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September 27, 2022

**VIA: ELECTRONIC FILING**

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

Re: Storm Protection Plan Cost Recovery Clause  
FPSC Docket No. 20220010-EI

Dear Mr. Teitzman:

Attached for filing in the above docket on behalf of Tampa Electric Company is the Prepared Rebuttal Testimony as follows:

- Rebuttal Testimony of David L Plusquellic and Exhibit DLP-3; and
- Rebuttal Testimony of A. Sloan Lewis

Thank you for your assistance in connection with this matter.

Sincerely,

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

Malcolm N. Means

MNM/bmp  
Attachment

cc: All Parties of Record (w/attachment)

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prepared Rebuttal Testimony of David L. Plusquellic and A. Sloan Lewis, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 27<sup>th</sup> day of September 2022, to the following:

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ATTORNEY



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220010-EI  
IN RE: STORM PROTECTION PLAN  
COST RECOVERY CLAUSE

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

FILED: September 27, 2022

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2   **REBUTTAL TESTIMONY**

3   **OF**

4   **DAVID L. PLUSQUELLIC**

5  
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7           **INTRODUCTION**   **1**

8           **REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA**   **4**

9  
10  
11           **INTRODUCTION:**

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

13  
14           **A.**    My name is David L. Plusquellic. I am employed by Tampa  
15                   Electric Company ("Tampa Electric" or "company") as  
16                   Director Storm Protection and Support Services. My  
17                   business address is 820 South 78th Street, Tampa, FL  
18                   33619.

19  
20           **Q.**    Are you the same David L. Plusquellic who filed direct  
21                   testimony in this proceeding?

22  
23           **A.**    Yes, I am.

24  
25           **Q.**    What is the purpose of your rebuttal testimony in this

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proceeding?

**A.** The purpose of my rebuttal testimony is to address the deficiencies and misconceptions in the direct testimony of Kevin J. Mara, who is testifying on behalf of the Office of Public Counsel ("OPC").

**Q.** Do you have any general comments regarding the overall direct testimony of Mr. Mara?

**A.** Yes. Mr. Mara previously filed testimony in Docket No. 20220048-EI, which is the Commission docket for review of Tampa Electric's 2022-2031 SPP. In that testimony, he recommended that the Commission should eliminate certain SPP programs, including the Substation Program, Transmission Access Enhancement Program, and the automation and software components of the Overhead Feeder Hardening Program. Mr. Mara also recommended scaling back the Distribution Lateral Undergrounding Program. As Tampa Electric explained in its rebuttal testimony in the SPP docket, Mr. Mara's criticisms are unfounded and are largely based on misunderstandings of the company's plan. The Commission is still reviewing the company's proposed SPP.

1 Now, Mr. Mara has filed testimony in this docket is  
2 asking the Commission to reduce the company's projected  
3 costs for 2023 based on those same unsupported  
4 recommended cuts to the company's proposed SPP. If the  
5 Commission approves Tampa Electric's 2022-2031 SPP in its  
6 entirety and rejects Mr. Mara's modifications to the plan  
7 in the SPP docket, then it should also reject his  
8 proposed cuts to the company's 2023 projected SPP costs  
9 for which the company is seeking recovery in this SPPCRC  
10 docket.

11  
12 The company's proposed SPP was prepared as a customer-  
13 focused program using rigorous analytical tools and  
14 engineering and operational judgment. It strikes a  
15 reasonable balance between the costs of the Plan, the  
16 restoration cost and outage benefits anticipated from the  
17 Plan, the impact of the Plan on customers' bills and the  
18 intangible benefits to Florida and its citizens  
19 associated with mitigating the impact of extreme weather  
20 to our electric grid. Tampa Electric believes the  
21 Commission should approve the company's 2022-2031 SPP  
22 without Mr. Mara's recommended modifications and should  
23 also reject his proposed cuts to the company's projected  
24 2023 SPPCRC costs based on those modifications.

1 Q. Are you providing any Exhibits to your rebuttal  
2 testimony?

3

4 A. Yes, I'm including Exhibit No. DLP-3 which are images of  
5 the company's transmission access enhancement program.

6

7

8 **REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA:**

9 Q. On Page 5, Line 17, Mr. Mara states that the goal should  
10 be to invest in storm hardening activities that benefit  
11 the customers of the electric utilities at a cost that is  
12 reasonable relative to those benefits. Do you agree with  
13 this statement?

14

15 A. I agree with the general sentiment of Mr. Mara's  
16 statement that benefits should outweigh costs, with the  
17 addition that these costs should not be limited to dollar  
18 savings by the utility. The SPP statute also directs the  
19 utilities to reduce customer outage times and recognizes  
20 that the entire state will benefit from hardening  
21 activities. The company has demonstrated through  
22 rigorous analysis and in its filing that each of the  
23 proposed programs reduces both restoration costs and  
24 outage times. Mr. Mara suggests that emphasis should be  
25 placed only on programs that directly reduce outage



1 restoration costs. This position fails to recognize that  
2 every minute of outage time that is reduced has value to  
3 all customers, is in the state's interest, and more  
4 importantly results in a reduced restoration cost.

5  
6 **Q.** On Page 6, Line 3, Mr. Mara states that he provided  
7 testimony and recommendations regarding Tampa Electric's  
8 SPP. Did you agree with his testimony and  
9 recommendations, and if so, please provide the  
10 recommendations that you agree with?

