cost rates used to calculate the rate of return are provided on
9 Schedule C-7 of Exhibit JNF-2.

10

11 Q. What are the impacts to the recoverable cost and cost recovery factors
12 resulting from implementation of this revised methodology?

13 A. The total recoverable costs are decreased by \$28,975 as a result of
14 utilizing this revised methodology to calculate WACC for the 2021 period
15 as compared to the method utilized in determination of the total
16 recoverable costs as filed on August 7, 2020. This overall reduction in
17 2021 recoverable costs contributes to slight reductions to the cost
18 recovery factors.

19

20 Q. Does this lower WACC impact the final or estimated/actual recovery
21 amounts?

22 A. No. This revised methodology for calculating the WACC only applies
23 prospectively, beginning with the 2021 projections and thus does not
24 impact the true-up amounts as filed in my testimony on August 7, 2020.

25

1 Q. Would you summarize for this Commission the deviations resulting from
2 the actual costs for January 2020 through June 2020 of the current
3 recovery period?

4 A. Projected expenses for the first six months of the current period were
5 \$5,482,127 compared to actual expenses of \$4,021,990 for a difference of
6 \$1,460,137 or 27% under budget. Overall, expenses were lower than
7 projected due to less program participation than projected. Customer
8 participation in several of Gulf's programs has been significantly impacted
9 by actions put in place to reduce the spread of the COVID-19 virus. A
10 detailed summary of all program expenses is contained in my Schedule C-
11 3, pages 1 and 2, and my Schedule C-5.

12

13 Q. Did you project expenses for the period July 2020 through December
14 2020?

15 A. Yes. Projected expenses for the period July- December 2020 are
16 \$5,503,586. A detailed summary of those projections can be found in my
17 Schedule C-3.

18

19 Q. How do these estimated expenses compare to projected expenses
20 included in the 2020 Projection filing for the period July – December
21 2020?

22 A. Estimated expenses for the period July – December 2020 of \$5,503,586
23 are \$195,513 or 4% higher than the projected expenses for that same
24 period of \$5,308,073. This increase is partially attributable to the
25 introduction of new programs in the fourth quarter of 2020 and efforts to

1 close a number of existing programs in connection with the Commission's
2 approval of the Company's new 2020 DSM Plan. The cost projection also
3 includes potential costs associated with efforts to increase enrollments in
4 programs impacted by COVID-19 should COVID restrictions ease during
5 the 2020 recovery period.

6

7 Q. Have you provided a description of Gulf's DSM program results achieved
8 during the period January 2020 through June 2020?

9 A. Yes. A detailed summary of year-to-date results for each program is
10 contained in my Schedule C-5.

11

12 Q. Have you reflected the impact of the transition from the 2015 DSM Plan to
13 the 2020 DSM Plan in the period July 2020 through December 2020?

14 A. Yes, expenditures and participation have been adjusted to reflect the
15 programs being discontinued as well as those newly approved in the 2020
16 DSM Plan.

17

18 Q. What is the basis for Gulf's conservation program cost projections for the
19 January 2021 through December 2021 recovery period?

20 A. These projections are based on program cost estimates associated with
21 Gulf's 2020 DSM Plan approved on July 7, 2020, in Order No. PSC-2020-
22 0274-PAA-EG.

23

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1 Q. Please summarize the programs included in the Company's 2020 DSM
2 Plan.

3 A. The Company's 2020 DSM Plan contains six residential programs and
4 four commercial/industrial programs designed to achieve the numeric
5 goals approved by the Commission in Order No. PSC-2019-0509-FOF-EG
6 dated November 26, 2019. The Residential programs include continuation
7 of the Company's Energy Survey offering, expansion of the Community
8 Energy Saver low-income program, continuation of the Energy Select
9 program, and introduction of new Heating Ventilation Air Conditioning
10 (HVAC), Ceiling insulation and pool pump programs. The
11 Commercial/Industrial programs include an Energy Survey program,
12 continuation of a Business Custom Incentive and Curtailable Load
13 programs, and introduction of a new Business HVAC program.

14

15 Q. Would you describe the expected results for your programs during the
16 January 2021 through December 2021 recovery period?

17 A. Program details, including expected results, for the period January 2021
18 through December 2021 can be found in my Schedule C-5.

19

20 Q. Would you summarize the DSM program cost projections for the January
21 2021 through December 2021 recovery period?

22 A. Yes. Program costs for the projection period are estimated to be
23 \$11,154,212. These costs are broken down as follows: depreciation,
24 return on investment and property taxes, \$3,261,058; payroll/benefits,
25 \$1,811,405; materials/expenses, \$194,764; outside services, \$3,134,300;

1 advertising, \$709,677; incentives, \$2,026,258; and other, \$16,750. More
2 detail concerning these projections is contained in my Schedule C-2.

3

4 Q. Are the Company's projected expenses for the January 2021 through
5 December 2021 period reasonable and appropriate for cost recovery?

6 A. Yes. These expenses reflect the projected costs of administering
7 programs associated with the Company's approved DSM Plan.

8

9 Q. What are the total and actual/estimated true-up amounts used in
10 calculating the 2021 cost recovery factors?

11 A. The total true-up amount to be included in the 2021 ECCR factors is an
12 over-recovery of \$1,891,091 as shown on Schedule C-3, page 3 line 11.
13 This over-recovery amount includes the 2019 final true-up over-recovery
14 of \$981,017 as reflected on Schedule CT-1 of my testimony filed on May
15 4, 2020 in this docket as corrected by errata filed with the Commission
16 Clerk on August 6, 2020. The actual/estimated true-up amount for the
17 period ending December 2020 is \$910,075 as shown on Schedule C-3
18 page 3 lines 7 plus 8 and is based on actual data for the period January
19 through June 2020 and revised estimates for the period July through
20 December 2020.

21

22 Q. What are the total conservation cost recovery amounts to be collected in
23 2021?

24 A. The total cost associated with Gulf's approved DSM programs to be
25 collected in 2021, net of the total 2020 true-up, is \$9,269,790.

1 Q. What is the total proposed 2021 factor for Rate Schedule RS and what will
2 be the charge for a 1,000 kWh monthly bill on Gulf Power's Rate Schedule
3 RS?

4 A. The proposed Energy Conservation Cost Recovery factor for Rate
5 Schedule RS is .090 cents per kWh, which results in a charge of \$0.90 on
6 a 1,000 kWh monthly bill on Gulf Power's Rate Schedule RS.

7

8 Q. What are the proposed ECCR factors for other rate classes?

9 A. A complete list of proposed factors for all rate classes is included on
10 Schedule C-6.

11

12 Q. When does Gulf propose to collect these Energy Conservation Cost
13 Recovery charges?

14 A. The factors will be effective beginning with the first bill group for January
15 2021 and continue through the last bill group for December 2021.