11  
12 **A.** No, I do not agree with his recommendations. As  
13 explained above, Tampa Electric filed rebuttal testimony  
14 in the SPP proceeding opposing all of his recommended  
15 changes to the company's proposed 2022 SPP. As I also  
16 explain, his criticism principally goes unsupported  
17 without any facts or data. I do not recommend any  
18 modifications to the company's SPP as filed.

19  
20 **Q.** On Page 10, Line 13, Mr. Mara recommends that the cost  
21 associated with the Transmission Access Enhancement  
22 Program be excluded from the Storm Protection Plan Cost  
23 Recovery Clause ("SPPCRC"), do you agree with this  
24 recommendation?

25

1     **A.**   No, I do not agree.   As I explained in my rebuttal  
2           testimony in the SPP docket, his recommendation would  
3           result in more cost to the end-use customers.   First, he  
4           is incorrect in stating that this program is normal  
5           maintenance.   The Transmission Access Enhancement Program  
6           is not a maintenance program, it is a storm protection  
7           program that is designed to provide immediate and  
8           permanent access to critical electric infrastructure for  
9           the performance of restoration after extreme weather  
10          events.   Current road and bridge maintenance costs are  
11          not included in the program, and they are not included  
12          for recovery within the SPPCRC.   Changes in topography  
13          and hydrology due to surrounding development and  
14          increased storm activity have necessitated the need for  
15          new and improved access.   The company is building new  
16          hardened bridges that are designed to support the weight  
17          of any heavy equipment or materials that may be needed  
18          during an extreme weather event.   The bridges are also  
19          designed to withstand flooding.   I am providing some  
20          images in my Exhibit No. DLP-3 accompanying my rebuttal  
21          testimony which shows examples of the type of  
22          construction that is being undertaken to provide these  
23          permanent access roads.   As one can clearly see from  
24          these photos, this is construction activity that goes  
25          well above and beyond the normal maintenance of a road.

1 In addition, Mr. Mara now also argues for the first time  
2 that this program should be excluded because enhanced  
3 transmission right-of-way access is unnecessary because  
4 "the transmission poles are already hardened." His  
5 statement is inaccurate and also misses the mark. There  
6 is no design or hardened asset that is 100 percent immune  
7 to the possibility of receiving damage during an extreme  
8 weather event which in turn prevents any type of  
9 guarantee that hardening structures will prevent all  
10 outages in all circumstances. The company's current  
11 Transmission Asset Enhancement program is on track to  
12 convert the remaining transmission wood poles to non-wood  
13 material by the end of 2029. Once converted, those poles  
14 will have some exposure to circumstances that the company  
15 cannot control or harden against. As a result, the  
16 company will need quick access to transmission right-of-  
17 way even if the poles are hardened.

18  
19 Mr. Mara also argues for the first time that "A more  
20 prudent use of funds would be to design structures,  
21 lines, and system that do not require access in the days  
22 after a storm". Again, his criticism misses the mark.  
23 As I stated above, it is not possible to design and  
24 construct a system that will never suffer damage in  
25 extreme weather. Consequently, it is important for the

1 company to have readily available access for any repairs  
2 following a storm.

3  
4 Finally, Mr. Mara argues now for the first time that  
5 Tampa Electric did not provide data showing that the  
6 particular roads and bridges in this program are  
7 necessary. This statement is inaccurate, as the company  
8 provided this data to the Commission and to OPC in the  
9 SPP docket. Tampa Electric, in collaboration with 1898 &  
10 Co., carefully analyzed the program and selected only  
11 projects that had measurable benefits to the customers.  
12 The methodology used to perform this analysis was  
13 described in the company's SPP plan filing and  
14 accompanying information. The underlying data and the  
15 model that was used was described in detail in the 1898  
16 Report that was attached to the company's SPP filing.

17  
18 As the company previously stated in prior testimonies,  
19 the company utilized 1898 & Co.'s sophisticated modeling  
20 techniques to perform a quantitative analysis of the  
21 expected benefits and to prepare an initial  
22 prioritization of potential projects. The analysis  
23 produces expected benefits in terms of avoided  
24 restoration costs, avoided customer outages, and a  
25 monetization of the avoided customer outages. Projects

1 were initially prioritized based on their cost benefit  
2 Net Present Value ("NPV") ratios. The prioritization  
3 model serves as a tool for Tampa Electric in establishing  
4 funding levels for each program and the annual plans.  
5 This method of analysis and prioritization was performed  
6 to develop the Transmission Access Program. Clearly,  
7 this is the exact opposite of Mr. Mara's statement.

8  
9 **Q.** On Page 10, Line 14, Mr. Mara recommends that the cost  
10 associated with the Substation Extreme Weather Hardening  
11 Program be excluded from the SPPCRC. On page 11, lines 4-  
12 7, he explains that this program should be excluded  
13 because the substations included in the program either do  
14 not have a history of flooding or have alternate feeds  
15 that allow the substation to be isolated without customer  
16 outages. Do you agree with this recommendation?

17  
18 **A.** No, I do not agree. First, Mr. Mara's focus on flooding  
19 ignores the major risk this program is designed to  
20 address - storm surge. The nine substations included in  
21 this program were identified in part based on their  
22 vulnerability to storm surge in future extreme weather  
23 events. Additionally, Mr. Mara is attempting to add a  
24 new requirement where only assets with a history of  
25 damage in extreme weather could be hardened. This

1 requirement does not appear in the Statute, and this  
2 should not be used as a single determinant for approval  
3 or denial of a hardening project. Tampa Electric  
4 provided a copy of the study that was conducted to  
5 identify the nine substations in this program in the SPP  
6 docket. The study provides a detailed and thorough  
7 explanation for how criticality to the transmission and  
8 distribution system, historical flooding, flooding risk  
9 and the risk of tide/surge were used as components of the  
10 analysis. The company also provided a map of each  
11 substation that identified its 100-year flood risk, 500-  
12 year flood risk, the evacuation zones and elevations.  
13 This information was used as part of a broader scoring  
14 process also described in the substation study to develop  
15 the final prioritization.

16  
17 Second, while Mr. Mara is technically correct that the  
18 company's substations are networked, the system is not  
19 designed to operate long-term in an alternate  
20 configuration. Furthermore, the substations in this  
21 program serve critical loads like the Port of Tampa, the  
22 Tampa International Airport, MacDill Air Force Base, Big  
23 Bend Power Station, and portions of downtown Tampa.  
24 Continuity of service to these sites is even more  
25 important in extreme weather. These sites could remain

1 vulnerable to loss of service if the load cannot be  
2 switched to an adjacent substation or if that  
3 configuration cannot be maintained while the system is  
4 restored to normal operation. In addition, the current  
5 supply chain constraints are resulting in additional time  
6 to the already long lead times for these types of  
7 equipment and materials that would be needed to perform  
8 restoration for these substations in a catastrophic storm  
9 surge event. The system is not designed for this  
10 configuration for long lead times and would leave these  
11 loads subject to unnecessary and imprudent reliability  
12 risk.

13  
14 Tampa Electric is proposing to harden nine of its 216  
15 substations based on a thorough risk assessment. The  
16 company has determined, with independent support from an  
17 outside consultant, that it is prudent and beneficial for  
18 the company to harden this small subset of the company's  
19 substations over the next ten-years. Further, the  
20 legislation does not limit hardening programs in the way  
21 that Mr. Mara is proposing, and the company has  
22 demonstrated that this program is expected to deliver  
23 storm resiliency benefits as required.

24  
25 **Q.** On Page 11, Line 17, Mr. Mara states that it would not be

1 prudent or reasonable to have unchecked spending on these  
2 programs (Distribution Lateral Undergrounding and  
3 Distribution Overhead Feeder Hardening). Do you agree  
4 with this statement?

5  
6 **A.** No, I do not agree with his premise that there is  
7 "unchecked spending". The company described in detail  
8 how the SPP program's investment levels were established  
9 on several occasions. Using a prioritization tool, the  
10 company completed rigorous analyses to identify the  
11 proposed funding levels for each program and the plan as  
12 a whole. With more projects that have benefits exceeding  
13 costs than the company can reasonably execute in a short  
14 period of time, the company started the process with  
15 ranges for each of the programs and settled on target  
16 funding levels that balance the principles of addressing  
17 all aspects of our system, projected benefits to  
18 customers, and our ability to execute with recognition of  
19 real-world constraints. For the avoidance of doubt, all  
20 of this activity and analysis was performed with an  
21 awareness of the potential rate impacts to customers.  
22 The ranges preliminarily established aligned with  
23 consolidated ranges of total plan investment levels that  
24 balanced the benefits to customers and the rate impact to  
25 customers.



1 In establishing funding levels for the Overhead Feeder  
2 Hardening program within the prioritized ranges, Tampa  
3 Electric relied on experience and insight from historical  
4 experience. This experience provided insight into the  
5 labor, materials, project management and outages required  
6 as well as what could be reasonably implemented and  
7 managed within a calendar year. The company also  
8 considered the number of potential projects where the  
9 potential benefits of hardening warranted the estimated  
10 costs. The final funding level was set using those  
11 parameters along with sensitivity to customer rate  
12 impacts from the SPP program as a whole as described  
13 above.

14  
15 In establishing the target funding level for Distribution  
16 Lateral Undergrounding program within the prioritized  
17 ranges, the company relied on several factors. The 1898  
18 model identified far more projects with benefits to  
19 customers exceeding costs than the company could  
20 reasonably execute in a single year or even in a 10-year  
21 window. With this knowledge, the company recognized the  
22 need to set an annual target that we believe is  
23 executable. The company recognized the need to grow and  
24 sustain a sizeable skilled workforce. With a constrained  
25 labor market, the company factored in the time required

1 to build and sustain this skilled workforce. These  
2 considerations led to the decision to target 75-100 miles  
3 per year once the program ramps up to steady state  
4 operations. The final funding level was set using those  
5 parameters along with sensitivity to customer rate  
6 impacts from the SPP program as a whole as described  
7 above.

8  
9 The company's SPP investments are also thoroughly  
10 reviewed by the Commission. Annually, the company  
11 provides detailed and thorough filings in support of its  
12 proposed spending in the SPPCRC docket that is thoroughly  
13 reviewed by the PSC and PSC Staff. The company also  
14 annually provides a detailed true-up filing in the SPPCRC  
15 docket with explanations for how the money was spent. Not  
16 one dollar that the company spends is "unchecked."