16

17 Q. Mr. Floyd, does this conclude your testimony?

18 A. Yes, it does.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 20200002-EG

Before me the undersigned authority, personally appeared John N. Floyd, who being first duly sworn, deposes, and says that he is the Manager of Strategy and Market Intelligence of Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



John N. Floyd
Manager of Strategy and Market Intelligence

Sworn to and subscribed before me by means of physical presence or _____
online notarization this 13th day of August, 2020.



Notary Public, State of Florida at Large



MELISSA A DARNES
Commission # GG 366942
Expires December 17, 2023
Bonded Thru Budget Notary Services

1 (Whereupon, prefiled direct testimony of Lori
2 J. Cross was inserted.)

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DUKE ENERGY FLORIDA, LLC
DOCKET No. 20200002-EG

**Energy Conservation and Cost Recovery Final True-up
for the Period January through December 2019**

**DIRECT TESTIMONY OF
Lori J. Cross**

May 4, 2020

1 **Q. Please state your name and business address.**

2 A. My name is Lori Cross. My business address is 299 First Avenue North, St.
3 Petersburg, FL 33701.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Duke Energy Business Services, LLC, as Strategy &
7 Collaboration Director in the Portfolio Analysis and Regulatory Strategy
8 department. Duke Energy Business Services and Duke Energy Florida, LLC
9 (“DEF” or the “Company”) are both wholly owned subsidiaries of Duke Energy
10 Corporation.

11

12 **Q. What are your duties and responsibilities in that position?**

13 A. My responsibilities include regulatory planning, support and compliance of the
14 Company’s energy efficiency and demand-side management (“DSM”)
15 programs. This includes support for development, implementation and
16 training, budgeting and accounting functions related to these programs.

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Q. What is the purpose of your testimony?

A. The purpose of my testimony is to compare DEF's 2019 actual energy conservation program costs with actual revenues collected through the Company's Energy Conservation Cost Recovery ("ECCR") Clause during the period January 2019 through December 2019. The Company relies upon the information presented in my testimony and exhibit in the conduct of its affairs.

Q. For what programs does Duke Energy Florida seek recovery?

A. DEF seeks recovery through the ECCR Clause for conservation programs approved by the Commission as part of the Company's DSM Plan, as well as for Conservation Program Administration (i.e., those common administration expenses not specifically assigned to an individual program). Notably, DEF seeks recovery of costs for conservation programs approved by the Commission on August 20, 2015 (see Order No. PSC-15-0332-PAA-EG), as follows:

- Home Energy Check
- Residential Incentive
- Neighborhood Energy Saver
- Low-Income Weatherization Assistance Program
- Load Management (Residential and Commercial)
- Business Energy Check
- Better Business

- 1 • Florida Custom Incentive
- 2 • Standby Generation
- 3 • Interruptible Service
- 4 • Curtailable Service
- 5 • Technology Development
- 6 • Qualifying Facility
- 7

8 **Q. Do you have any exhibits to your testimony?**

9 A. Yes, Exhibit No._(LJC-1T) entitled, "Duke Energy Florida, LLC Energy
10 Conservation Adjusted Net True-Up for the Period January 2019 through
11 December 2019." There are six (6) schedules included in this exhibit.

12

13 **Q. Will you please explain your exhibit?**

14 A. Yes. Exhibit No._(LJC-1T) presents Schedules CT-1 through CT-6. Schedules
15 CT-1 to CT-4 set out actual costs incurred for all programs during the period
16 from January 2019 through December 2019. These schedules also illustrate
17 variances between actual costs and previously projected values for the same
18 time period. Schedule CT-5 provides a brief summary of each conservation
19 program that includes a program description, program accomplishments,
20 annual program expenditures, significant program cost variances versus
21 projections, and a program progress summary over the twelve-month period
22 ending December 2019. Schedule CT-6 is DEF's capital structure and cost
23 rates.

1 **Q. Would you please discuss Schedule CT-1?**

2 A. Yes. Schedule CT-1 line 14 shows that DEF's actual end-of-period ECCR true-
3 up for December 31, 2019 was an under-recovery of \$762,858, including
4 principal and interest.

5
6 **Q. What does Schedule CT-2 show?**

7 A. The four pages of Schedule CT-2 provide an annual summary of conservation
8 program revenues as well as itemized conservation program costs for the
9 period January 2019 through December 2019 detailing actual, estimated and
10 variance calculations by program. These costs are directly attributable to
11 DEF's Commission-approved programs.

12
13 **Q. Would you please discuss Schedule CT-3?**

14 A. Yes. Page one of Schedule CT-3 provides actual conservation program costs
15 by month for the period January 2019 through December 2019. Page two of
16 Schedule CT-3 presents program revenues by month offset by expenses, and
17 a calculation of the end of period net true-up for each month and the total for
18 the year. Page three provides the monthly interest calculation. Page four of
19 Schedule CT-3 provide conservation account numbers for the 2019 calendar
20 year.

21

22 **Q. What is the purpose of Schedule CT-4?**

1 A. The three pages of Schedule CT-4 show monthly capital investment,
2 depreciation and return for each applicable conservation program.

3

4 **Q. Would you please discuss Schedule CT-5?**

5 A. Yes. Schedule CT-5 provides a brief summary of each conservation program
6 that includes a program description, program accomplishments, annual
7 program expenditures, significant program cost variances versus projections,
8 and a program progress summary for the 2019 calendar year.

9

10 **Q. What is the purpose of Schedule CT-6?**

11 A. Schedule CT-6 is the capital structure and cost rates used to calculate the
12 return for each applicable conservation program.

13

14 **Q. What is the source of data used to calculate the true-up amount.**

15 A. The actual data used in calculating the actual true-up amounts is from DEF's
16 records, unless otherwise indicated. These records are kept in the regular
17 course of DEF's business in accordance with general accounting principles
18 and practices, provisions of the Uniform System of Accounts as prescribed by
19 the Federal Energy Regulatory Commission, and any accounting rules and
20 orders established by this Commission. Pursuant to Rule 25-17.015(3),
21 Florida Administrative Code, DEF provides a list of all account numbers used
22 for conservation cost recovery during the period January 2019 through
23 December 2019 on Schedule CT-3 pages 4 and 5.

1 **Q. Does this conclude your direct testimony?**

2 A. Yes.

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DUKE ENERGY FLORIDA
DOCKET No. 20200002-EG

Energy Conservation Cost Recovery
2020 Actual / Estimated and 2021 Projected Costs

DIRECT TESTIMONY OF
Lori J. Cross

August 7, 2020

1 **Q. State your name and business address.**

2 A. My name is Lori J. Cross. My business address is 299 First Avenue North, St.
3 Petersburg, FL 33701.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Duke Energy Business Services, LLC ("DEBS"), as Strategy
7 Collaboration Director in the Portfolio Analysis and Regulatory Strategy
8 Department. DEBS is a service-company affiliate of Duke Energy Florida, LLC
9 ("Duke Energy Florida", "DEF", or the "Company").

10

11 **Q. What are your current duties and responsibilities at Duke Energy?**

12 A. My responsibilities include the regulatory planning, support and compliance of
13 the Company's energy efficiency and demand-side management (DSM)
14 programs. This includes support for development, implementation and training,
15 budgeting, and accounting functions related to these programs.

16

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to describe the components and costs of the
3 Company's DSM programs. I will detail the projected costs for each program,
4 explain how these costs are presented in my attached exhibit, and show the
5 resulting projected Energy Conservation Cost Recovery ("ECCR") factors for
6 2021 customer billings.

7

8 **Q. For what programs does Duke Energy Florida seek recovery?**

9 A. Pursuant to Rule 25-17.015, F.A.C., Duke Energy Florida seeks recovery
10 through the ECCR clause of costs related to the following conservation
11 programs approved by the Commission as part of the Company's DSM Plan on
12 August 3, 2020 (see Order No. PSC-2020-0274-PAA-EG), as well as for common
13 administrative expenses not linked to a specific program:

- 14 • Home Energy Check
- 15 • Residential Incentive Program
- 16 • Neighborhood Energy Saver
- 17 • Low-Income Weatherization Assistance Program
- 18 • Energy Management (Residential and Commercial)
- 19 • Business Energy Check
- 20 • Better Business
- 21 • Florida Custom Incentive
- 22 • Standby Generation
- 23 • Interruptible Service

- 1 • Curtailable Service
- 2 • Technology Development
- 3 • Qualifying Facility
- 4

5 **Q. Do you have any exhibits to your testimony?**

6 A. Yes. Exhibit No._(LJC-1P) supports Duke Energy Florida's energy conservation
7 calculations for the 2020 actual/estimated period and the 2021 projection period.
8 There are six (6) schedules included in this exhibit.
9

10 **Q. Will you please explain your exhibit?**

11 A. Yes. Exhibit No._(LJC-1P) presents Schedules C-1 through C-6. Schedules C-1
12 to C-4 provide projected program costs for calendar year 2021 along with an
13 updated projection of program costs for 2020. The 2020 updated projection of
14 costs includes the actual costs incurred for the period from January 2020 through
15 June 2020 and forecasted costs for July through December 2020. Schedule C-
16 5 provides a brief summary report for each program that includes a program
17 description, estimated annual program expenditures for 2021, and a summary of
18 program accomplishments through the period ending June 2020. Schedule C-6
19 is the capital structure and cost rates used to calculate the return for each
20 applicable conservation program.
21

22 **Q. Would you please discuss Schedule C-1?**

23 A. Schedule C-1 provides the calculation of the cost recovery factors for 2021 by
24 rate class.

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Q. What does Schedule C-2 show?

A. Schedule C-2 provides annual and monthly conservation program cost estimates for the 2021 projection period for each conservation program, as well as for common administration expenses. Additionally, Schedule C-2 presents program costs by specific category (e.g., payroll, materials, incentives, etc.) and includes a schedule of estimated capital investments, depreciation and return for the projection period.

Q. Would you please discuss Schedule C-3?

A. Schedule C-3 contains a detailed breakdown of conservation program costs by specific category and by month for the period of January through June 2020 (actual) and July through December 2020 (estimated). In addition, Schedule C-3 presents a schedule of capital investment, depreciation and return, an energy conservation adjustment calculation of true-up, and a calculation of interest provision for the 2020 actual/estimated period.

Q. What is the purpose of Schedule C-4?

A. Schedule C-4 provides the projected ECCR revenues for the 2021 projection period.

Q. Would you please discuss Schedule C-5?

1 A. Schedule C-5 presents a brief description of each program, as well as a
2 summary of progress and projected expenditures for each program for which
3 DEF seeks cost recovery through the ECCR clause.

4

5 **Q. What is the purpose of Schedule C-6?**

6 A. Schedule C-6 provides the capital structure and cost rates used to calculate the
7 Return on Average Investment on Schedules C-2 and C-3.

8

9 **Q. Would you please summarize the results presented in your Exhibit?**

10 A. Yes. Schedule C-2, Page 1 of 5, Line 22, shows total 2021 projected program
11 costs of \$119,042,633 plus a prior period under-recovery of \$1,488,738
12 resulting in estimated net revenue requirements in 2021 of \$120,561,022, after
13 applying the revenue expansion factor of 1.000246. The following table includes
14 DEF's proposed ECCR billing factors, by retail rate class and voltage level for
15 calendar year 2021, as contained in Schedule C-1, Page 2 of 2.

16

17

18

2021 ECCR Billing Factors

	Secondary	Primary	Transmission
<u>Retail Rate Schedule</u>	<u>Voltage</u>	<u>Voltage</u>	<u>Voltage</u>
Residential (Cents/kWh)	.338	N/A	N/A
General-Service-Non-Demand (Cents/kWh)	.326	.323	.319
General Service 100% Load Factor (Cents/kWh)	.223	N/A	N/A
General Service Demand (\$/kW)	1.08	1.07	1.06
Curtable (\$/kW)	.35	.35	.34
Interruptible (\$/kW)	.94	.93	.92
Standby Monthly (\$/kW)	.104	.103	.102
Standby Daily (\$/kW)	.050	.050	.049
Lighting (Cents/kWh)	.098	N/A	N/A

13

14 **Q. Does this conclude your testimony?**

15 A. Yes.

16

1 (Whereupon, prefiled direct testimony of
2 Curtis D. Young was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20200002-EG
ENERGY CONSERVATION COST RECOVERY CLAUSE

Direct Testimony of
CURTIS D. YOUNG

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Curtis D. Young: my business address is 1635 Meathe Drive, West Palm
3 Beach, Florida 33411.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Public Utilities Company as a Senior Regulatory
6 Analyst.

7 Q. What is the purpose of your testimony at this time?

8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation Program costs for the period January 1, 2019 through December
10 31, 2019 as compared to the true-up amounts previously reported for that
11 period which were based on six months actual and six months estimated data.

12 Q. Please state the actual amount of over/under recovery of Conservation Program
13 costs for the Consolidated Electric Divisions of Florida Public Utilities
14 Company for January 1, 2019 through December 31, 2019.