17  
18 The company is acutely aware of the regulatory construct  
19 and the responsibility it has to spend the customer's  
20 money prudently, wisely, efficiently in pursuit of storm  
21 resiliency benefits. The company took painstaking  
22 efforts to ensure the programs and projects were  
23 customer-focused, benefitted all customers and that the  
24 plan was a balance of benefits and rate impacts.

25

1     **Q.**    On Page 11, Line 20 and 21, Mr. Mara states that TECO  
2            "developed these programs based on what was "achievable"  
3            instead of what was necessary". Do you agree with this  
4            statement?

5  
6     **A.**    No, I do not agree. Mr. Mara is taking a single aspect  
7            of the company's thorough and transparent disclosure of  
8            how it developed activity and investment levels for each  
9            program and the plan out of context. The company's plan,  
10           discovery responses, and supporting materials in the SPP  
11           docket demonstrated the thorough analysis the company  
12           undertook to identify the proposed programs and projects.  
13           This analysis considered not only achievability, but also  
14           funding levels that balanced customer benefits and rate  
15           impacts as described above.

16  
17           While it was not the only factor considered as Mr. Mara  
18           alleges, the company did consider the executability of  
19           the plan and real-world constraints. Tampa Electric has  
20           a responsibility to ensure it can execute and deliver  
21           projects and benefits. As a result, the company took  
22           steps to ensure that the proposed plans and programs are  
23           in fact achievable and to manage the execution and market  
24           risk most effectively. The practical reality is that the  
25           labor and materials markets are constrained. The company

1 has levelized program activity and spending to attract  
2 and more importantly retain the skilled workforce  
3 necessary to deliver the projects it is proposing. It  
4 has taken all reasonable and prudent steps to ensure it  
5 can secure materials for the proposed projects as well.  
6 The company has also levelized spending for each of its  
7 programs to develop a stable workforce and partners that  
8 will invest in the TECO service area and the state of  
9 Florida. This approach is the most effective manner to  
10 ensure that a stable workforce is in place annually to  
11 support the work and that Tampa Electric can enter into  
12 'firm' supply arrangements with suppliers. The company  
13 believes this results in more efficient execution of the  
14 plan and best mitigates risk of not having labor  
15 resources or materials.

16  
17 While Mr. Mara incorrectly implies this was the sole  
18 factor considered in plan development, the reality is  
19 that the company took thorough efforts to develop the  
20 plan and demonstrate the benefits of the plan.  
21 Furthermore, the company believes that the analysis to  
22 ensure the plan is "achievable" which further  
23 demonstrates the company's prudence and commitment to  
24 responsibly initiate and implement storm hardening  
25 investments.

1 **Q.** On Page 12, Line 1, Mr. Mara recommends the budget for  
2 Distribution Lateral Undergrounding Program be reduced by  
3 50 percent and reducing the Distribution Overhead Feeder  
4 Hardening Program budget by 66 percent. Do you agree  
5 with these recommendations?  
6

7 **A.** No, I do not agree. Mr. Mara's limits are arbitrary,  
8 unsupported by facts or data, and should be rejected.  
9

10 Mr. Mara's recommendation is based on three primary  
11 elements. The first is that the company's funding levels  
12 were set based on what was achievable. As described  
13 above, the company based the funding levels on a  
14 multitude of factors beyond what was achievable and  
15 therefore this aspect of the argument should be ignored.  
16 Mr. Mara's second element is based on the impact to  
17 customer rates. The company believes it has proposed  
18 investment levels for the plan and for each program that  
19 appropriately balance the benefits to customers and the  
20 potential rate impact to customers. Lastly, Mr. Mara's  
21 third element has a foundation the incorrect use and  
22 interpretation of the budget optimization chart in the  
23 1898 Report attached to company's 2022 SPP. The company  
24 has provided a thorough explanation of the proper use and  
25 interpretation of that chart. In addition, the company

1 has demonstrated that reducing the investment levels by  
2 an arbitrary 50 percent to 60 percent would result in a  
3 reduction of benefits of equal or greater percentages.  
4 Reducing investment and benefits of this magnitude would  
5 result in significant delays in benefit realization for a  
6 significant portion of Tampa Electric customers. The  
7 company made significant efforts and performed thorough  
8 analyses to support its proposed investment levels. One  
9 key principle in the development of the plan was ensuring  
10 that all customers benefitted both directly and  
11 indirectly from the SPP activities. Significantly  
12 reducing the investment levels would essentially require  
13 Tampa Electric to pick and choose which customers benefit  
14 now and which customers have to wait until the distant  
15 future to realize any hardening benefits directly.

16  
17 For these reasons, I strongly disagree with Mr. Mara's  
18 arbitrary and unsupported recommendations to reduce  
19 investment levels in these programs or the company's SPP.  
20

21 **Q.** Does this conclude your rebuttal testimony?

22  
23 **A.** Yes.  
24  
25

Exhibit No.

DLP - 3

Transmission Access Enhancement Images









BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220010-EI  
IN RE: STORM PROTECTION PLAN  
COST RECOVERY CLAUSE

REBUTTAL TESTIMONY

OF

A. SLOAN LEWIS

FILED: September 27, 2022

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2   **REBUTTAL TESTIMONY**

3   **OF**

4   **A. SLOAN LEWIS**

5  
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7           **INTRODUCTION**   **1**

8           **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN**   **3**

9  
10  
11           **INTRODUCTION:**

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

13  
14           **A.**    My name is A. Sloan Lewis. My business address is 702 N.  
15                   Franklin Street, Tampa, Florida 33602. I am employed by  
16                   Tampa Electric Company ("Tampa Electric" or "the  
17                   Company") in the Finance Department as Director,  
18                   Regulatory Accounting.