15 A. The Company under-recovered \$200,048 during that period. This amount is
16 substantiated on Schedule CT-3, page 2 of 3, Energy Conservation Adjustment.

17 Q. How does this amount compare with the estimated true-up amount which was
18 allowed by the Commission during the November 2019 hearing?

1 A. The cost recovery factors approved by the Commission in Docket No.
2 20190002-EG were based upon an anticipated under-recovery of \$84,848 as of
3 December 31, 2019.

4 Q. Have you prepared any exhibits at this time?

5 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and
6 CT-6 (Composite Exhibit CDY-1).

7 Q. Does this conclude your testimony?

8 A. Yes.

1 (Whereupon, prefiled direct testimony of G.
2 Scott Ranck was inserted.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DOCKET NO. 20200002-EG - In Re: Energy Conservation Cost Recovery

3 Clause

4 DIRECT TESTIMONY OF G. Scott Ranck

5 On behalf of

6 Florida Public Utilities Company

7 **Q. Please state your name, occupation and business address.**

8 A. My name is G. Scott Ranck. I am the Energy Conservation Manager for
9 Florida Public Utilities Company. My business address is 331 West Central
10 Ave. Suite 200, Winter Haven, Florida 33880

11 **Q. Describe briefly your background and business experience?**

12 A. I began my career in residential construction building houses in Pennsylvania
13 and North Carolina. I then pursued my Bachelor's Degree in Theology
14 (Summa Cum Laude) from Piedmont International University, Winston-
15 Salem, NC. In 2006, I went back to my construction roots as an employee of
16 FPUC in the natural gas conservation department. I became a Residential
17 Energy Services Network (RESNET) Home Energy Rating System (HERS)
18 Rater in February of 2009. I was subsequently promoted to Senior Energy
19 Conservation Specialist with FPUC in January of 2012. In this role, I was
20 responsible for implementing the Company's natural gas energy conservation
21 program and also assisted with the implementation of FPUC's Electric
22 Demand-Side Management (DSM) Program. Furthering my pursuit of
23 additional training in building science, energy and related topics, I received
24 certification as a Certified Energy Auditor (CEA) on January 25, 2011, as well
25 as certification as a Certified Energy Manager (CEM) in April 2013. Both
26 credentials are through the Association of Energy Engineers. I was also
27 appointed to the Energy Technical Advisory Committee for the Florida

1 Building Commission in December of 2016. I am currently the Energy
2 Conservation Manager with FPUC. In this role, I oversee both natural gas and
3 electric energy conservation programs for the Company.
4

5 **Q. Are you familiar with the electric conservation programs of the Company**
6 **and costs which have been, and are projected to be, incurred?**

7 A. Yes.

8 **Q. What is the purpose of your testimony in this docket?**

9 A. To describe generally the expenditures made and projected to be made in
10 implementing, promoting, and operating the Company's electric conservation
11 programs. This will include recoverable costs incurred in January through
12 June 2020 and projections of program costs to be incurred from July through
13 December 2020. It will also include projected electric conservation costs for
14 the period January through December 2021, with a calculation of the
15 Conservation Adjustment Factor to be applied to the Company's consolidated
16 electric customers' bills during the collection period of January 1, 2021
17 through December 31, 2021.

18 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

19 A. Yes. The Company wishes to sponsor as exhibits Schedules C-1, C-2, C-3, C-
20 4, and C-5, contained in my composite Exhibit GSR-1.

21 **Q. Has the Company prepared summaries of its electric conservation**
22 **programs and the costs associated with these programs?**

23 A. Yes. Summaries of the electric conservation programs as approved in Docket
24 No. 20150089-EG, the petition for approval of the demand-side management
25 plan, are contained in Schedule C-5 of Exhibit GSR-1. Included are the
26 Residential Energy Survey Program, the Residential Heating and Cooling

1 Efficiency Program, the Commercial Heating and Cooling Efficiency
2 Program, the Commercial Chiller Upgrade Program, the Electric Conservation
3 Demonstration and Development Program, the Low Income Energy Outreach
4 Program, the Commercial Reflective Roof Program and the Commercial
5 Energy Consultation Program.

6 **Q. Has the Company prepared schedules that show the expenditures**
7 **associated with its electric conservation programs for the periods you**
8 **have mentioned?**

9 A. Yes, Schedule C-3, Pages 1 and 1A of 5, Exhibit GSR-1 shows actual
10 expenses for the months January through June 2020. Projections for July
11 through December 2020 are also shown on Schedule C-3, Pages 1 and 1A.
12 Projected expenses for the January through December 2021 period are shown
13 on Schedule C-2, Page 1 of 3 of Exhibit GSR-1.

14 **Q. Has the Company prepared schedules that show revenues for the period**
15 **January through December 2021?**

16 A. Yes. Schedule C-4 shows actual revenues for the months January through
17 June 2020 and projected revenues for July through December 2020 and
18 January through December 2021.

19 **Q. Has the Company prepared a schedule that shows the calculation of its**
20 **proposed Conservation Adjustment Factor to be applied during billing**
21 **periods from January 1, 2021 through December 31, 2021?**

22 A. Yes. Schedule C-1 of Exhibit GSR-1 shows these calculations. Net program
23 cost estimates for the period January 1, 2021 through December 31, 2021 are
24 used. The estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 11)
25 of Exhibit GSR-1, being an under-recovery, was added to the total of the
26 projected costs for the twelve-month period. The total projected recovery

1 amount, including estimated true-up, was then divided by the projected Retail
2 KWH Sales for the twelve-month period ending December 31, 2021. The
3 resulting Conservation Adjustment Factor is shown on Schedule C-1 (Page 1
4 of 1) of Exhibit GSR-1.

5 **Q. What is the Conservation Adjustment Factor necessary to recover these**
6 **projected net total costs?**

7 A. The Conservation Adjustment Factor is \$.00150.

8 **Q. Does this conclude your testimony?**

9 A. Yes.

1 (Whereupon, prefiled direct testimony of Mark
2 R. Roche was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **MARK R. ROCHE**

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

7
8 **A.** My name is Mark R. Roche. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") as Manager, Regulatory Rates in the
12 Regulatory Affairs Department.

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

16
17 **A.** I graduated from Thomas Edison State College in 1994 with
18 a Bachelor of Science degree in Nuclear Engineering
19 Technology and from Colorado State University in 2009
20 with a Master's degree in Business Administration. My
21 work experience includes twelve years with the US Navy in
22 nuclear operations as well as twenty-two years of
23 electric utility experience. My utility work has
24 included various positions in Marketing and Sales,
25 Customer Service, Distributed Resources, Load Management,

1 Power Quality, Distribution Control Center Operations,
2 Meter Department, Meter Field Operations, Service
3 Delivery, Revenue Assurance, Commercial and Industrial
4 Energy Management Services, and Demand Side Management
5 ("DSM") Planning and Forecasting. In my current
6 position, I am responsible for Tampa Electric's Energy
7 Conservation Cost Recovery ("ECCR") Clause and Storm
8 Protection Plan Cost Recovery Clause ("SPPCRC").

9
10 **Q.** What is the purpose of your testimony in this proceeding?
11

12 **A.** The purpose of my testimony is to present and support for
13 Commission review and approval the company's actual DSM
14 programs related true-up costs incurred during the
15 January through December 2019 period. My testimony also
16 includes the actual amounts refunded to customers as part
17 of the company's January 2020 "Final Tax Savings Credit"
18 that was to provide a projected refund of \$11,500,000, as
19 a one-time credit, that was agreed upon in the Commission
20 approved Settlement Agreement in Docket No. 20170271-EI
21 approved by Order No. PSC-2019-0234-AS-EI, issued on June
22 14, 2019. In the Settlement Agreement, this bill credit
23 was based on the difference between the annual tax
24 savings amount established in Docket No. 20180045-EI, In
25 re: Consideration of the tax impacts associated with Tax

1 Cuts and Jobs Act of 2017 for Tampa Electric Company, and
2 the reduced recoverable amount that was incurred from
3 restoration costs for five tropical storms. In addition,
4 my testimony includes the actual amount refunded in
5 December 2019 to customers as part of the ECCR refund
6 mechanism recognizing the impacts of Tax Reform (i.e.,
7 the impact of the September 12, 2019 temporary State of
8 Florida Corporate Income Tax Rate Reduction) on base
9 revenue as heard in Docket No. 20190203-EI and approved
10 by the Commission in Order No. PSC-2019-0524-PAA-EI on
11 December 17, 2019.

12
13 **Q.** Did you prepare any exhibits in support of your
14 testimony?

15
16 **A.** Yes. I have two Exhibits that were prepared under my
17 direction and Supervision. Exhibit No. MRR-1, entitled
18 "Tampa Electric Company, Schedules Supporting
19 Conservation Cost Recovery Factor, Actual, January 2019-
20 December 2019" was prepared under my direction and
21 supervision. This Exhibit includes Schedules CT-1
22 through CT-6 which support the company's actual and
23 prudent DSM program related true-up costs incurred during
24 the January through December 2019 period. Exhibit No.
25 MRR-2, entitled "Final Tax Savings Credit" which details

1 the actual amount refunded to customers in January 2020
2 through April 1, 2020 and the current ending balance
3 projected to be recognized within the ECCR clause in June
4 2020.

5
6 **Q.** What were Tampa Electric's actual January through
7 December 2019 conservation costs?

8
9 **A.** For the period, January through December 2019, Tampa
10 Electric incurred actual net conservation costs of
11 \$43,988,528.

12
13 **Q.** What is the final end of period true-up amount for the
14 conservation clause for January through December 2019?

15
16 **A.** The final conservation clause end of period true-up for
17 January through December 2019 is an over-recovery,
18 including interest, of \$15,911,022. This calculation is
19 detailed on Schedule CT-1, page 1 of 1.

20
21 **Q.** Please summarize how Tampa Electric's actual program
22 costs for January through December 2019 period compare to
23 the actual/estimated costs presented in Docket No.
24 20190002-EG?

25

1 **A.** For the period, January through December 2019, Tampa
2 Electric had a variance of \$3,061,485 or 6.51 percent
3 less than the estimated amount. The estimated total
4 program costs were projected to be \$47,050,013 which was
5 the amount approved in Order No. PSC 2019-0504-FOF-EG,
6 issued November 25, 2019 as compared to the incurred
7 actual net conservation costs of \$43,988,528.

8
9 **Q.** Please summarize the reasons why the actual expenses were
10 less than projected expenses by \$3,061,485?

11
12 **A.** The variance was a result of the following actual
13 expenses being less than estimated in the following
14 residential programs: Walk-Through Energy Audits;
15 Computer Assisted Audits; Electronically Commutated
16 Motors; Energy Education, Awareness and Agency Outreach;
17 ENERGY STAR for New Homes; Neighborhood Weatherization;
18 and Wall Insulation. Additionally, actual expenses were
19 less than estimated in the following
20 commercial/industrial programs: Energy Audits;
21 Comprehensive Energy Audits; Ceiling Insulation; Chiller;
22 Cogeneration; Conservation Value; Cool Roof; Demand
23 Response; Duct Repair; Electronically Commutated Motors;
24 Industrial Load Management; LED Street and Outdoor
25 Lighting Conversion Program; Lighting Conditioned Space;

1 Lighting Non-Conditioned Space; Lighting Occupancy
2 Sensors; Commercial Load Management; Refrigeration Anti-
3 Condensate Control; Standby Generator; Thermal Energy
4 Storage; Conservation Research and Development; and
5 Renewable Energy Program. Each DSM program's detailed
6 variance and common variance contribution is shown on
7 Schedule CT-2, Page 3 of 4.

8
9 **Q.** Are all costs listed on Schedule CT-2 directly related to
10 the Commission's approved DSM programs?

11
12 **A.** Yes.

13
14 **Q.** When did Tampa Electric transition to the Commission
15 approved new 2015-2024 Ten-Year DSM Plan?

16
17 **A.** Tampa Electric transitioned to the Commission approved
18 new 2015-2024 Ten-Year DSM Plan on November 3, 2015 for
19 all DSM programs except for the Renewable Energy Systems
20 Initiative which was retired on December 31, 2015.

21
22 **Q.** Should Tampa Electric's cost incurred during the January
23 through December 2019 period for energy conservation be
24 approved by the Commission?

25

1 **A.** Yes, the costs incurred were prudent and directly related
2 to the Commission's approved DSM programs and should be
3 approved.

4

5 **Final Tax Savings Credit**

6 **Q.** What is the "Final Tax Savings Credit"?

7

8 **A.** The "Final Tax Savings Credit" is a refund of \$11,500,000
9 that was agreed upon in the Commission approved
10 Settlement Agreement in Docket No. 20170271-EI approved
11 by Order No. PSC-2019-0234-AS-EI, issued on June 14,
12 2019. In the Settlement Agreement, this bill credit was
13 based on the difference between the annual tax savings
14 amount established in Docket No. 20180045-EI, In re:
15 Consideration of the tax impacts associated with Tax Cuts
16 and Jobs Act of 2017 for Tampa Electric Company, and the
17 reduced recoverable amount that was incurred from
18 restoration costs for five tropical storms. Tampa
19 Electric agreed to refund to customers \$11,500,000 as a
20 one-time bill credit, to be reflected as a separate line
21 item on customer's bills for the month of January 2020.