19  
20           **Q.**    Please describe your duties and responsibilities in that  
21                   position.

22  
23           **A.**    My duties and responsibilities include the accounting  
24                   oversight of all cost recovery clauses and riders for  
25                   Tampa Electric and Peoples Gas, the settlement of all

1 fuel and power transactions for Tampa Electric and  
2 Peoples Gas System and the accounts payable department  
3 for Tampa Electric, Peoples Gas System and New Mexico  
4 Gas Company.

5  
6 **Q.** Please describe your educational background and  
7 professional experience.

8  
9 **A.** I received a Bachelor of Science degree in accounting  
10 from Florida State University in 1994 and a Master of  
11 Education from the University of North Florida in 1996.  
12 I joined Tampa Electric in 2000 as a Fuels Accountant  
13 and over the past 19 years have expanded my cost  
14 recovery clause responsibilities. Then in 2015, I was  
15 promoted to Manager, Regulatory Accounting with  
16 responsibilities for all the recovery clauses and riders  
17 for Tampa Electric and Peoples Gas System. I was  
18 promoted to my current role as Director, Regulatory  
19 Accounting in 2017.

20  
21 **Q.** Did you file direct testimony in this proceeding?

22  
23 **A.** No, I am filing Rebuttal Testimony in this proceeding.

24  
25 **Q.** What is the purpose of your rebuttal testimony in this

1 proceeding?

2

3 **A.** The purpose of my rebuttal testimony is to address the  
4 deficiencies and misconceptions in the direct testimony  
5 of Lane Kollen, who is testifying on behalf of the Office  
6 of Public Counsel ("OPC").

7

8 **Q.** Do you have any general comments regarding the overall  
9 direct testimony of Mr. Kollen?

10

11 **A.** Yes. The testimony of Mr. Kollen is highly critical of  
12 the process utilized by the Commission and the company to  
13 develop the estimated revenue requirements and associated  
14 rate impacts. Mr. Kollen continues to recommend, as he  
15 did in the Storm Protection Plan ("SPP") proceeding, to  
16 make recommendations for the Commission to adopt  
17 additional specific guidelines and criteria that would  
18 apply to all of the utilities SPPs. As I will explain  
19 further in my rebuttal testimony, I believe the adoption  
20 of his recommendations are unnecessary and if implemented  
21 would also be problematic.

22

23 **REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN:**

24 **Q.** On Page 2, Line 18 Mr. Kollen states that the OPC has  
25 disputed the proper quantification of revenue requirement

1 and rate impacts in the pending Storm Protection Plan  
2 ("SPP") proceeding. Do you agree with OPC's assessment  
3 that the revenue requirements and rate impacts are  
4 incorrect or are incorrectly calculated in the SPP or in  
5 this proceeding?  
6

7 **A.** No, I disagree with their statements. The revenue  
8 requirements and rate impacts for Tampa Electric are  
9 calculated accurately in the both the SPP proceeding and  
10 in this proceeding according to the principles set out in  
11 Section 366.96 and Rules 25-6.030 and 25-6.031.  
12

13 **Q.** On Page 5, Line 9 Mr. Kollen reinforces that the Storm  
14 Protection Plan Cost Recovery Statute 366.96 Florida  
15 Statutes states that the annual transmission and  
16 distribution storm protection plan costs may not include  
17 costs recovered through the public utility's base rates.  
18 Do you agree with this statement, if so, does Tampa  
19 Electric fully comply with this statement?  
20

21 **A.** Yes, I agree with this statement. In addition, Tampa  
22 Electric fully complies with this requirement. All of  
23 the company's SPP costs that are sought for recovery  
24 through the Storm Protection Plan Cost Recovery Clause  
25 ("SPPCRC") are not recovered through base rates. In

1 fact, to ensure there was no chance of double recovery of  
2 SPP costs, Tampa Electric's 2020 Stipulation and  
3 Settlement Agreement adjusted the 2020 SPPCRC actual  
4 costs (in the amount of \$10.4 million) and made a one-  
5 time reduction to base rates starting on January 1, 2021  
6 (in the amount of \$15 million) to recognize the  
7 transition of the cost recovery for several base rate  
8 activities into the SPPCRC. These activities included  
9 planned distribution and transmission vegetation  
10 management, distribution and transmission inspections,  
11 and the O&M portion of transmission wood pole  
12 replacements.

13  
14 **Q.** On Page 8, Line 3, Mr. Kollen asserts that there are  
15 three opportunities to review and assess the prudence of  
16 the company's SPP, and that the most important  
17 opportunity occurs in the first year of the three-year  
18 SPP cycle because it occurs before the updated and new  
19 SPP programs are implemented and costs are incurred. Do  
20 you agree with his assessment?