22

23 **Q.** Was the credit recognized in January 2020?

24

25 **A.** Yes.

1 **Q.** Was the full amount, \$11,500,000 refunded as this Final
2 Tax Savings Credit?

3

4 **A.** No, the actual net amount that was refunded in January
5 was \$10,850,178.30, then through billing adjustments and
6 corrections an additional \$17,754.74 was refunded in
7 February and March and a Journal Entry of \$632,147.83 to
8 credit the ECCR Clause was made with these transactions
9 detailed in my Exhibit No. MRR-2.

10

11 **Q.** Why did the actual amount of the refund differ from
12 \$11,500,000?

13

14 **A.** Tampa Electric developed the proposed credit factors to
15 be used to refund the full amount based upon the energy
16 and demand forecast. The company expected that the
17 actual amount refunded to be different than the
18 \$11,500,000 as explained in the company's 2019 ECCR
19 projection, "Tampa Electric expects the actual amount
20 refunded will be different than the \$11,500,000 due to
21 the actual amount credited to each customer will be
22 directly dependent on the customer's actual energy or
23 demand usage for that billing period."

24

25 **Q.** What is the difference between the full amount and what

1 was actually refunded?

2

3 **A.** Currently, the difference as of April 1, 2020 is -\$80.87
4 that would be collected from the ECCR Clause is detailed
5 in my exhibit No. MRR-2.

6

7 **Q.** How will the company refund or collect the remaining
8 balance?

9

10 **A.** Tampa Electric will make a one-time true-up adjustment to
11 the ECCR Clause in June 2020 to recognize the final
12 difference amount. This one-time adjustment will be
13 detailed in my Actual/Estimated True-Up and Projection
14 Testimony that will be filed with the Commission on
15 August 7, 2020.

16

17 **Tax Reform - Impact of the September 12, 2019 Temporary State**
18 **of Florida Corporate Income Tax Rate Reduction**

19

20 **Q.** What is the impact of the September 12, 2019 Temporary
21 State of Florida Corporate Income Tax Rate Reduction?

22

23 **A.** The temporary State of Florida Corporate Income Tax Rate
24 Reduction was issued on September 12, 2019 and applies
25 retroactively to January 1, 2019. Tampa Electric reduced

1 base rates for the estimated difference in 2020 and
2 agreed to credit the ECCR clause with the estimated 2019
3 reduction of \$4,962,864, as reflected in Order No. PSC-
4 2019-0524-PAA-EI issued on December 17, 2019.

5
6 **Q.** What was the amount that would be returned to customers
7 in 2019?

8
9 **A.** The amount was \$4,962,864.

10
11 **Q.** Was the full amount returned to customers in 2019?

12
13 **A.** Yes, the full amount of \$4,962,864 was credited back to
14 customers through the ECCR in December 2019. The full
15 amount is made up of \$4,959,442 of Tax Reform Refund and
16 \$3,422 Tax Reform Refund Interest. The detail of this
17 credit is provided on Schedule CT-1, Page 1 of 1 for Tax
18 Reform Refund and Interest.

19
20 **Q.** Does that conclude your testimony?

21
22 **A.** Yes, it does.

23
24
25

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **MARK R. ROCHE**

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

7
8 **A.** My name is Mark R. Roche. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") as Manager, Regulatory Rates in the
12 Regulatory Affairs Department.

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

16
17 **A.** I graduated from Thomas Edison State College in 1994 with
18 a Bachelor of Science degree in Nuclear Engineering
19 Technology and from Colorado State University in 2009
20 with a Master's degree in Business Administration. My
21 work experience includes twelve years with the US Navy in
22 nuclear operations as well as twenty-two years of
23 electric utility experience. My utility work has included
24 various positions in Marketing and Sales, Customer
25 Service, Distributed Resources, Load Management, Power

1 Quality, Distribution Control Center operations, Meter
2 Department, Meter Field Operations, Service Delivery,
3 Revenue Assurance, Commercial and Industrial Energy
4 Management Services, Demand Side Management ("DSM")
5 Planning and Forecasting. In my current position, I am
6 responsible for Tampa Electric's Energy Conservation Cost
7 Recovery ("ECCR") Clause and Storm Protection Plan Cost
8 Recovery Clause ("SPPCRC").

9
10 **Q.** Have you previously testified before the Florida Public
11 Service Commission ("Commission")?

12
13 **A.** Yes. I have testified before this Commission on
14 conservation and load management activities, DSM goals
15 and plan approval dockets and other ECCR dockets.

16
17 **Q.** What is the purpose of your testimony in this proceeding?

18
19 **A.** The purpose of my testimony is to support the company's
20 actual conservation costs incurred during the period
21 January through December 2019, the actual/projected
22 period January to December 2020, and the projected period
23 January through December 2021. The projected 2021 ECCR
24 factors have been calculated based on the current
25 approved allocation methodology. Also, I will support

1 the appropriate Contracted Credit Value ("CCV") for
2 participants in the General Service Industrial Load
3 Management Riders ("GSLM-2" and "GSLM-3") for the period
4 January through December 2021. I will also support the
5 appropriate Residential Variable Pricing Rates ("RSVP-1")
6 for participants in the Residential Price Responsive Load
7 Management Program for the period January through
8 December 2021.

9
10 In addition, I will also provide the final update for the
11 January 2020 "Final Tax Savings Credit" that provided a
12 refund of \$11,500,000 that was agreed upon in the
13 Commission approved Settlement Agreement in Docket No.
14 20170271-EI approved by Order No. PSC-2019-0234-AS-EI,
15 issued on June 14, 2019. In the Settlement Agreement,
16 this bill credit was based on the difference between the
17 annual tax savings amount established in Docket No.
18 20180045-EI, In re: Consideration of the tax impacts
19 associated with Tax Cuts and Jobs Act of 2017 for Tampa
20 Electric Company, and the reduced recoverable amount that
21 was incurred from restoration costs for five tropical
22 storms. Tampa Electric agreed to refund to customers
23 \$11,500,000 as a one-time bill credit, to be reflected as
24 a separate line item on customers' bills for the first
25 billing cycle of January 2020.

1 **Q.** Did you prepare any exhibits in support of your
2 testimony?

3

4 **A.** Yes. Exhibit No. MRR-2 (updated) and MRR-3 were prepared
5 under my direction and supervision. Exhibit No. MRR-2
6 (updated) entitled "Final Tax Savings Credit" which
7 details the updated actual amount refunded to customers
8 in January 2020 through June 2020 and the final ending
9 balance within the ECCR clause. Exhibit No. MRR-3
10 includes Schedules C-1 through C-5 and associated data
11 which support the development of the conservation cost
12 recovery factors for January through December 2021 using
13 the current 12 Coincident Peak ("CP") and 1/13 Average
14 Demand ("AD") Factor allocation methodology.

15

16 **Q.** Does the Exhibit No. MRR-3 meet the requirements of Rule
17 25-17.015, Florida Administrative Code ("F.A.C."), which
18 requires the projection filing to include the annual
19 estimated/actual true-up filing showing actual and
20 projected common costs, individual program costs, and any
21 revenues collected?

22

23 **A.** Yes, it does.

24

25 **Q.** What timeframe did Tampa Electric use to develop its 2020

1 annual estimated/actual true-up filing?
2

3 **A.** Tampa Electric developed its 2020 annual estimated/actual
4 true-up filing showing actual and projected common costs,
5 individual program costs, and any revenues collected
6 based upon six months of actuals and six months of
7 estimates.

8
9 **Q.** Please describe the conservation program costs projected
10 by Tampa Electric during the period January through
11 December 2019.

12
13 **A.** For the period January through December 2019, Tampa
14 Electric projected conservation program costs to be
15 \$57,275,816. The Commission authorized collections to
16 recover these expenses in Docket No. 20180002-EG, Order
17 No. PSC-2018-0562-FOF-EG, issued November 28, 2018.

18
19 **Q.** For the period January through December 2019, what were
20 Tampa Electric's conservation costs and what was
21 recovered through the ECCR clause?

22
23 **A.** For the period January through December 2019, Tampa
24 Electric incurred actual net conservation costs of
25 \$43,988,528 plus a beginning true-up over-recovery of

1 \$2,738,782 for a total of \$41,249,746. The amount
2 collected in the ECCR clause was \$57,618,940.

3
4 **Q.** What was the true-up amount?

5
6 **A.** The true-up amount for the period January through
7 December 2019 was an over-recovery of \$15,911,022
8 including interest.

9
10 **Q.** Please describe the conservation program costs projected
11 to be incurred by Tampa Electric during the period
12 January through December 2020?

13
14 **A.** The actual costs incurred by Tampa Electric through June
15 2020 and projected for July through December 2020 are
16 \$40,711,069. For the period, Tampa Electric anticipates
17 an over-recovery in the ECCR Clause of \$17,292,100 which
18 includes the 2019 true-up and interest. A summary of
19 these costs and estimates is fully detailed in Exhibit
20 No. MRR-3, Conservation Costs Projected, pages 26 through
21 40.

22
23 **Q.** Has Tampa Electric proposed any new or modified DSM
24 Programs for ECCR cost recovery for the period January
25 through December 2021?

1 **A.** Yes, Tampa Electric obtained the Commission's approval of
 2 the company's 2020-2029 DSM Plan in Docket No. 20200053-
 3 EG on July 7, 2020. Tampa Electric will file the
 4 associated DSM Standards within 30 days of the issuance
 5 of the final order. Upon approval of the company's DSM
 6 Standards, Tampa Electric will move forward with the
 7 transition to the new Commission approved portfolio of
 8 DSM programs near the end of 2020.

9
 10 **Q.** Please summarize the proposed conservation costs for the
 11 period January through December 2021 and the annualized
 12 recovery factors based on a 12 CP and 1/13 AD basis
 13 applicable for the period January through December 2021?

14
 15 **A.** Tampa Electric estimates the total conservation costs
 16 (less program revenues) during the period will be
 17 \$46,789,811 plus the true-up. Including true-up
 18 estimates, the January through December 2021 cost
 19 recovery factors allocated on a 12 CP and 1/13 AD basis
 20 for firm retail rate classes are as follows:

<u>Rate Schedule</u>	Cost Recovery Factors <u>(cents per kWh)</u>
RS	0.166
GS and CS	0.161

1	GSD Optional - Secondary	0.138
2	GSD Optional - Primary	0.137
3	GSD Optional - Subtransmission	0.135
4	LS-1, LS-2	0.081

5

6

7

Cost Recovery Factors

8

Rate Schedule**(dollars per kW)**

9

GSD - Secondary

0.60

10

GSD - Primary

0.59

11

GSD - Subtransmission

0.58

12

SBF - Secondary

0.60

13

SBF - Primary

0.59

14

SBF - Subtransmission

0.58

15

IS - Primary

0.47

16

IS - Subtransmission

0.47

17

18

Exhibit No. MRR-3, Conservation Costs Projected, pages 17

19

through 25 contain the Commission prescribed forms which

20

detail these estimates.

21

22

Q. Has Tampa Electric complied with the ECCR cost allocation

23

methodology stated in Docket No. 19930759-EG, Order No.

24

PSC-93-1845-EG?

25

1 **A.** Yes, it has.

2

3 **Q.** Please explain why the incentive for GSLM-2 and GSLM-3
4 rate riders is included in your testimony?

5

6 **A.** In Docket No. 19990037-EI, Tampa Electric petitioned the
7 Commission to close its non-cost-effective interruptible
8 service rate schedules while initiating the provision of
9 a cost-effective non-firm service through a new load
10 management program. This program would be funded through
11 the ECCR clause and the appropriate monthly CCV billing
12 credit for participating customers would be submitted for
13 Commission approval as part of the company's annual ECCR
14 projection filing.

15

16 **Q.** Is Tampa Electric recalculating the 2021 CCV amount?

17

18 **A.** No, in Tampa Electric's Petition for limited proceeding
19 to approve the company's 2017 amended and restated
20 stipulation and settlement agreement (Docket No.
21 20170210-EI), the values to be used for the CCV amount on
22 an ongoing basis were approved by the Commission in Order
23 No. PSC-2017-0456-S-EI, on November 27, 2017.

24

25 **Q.** What were the CCV amounts approved by the Commission?

1 **A.** The CCV amounts approved by the Commission were \$10.23
 2 per kW for secondary, \$10.13 per kW for primary and
 3 \$10.03 per kW for subtransmission voltage customers.
 4 These CCV amounts took effect on January 1, 2018.

5
 6 **Q.** What is the appropriate CCV for customers who elect to
 7 take service under the GSLM-2 and GSLM-3 rate riders
 8 during the January through December 2021 period?

9
 10 **A.** For the January through December 2021 period, the CCV
 11 amounts are:

12
 13 **CCV dollars per kW by Voltage Level**

14	<u>Secondary</u>	<u>Primary</u>	<u>Subtransmission</u>
15	\$10.23	\$10.13	\$10.03

16
 17 If the 2021 assessment for need determination indicates
 18 the availability of new non-firm load, the CCV will be
 19 applied to new subscriptions for service under those rate
 20 riders.