21  
22 **A.** No. Tampa Electric believes that the process for  
23 reviewing and assessing the prudence of the company's SPP  
24 activities occurs at many more times that just in the  
25 company's annual SPPCRC projection filing in this

1 proceeding. First, the SPP programs and associated  
2 projects are reviewed in the ten-year SPP, not a three-  
3 year plan as inferred by Mr. Kollen. As required by the  
4 Commission rule, estimated SPP programs and associated  
5 projects costs are quantified for each of the ten years  
6 with more specific information being provided for the  
7 first three-years of the SPP. The discovery process for  
8 the SPP is quite arduous and thorough by all parties. In  
9 Tampa Electric's first SPP, the OPC was a party to the  
10 company's settlement agreement which approved Tampa  
11 Electric's initial 2020-2029 SPP and 2021 SPPCRC cost  
12 recovery. In this settlement process the SPP programs  
13 were also reviewed and assessed for prudence by all  
14 parties, including the OPC, and the settlement was  
15 approved by the Commission.

16  
17 Annually, the Commission and interested parties have  
18 multiple opportunities to review and assess the prudence  
19 of the company's SPP programs and projects. The company  
20 communicates SPP information in the following annual  
21 processes and filings:

- 22 • Annual SPPCRC Commission Staff Financial Audit
- 23 • Annual Wood Pole Inspection Report
- 24 • SPPCRC True-up Filing
- 25 • SPPCRC Actual/Estimate and Projection Filing



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- SPP Annual Report

Each of these filings is followed by discovery. Therefore, contrary to Mr. Kollen's assertion that there are only three opportunities to review and assess the prudence of SPP programs and projects over the next three years. Tampa Electric believes prudence review is an ongoing annual process with multiple opportunities for review each year, in which all filings are important. This is the reason the company highly scrutinizes any proposed new program, project, or costs that are being discussed for inclusion in the SPP and the SPPCRC, to ensure the Statute and Commission Rules are fully adhered to.

**Q.** On page 8, Line 13, Mr. Kollen critiqued the company's SPPCRC filings for providing only the actual/estimated costs for its 2022 SPP programs, projected costs for its 2023 programs, related information and comparison, true-ups and calculations of the SPPCRC revenue requirement and SPPCRC factors and infers that because of this, the company failed to demonstrate prudence or reasonableness. Do you agree with his assessment?

**A.** No. The Commission adopted Rule 25-6.031, which sets out the requirements for SPPCRC filings. Tampa Electric

1 attended workshops that were facilitated by Commission  
2 Staff following the development of the Commission SPP and  
3 SPPCRC Rules. In these workshops, Commission Staff  
4 defined the requirements for data that must be included  
5 in the company's SPPCRC projection filing. In addition,  
6 the Commission provided Excel file templates that were  
7 supposed to be used to ensure the company was providing  
8 what was required to enable the Commission to review SPP  
9 costs and activities for their prudence. In short, the  
10 Commission specified what information it needs to review  
11 the prudence of SPP expenditures, and the company  
12 provided this information. By no means does this infer  
13 that the SPP programs or the associated projects are  
14 imprudent or unreasonable. Furthermore, the company's  
15 2022 SPP activities are a continuation of Tampa  
16 Electric's original 2020-2029 SPP. In addition, as part  
17 of the 2020 Stipulation and Settlement Agreement, in  
18 which OPC was an agreeing party, the company agreed to  
19 modify the scope of programs within the initial SPP. The  
20 company's proposed 2023 SPP activities contained in the  
21 2022-2023 SPP are in large part also a continuation of  
22 the company's initial 2020-2029 with some modifications  
23 to enhance the Distribution Lateral Undergrounding  
24 Program and to also install three applications to  
25 leverage the data coming from the company's advanced

1 metering infrastructure ("AMI") system to enhance the  
2 performance of the company during extreme weather in the  
3 Distribution Overhead Feeder Hardening Program.  
4

5 **Q.** On Page 9, line 6, Mr. Kollen recommends that the  
6 Commission should exclude construction work in progress  
7 ("CWIP") from both the return on rate base and  
8 depreciation expense, and instead allow a deferred  
9 return on the CWIP until it is converted to plant in  
10 service or prudently abandoned." Do you agree with this  
11 recommendation?  
12

13 **A.** No, I do not for several reasons. First, the company  
14 operates all the cost recovery clauses in a similar  
15 manner, so by inserting different requirements just in  
16 the SPPCRC would be problematic in that it would require  
17 different accounting policies and procedures for how the  
18 clause is facilitated. For example, in all of Tampa  
19 Electric's cost recovery clauses, the company earns a  
20 return on the undepreciated balance, which is the net  
21 investment less accumulated depreciation. The net  
22 investment includes CWIP. The intent of this method is  
23 to allow the company to earn a return during  
24 construction which keeps the utility whole as it is  
25 incurring expenses to invest in assets which will

1 benefit customers. Therefore, it would not make sense  
2 to defer the return until the asset went in service.  
3 Second, the company's depreciation expense is not  
4 calculated on CWIP, it is calculated only when that  
5 asset goes in service (i.e., when the asset is converted  
6 to plant in service).

7  
8 **Q.** On Page 9, Line 9, Mr. Kollen recommends that the  
9 Commission should allow property tax only on the net  
10 plant at the beginning of each year. Do you agree with  
11 this recommendation?

12  
13 **A.** Tampa Electric already follows this recommendation. The  
14 company calculates tax based on plant in service net of  
15 accumulated depreciation, not CWIP. As a result, I do  
16 not think the Commission needs to adopt any specific  
17 criteria or guidance on this topic since it is not  
18 contained in the SPP Statute or SPP Rules.

19  
20 **Q.** On Page 9, Line 11, Mr. Kollen suggests that the  
21 Commission should require a credit for the avoided  
22 depreciation expense on plant that is retired due to SPP  
23 plant investments. He expands this argument on pages 23  
24 through 25 of his testimony. Do you agree?

25

1     **A.** Tampa Electric already includes a credit for  
2 depreciation savings in the calculation of the revenue  
3 requirement. As a result, I do not think the Commission  
4 needs to adopt any specific criteria or guidance on this  
5 topic since it is not contained in the SPP Statute or  
6 SPP Rules.

7  
8     **Q.** On Page 9, Line 13, Mr. Kollen recommends requiring a  
9 credit for savings in O&M expenses that no longer will  
10 be incurred due to the SPP capital expenditures  
11 investments and the SPP O&M expenses. He reasserts this  
12 argument on pages 21 through 23 of his testimony. Do  
13 you agree with this recommendation?

14  
15     **A.** As the company explained in the discovery response that  
16 Mr. Kollen quotes on Page 23, Line 5 of his testimony,  
17 the company cannot accurately forecast whether SPP  
18 investments will ultimately reduce blue-sky O&M costs at  
19 this time. Furthermore, these savings may be offset in  
20 whole or in part by increases in certain O&M costs such  
21 as inspections and maintenance of new system assets. If  
22 a reduction in O&M expenses associated with SPP  
23 investments does materialize, this could be reflected in  
24 future company base rate cases.

25

1     **Q.**    On Page 9, Line 17, Mr. Kollen asserts that the  
2            Commission should require utilities to move pole  
3            inspection and vegetation management expenses from base  
4            rates to the SPPCRC. Do you agree?

5  
6     **A.**    No, As I explained above this recommendation does not  
7            apply to Tampa Electric. The company already moved cost  
8            recovery for planned distribution and transmission  
9            vegetation management, distribution and transmission  
10           inspections, and the O&M portion of transmission wood  
11           pole replacements to the SPPCRC.

12  
13    **Q.**    On Page 10, Line 6, Mr. Kollen states that each utility  
14            has included programs and projects that are included  
15            within the scope of existing base rate programs and base  
16            rate recoveries in the normal course of business. Do you  
17            agree with this statement?

18  
19    **A.**    No, I completely disagree with this statement. All of  
20            Tampa Electric's programs and associated projects that  
21            the company is seeking to recover those costs though the  
22            SPPCRC are incremental above and beyond what the company  
23            performs within the scope of existing base rate programs  
24            and base rate recoveries in the normal course of  
25            business. As I explained above, the company made base

1 rate adjustments to recover those activities such as pole  
2 inspections and vegetation management solely through the  
3 SPPCRC. The program listed in his direct testimony as an  
4 example is Transmission Access Enhancement. This program  
5 and its associated projects were approved in Tampa  
6 Electric's initial 2020-2029 SPP, which was approved  
7 through a settlement agreed to by OPC. The company did  
8 not make any adjustments to the scope of this program.  
9 In addition, the company provided testimony in the 2022  
10 SPP docket that establishes that this program goes above  
11 and beyond base rate activities.

12  
13 **Q.** On Page 10, Line 19, Mr. Kollen also argues that some SPP  
14 projects should be excluded from the SPPCRC because they  
15 are not economic. He repeats this line of argument on  
16 Pages 11 and 12 of his testimony. Do you agree with this  
17 suggestion?

18  
19 **A.** No. Tampa Electric believes Mr. Kollen's discretionary  
20 view of using a typical utility cost-benefit screening  
21 criterion fails to recognize that the SPP Statute makes  
22 it clear that completion of storm protection activities  
23 is mandatory. Tampa Electric did not perform a  
24 traditional financial or economic analysis to support the  
25 filing of the SPP so his metric would not apply to the

1 analysis that was performed. The company generally  
2 agrees with Mr. Kollen's principles that benefits should  
3 outweigh costs in investment decision making, however,  
4 restricting that to only a financial metric is not sound  
5 in all circumstances, especially when hardening the  
6 system against the adverse effects of extreme weather.  
7 For example, Section 366.96 also requires utilities to  
8 reduce customer outage times in addition to restoration  
9 costs.

10  
11 **Q.** On Page 13, Line 14, Mr. Kollen states that the company  
12 overstated the economic value of their SPP programs and  
13 projects. Do you agree with this statement?

14  
15 **A.** No. Tampa Electric did not overstate the economic value  
16 of the company's SPP programs and projects. First, the  
17 company did not include the societal value of customer  
18 interruptions in the cost-benefit comparisons presented  
19 in the company's 2022 SPP. The benefits of the plan were  
20 presented in terms of expected reductions in restoration  
21 costs, in terms of dollars that would have been incurred  
22 by Tampa Electric, and customer outage times in minutes.  
23 Beyond the estimated reduction in outage times and costs  
24 and the level of societal benefits that are reflected in  
25 the Department of Energy's ICE calculator, Tampa Electric



1 considered the safety of employees and the general  
2 public, the duty to serve, and other factors on top of  
3 the financial cost when evaluating the benefits of the  
4 SPP programs and projects. For the SPP, the duty to  
5 serve benefit stream was quantified based on the avoided  
6 outages from storms. Examining these benefits that were  
7 included, the company believes that there are many other  
8 benefits that were not included in the analysis that  
9 would most likely cause the actual benefits and economic  
10 value received to be "Understated" from a customer's  
11 view. Examples of these customer benefits that were not  
12 explicitly included after an extreme weather event are:

- 13 • Revenue gained from keeping a store open for  
14 business.
- 15 • Residential customers having medical equipment  
16 will stay running.
- 17 • Customer's refrigerated and frozen food not  
18 spoiling.
- 19 • Residential customer's being able to stay at home  
20 having air conditioning versus checking into a  
21 hotel.
- 22 • Preventing a tragic event similar to the one that  
23 occurred during Hurricane Irma in nursing homes or  
24 assisted living centers.