21
 22 **Q.** Please explain why the RSVP-1 rates for Residential Price
 23 Responsive Load Management are in your testimony?

24
 25 **A.** Tampa Electric's petition to allow its pilot residential

1 price responsive load management initiative to become
 2 permanent was approved by the Commission on August 28,
 3 2007, in Docket No. 20070056-EG. This program will be
 4 funded through the ECCR clause and the appropriate annual
 5 RSVP-1 rates for customers are to be submitted for
 6 Commission approval as part of the company's annual ECCR
 7 projection filing.

8
 9 **Q.** What are the appropriate RSVP-1 rates for customers who
 10 elect to take this service during the period January
 11 through December 2021?

12
 13 **A.** The appropriate RSVP-1 rates during the January through
 14 December 2021 period for Tampa Electric's Price
 15 Responsive Load Management program based upon the
 16 company's 2021 residential base rates and the 2021
 17 projected clause amounts for ECCR, Fuel and Purchased
 18 Power Cost Recovery, Capacity Cost Recovery and the
 19 Environmental Cost Recovery are as follows:

<u>Rate Tier</u>	<u>(Cents per kWh)</u>
P4	43.914
P3	7.564
P2	(0.882)
P1	(3.026)

1 Page 86 contains the projected RSVP-1 rates for 2021.

2

3 **Final Tax Savings Credit**

4

5 **Q.** What is the "Final Tax Savings Credit"?

6

7 **A.** The "Final Tax Savings Credit" is a refund of \$11,500,000
8 that was agreed upon in the Commission approved
9 Settlement Agreement in Docket No. 20170271-EI approved
10 by Order No. PSC-2019-0234-AS-EI, issued on June 14,
11 2019. In the Settlement Agreement, this bill credit was
12 based on the difference between the annual tax savings
13 amount established in Docket No. 20180045-EI, In re:
14 Consideration of the tax impacts associated with Tax Cuts
15 and Jobs Act of 2017 for Tampa Electric Company, and the
16 reduced recoverable amount that was incurred from
17 restoration costs for five tropical storms. Tampa
18 Electric agreed to refund to customers \$11,500,000 as a
19 one-time bill credit, to be reflected as a separate line
20 item on customer's bills for the month of January 2020.

21

22 **Q.** Was the credit recognized in January 2020?

23

24 **A.** Yes.

25

1 **Q.** Was the full amount, \$11,500,000 refunded in January
2 2020?

3

4 **A.** No, the actual net amount that was refunded in January
5 was \$10,850,178.30, then through billing adjustments and
6 corrections and journal entries to the ECCR Clause to
7 fully refund the \$11,500,000 to customers. The final
8 detail of these transactions is included in my Exhibit
9 No. MRR-2 (updated).

10

11 **Q.** Does this conclude your testimony?

12

13 **A.** Yes it does.

14

15

16

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25

1 CHAIRMAN CLARK: Move to exhibits.

2 MS. WEISENFELD: Staff has compiled a
3 stipulated comprehensive exhibit list, which
4 includes the prefiled exhibits attached to the
5 witnesses' testimony in this case. The list has
6 been provided to the parties, the Commissioners and
7 the court reporter. This list is marked as the
8 first hearing exhibit, and the other exhibits
9 should be marked as set forth in the chart.

10 (Whereupon, Exhibit Nos. 1-31 were marked for
11 identification.)

12 MS. WEISENFELD: At this time, we ask that the
13 Comprehensive Exhibit List marked as Exhibit 1 be
14 entered into the record.

15 CHAIRMAN CLARK: Exhibit No. 1 is entered.

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

18 MS. WEISENFELD: We ask that all prefiled
19 exhibits and staff's exhibits be included in the
20 record as set forth in the comprehensive exhibit
21 list numbered Exhibits 2 through 31.

22 CHAIRMAN CLARK: Without objection, Exhibits 2
23 through 31 are so entered.

24 (Whereupon, Exhibit Nos. 2-31 were received
25 into evidence.)

1 CHAIRMAN CLARK: All right. Before we vote on
2 the proposed stipulation, does any party wish to
3 make an opening statement, or have the parties
4 agreed to waive the statements?

5 MS. WEISENFELD: Staff has not heard back from
6 all the parties if they agree to waiving opening
7 statements, so perhaps here, Mr. Chairman, we can
8 ask the parties if their intent today is to waive
9 opening statements.

10 CHAIRMAN CLARK: Are all the parties in
11 agreement to waive opening statements? Let me re--
12 let me rephrase that instead of having to get --
13 does anyone want to make an opening statement,
14 please speak up.

15 All right. Hearing none, is his docket in the
16 posture for the Commission to make a bench
17 decision?

18 MS. WEISENFELD: Yes, Mr. Chairman.

19 If the Commission decides that a bench
20 decision is appropriate, staff recommends that the
21 proposed Type 2 stipulations for all issues,
22 numbered 1 through 10, appearing on pages 19
23 through 26 of the Prehearing Order, be approved by
24 the Commission. All parties either support or do
25 not oppose the proposed stipulations.

1 CHAIRMAN CLARK: Parties, are there any
2 comments?

3 All right. Commissioners, do you have any
4 questions?

5 All right. I will entertain a motion
6 regarding the Type 2 stipulations for Issues 1
7 through 10.

8 COMMISSIONER FAY: Mr. Chairman, I would move
9 to approve all Type 2 stipulations, Issues 1
10 through 10 on the 02 docket.

11 CHAIRMAN CLARK: I have a motion. Do I have a
12 second?

13 COMMISSIONER BROWN: Second.

14 COMMISSIONER POLMANN: Second.

15 CHAIRMAN CLARK: I have a second.

16 Any discussion?

17 All in favor say aye.

18 (Chorus of ayes.)

19 CHAIRMAN CLARK: Opposed?

20 (No response.)

21 CHAIRMAN CLARK: Motion carries.

22 Staff, any other matters need to be addressed
23 in the 02 docket?

24 MS. WEISENFELD: Since the Commission has made
25 a bench decision, post-hearing filings are not

1 necessary. The final order will be issued by
2 November 23rd, 2020.

3 CHAIRMAN CLARK: All right. Any of the
4 parties have any additional matters to address in
5 the 02 docket?

6 All right. Seeing none, we will adjourn the
7 02 docket and we will immediately take up the 03
8 docket. Give us a second to change the parties
9 around.

10 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

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

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

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

DATED this 9th day of November, 2020.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024