25

1 **Q.** On Page 13, Line 13, Mr. Kollen states that societal  
2 value of customer interruptions is not a cost that  
3 actually is incurred or avoided by the utility or  
4 customers and should be excluded from the justification  
5 of SPP program and projects using benefit cost analysis.  
6 Do you agree with this assessment?

7  
8 **A.** No. This statement recognizes Mr. Kollen does not  
9 understand the meaning or intent of the Statute 366.96  
10 that was approved by the Florida Legislature and Governor  
11 DeSantis. Governor DeSantis and the Florida Legislature  
12 recognize that extreme weather events wreak havoc to  
13 Florida's society and economy upon their occurrence and  
14 the SPP is one method to reduce the adverse impacts from  
15 these events. Even though Tampa Electric did not include  
16 societal or non-energy impacts/benefits in its analysis,  
17 it does not concur with Mr. Kollen that this data should  
18 be excluded from the analyses in the future.

19  
20 **Q.** On Page 16, Line 8, Mr. Kollen recommends the Commission  
21 deny SPPCRC cost recovery of SPP programs and projects  
22 and recommends some defined thresholds to determine the  
23 prudence and reasonable. Do you agree with his  
24 recommendations?

25

1     **A.**    No.    The SPP Statute directs the Commission to consider  
2            the "estimated costs and benefits" of the SPP but does  
3            not require the Commission to adopt a universally  
4            applicable threshold ratio for costs and benefits.    In  
5            addition, as explained above there are many other  
6            benefits to consider rather than looking at an SPP  
7            program or project using a traditional utility view only  
8            cost-benefit analysis.

9  
10    **Q.**    On Page 17, Line 7, Mr. Kollen makes recommendations to  
11            Tampa Electric to recalculate the company's revenue  
12            requirement.    Do you agree with his recommendations?

13  
14    **A.**    No.    As I have explained, above all of his  
15            recommendations should be rejected.    His recommendations  
16            would cause problematic issues with how the company  
17            accounts for investments in cost recovery clauses.    In  
18            addition, as I explained above, the company at this time  
19            has no quantifiable data to support any type of base rate  
20            O&M savings at this time.

21  
22    **Q.**    On Page 18, Line 15, Mr. Kollen states that utilities  
23            cannot earn a return on CWIP.    Do you agree with this  
24            statement?

25

1     **A.**    No.    In Tampa Electric's 2020 Stipulation and Settlement  
2            Agreement that resolved the 2020 SPP and SPPCRC dockets,  
3            the parties agreed that a Tampa Electric SPP project is  
4            "initiated" when "in the normal and ordinary course of  
5            business, the first dollar is posted to the project work  
6            order as reflected in the company's accounting system in  
7            accordance with the company's standard accounting  
8            procedures." The parties also agreed that Tampa Electric  
9            could earn a return on investment and depreciation  
10           expense on capital projects "initiated" after April 1,  
11           2020. In other words, the parties agreed that Tampa  
12           Electric can earn CWIP on SPP projects initiated after  
13           April 1, 2020.

14  
15     **Q.**    On Page 20, Line 22, Mr. Kollen argued that the  
16            Commission cannot determine the prudence or  
17            reasonableness of the establishment of the warehouse. Do  
18            you agree with this discussion?

19  
20     **A.**    No.    The costs of the warehouse are very transparent.  
21            The company charges the cost of the leased warehouse  
22            space that supports only the Distribution Lateral  
23            Undergrounding Program to a single O&M Plant maintenance  
24            Order ("PMO") number which is a single line item on the  
25            company's SPP accounting files. The company chose to

1 charge the warehouse this way for three reasons: First,  
2 with the volume of material needed for this program and  
3 the number of contract partners performing the work, the  
4 company needed to have a separate warehouse area for this  
5 material. Second, by having a separate charge account  
6 for the warehouse the costs and control of costs would be  
7 tracked and managed rather than having the charge broken  
8 up between hundreds of smaller projects. Third, because  
9 the company operates the SPP as a customer centric  
10 program, the company thought it would be in the best  
11 interest of its customers to lease the space and run  
12 these costs as an O&M expense versus charging the space  
13 to smaller individual projects where these costs would  
14 ultimately be capitalized and then earn a return.

15  
16 **Q.** On Page 28, Line 17 Mr. Kollen makes recommendations for  
17 Tampa Electric to correct the company's SPPCRC revenue  
18 requirement. Do you agree with his recommendation?

19  
20 **A.** No. I do not agree with any of his recommendations.  
21 Tampa Electric performed the calculations for the revenue  
22 requirements accurately and in accordance with Section  
23 366.96, Rules 25-6.030 and 25-6.031, and the company's  
24 accounting procedures. As explained above, his  
25 recommendations should also be rejected for those

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reasons.

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

**A.** Yes.