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April 2, 2026

VIA: ELECTRONIC FILING

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

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor
FPSC Docket No. 20260001-EI

Dear Mr. Teitzman:

Attached for filing in the above docket, on behalf of Tampa Electric Company, is the Prepared Direct Testimony of John C. Heisey and Exhibit JCH-1 supporting the company's Asset Optimization Mechanism results for the period ending December 2025.

Thank you for your assistance in connection with this matter.

Sincerely,

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

Malcolm N. Means

MNM/bml
Attachment
cc: All Parties of Record (w/attachment)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibit filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 2nd day of April 2026, to the following:

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ATTORNEY



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20260001-EI
IN RE: FUEL & PURCHASED POWER COST RECOVERY
AND
CAPACITY COST RECOVERY

2025 ASSET OPTIMIZATION MECHANISM

TESTIMONY AND EXHIBIT

JOHN C. HEISEY

FILED: April 2, 2026

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **JOHN C. HEISEY**

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

8
9 **A.** My name is John C. Heisey. My business address is 3600
10 Midtown Drive, Tampa, Florida 33607. I am employed by
11 Tampa Electric Company ("Tampa Electric" or "company") as
12 Senior Director, Origination and Trading.

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

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

1 capacity in bilateral and organized markets. I joined
2 Tampa Electric in September 2016 as the Manager of Gas
3 and Power Trading. I have held the position of Director,
4 Origination and Trading since August 2021 and Senior
5 Director, Origination and Trading since June 2025. In this
6 role, I am responsible for directing all activities
7 associated with the procurement and delivery of energy
8 commodities for Tampa Electric's generation fleet. Such
9 activities include the trading, optimization, strategy,
10 planning, origination, compliance and regulatory
11 oversight of the company's use of natural gas, power,
12 coal, oil, byproducts, and wholesale renewable energy
13 credits ("RECs"). I am also responsible for all aspects
14 of the Asset Optimization Mechanism.

15
16 **Q.** Please state the purpose of your testimony.

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

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

3

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

9

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

12

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

20

21 Under the Asset Optimization Mechanism, gains on eligible
22 activities up to \$4.5 million are retained by customers.
23 Gains between \$4.5 million and \$8 million are split, with
24 60 percent of gains allocated to the company's
25 shareholders and 40 percent allocated to customers. Gains

1 above \$8 million are also split, with 50 percent of gains
2 allocated to shareholders and 50 percent of gains
3 allocated to customers.
4

5 **Q.** What activities are eligible for inclusion under the
6 current Asset Optimization Mechanism?
7

8 **A.** Gains on the company's wholesale sales, short-term
9 wholesale purchases, and optimization activities are
10 eligible for the program. Asset Optimization activities
11 include: (1) gas storage utilization; (2) delivered gas
12 sales using existing transport; (3) delivered solid fuel
13 and/or transportation; (4) production area (upstream)
14 sales; and (5) asset management agreement activities.
15

16 **Asset Optimization Mechanism Transactions**

17 **Q.** Please provide the details of Tampa Electric's short-term
18 wholesale power sales under the Asset Optimization
19 Mechanism for 2025.
20

21 **A.** Asset Optimization Mechanism gains from wholesale power
22 sales were \$6,791,904, or 29 percent, of total
23 optimization gains for 2025. The monthly detail is shown
24 in my exhibit on schedule "Wholesale Power Sales-Table
25 3."

1 **Q.** Please provide the details of Tampa Electric's short-term
2 wholesale power purchases under the Asset Optimization
3 Mechanism for 2025.

4
5 **A.** Asset Optimization Mechanism gains from wholesale power
6 purchases were \$15,180,421, or 65 percent, of total
7 optimization gains for 2025. The monthly detail can be
8 found in my exhibit on schedule "Wholesale Power
9 Purchases-Table 4."

10
11 **Q.** Please describe Tampa Electric's asset optimization
12 activities and the gains from those transactions under
13 the Asset Optimization Mechanism for 2025.

14
15 **A.** Asset Optimization Mechanism gains from asset
16 optimization activities were \$1,372,256, or 6 percent, of
17 total asset optimization gains for 2025. The gains from
18 asset optimization activities are shown in my exhibit on
19 schedule "Asset Optimization Detail-Table 5."

20
21 A description of Tampa Electric's 2025 asset optimization
22 activities is provided below.

- 23 • Delivered gas sales using existing transport - sell
24 gas to Florida customers, using Tampa Electric's
25 existing gas transportation capacity during periods

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

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

Q. Please summarize the activities and results of the Asset Optimization Mechanism for 2025.

A. Tampa Electric participated in the following Asset Optimization Mechanism activities in 2025: wholesale power purchases and sales, delivered gas sales, and a natural gas storage AMA. The total asset optimization gains for 2025 were \$23,344,581 which exceeded the \$4,500,000 threshold by \$18,844,581 as shown in my exhibit on schedule "Total Gains Threshold Schedule-Table 1." Customer benefits were \$13,572,290 and company benefits were \$9,772,290 in 2025 as shown in my exhibit on schedule "Total Gains Sharing Schedule-Table 2."

1 Q. Did Tampa Electric incur incremental Asset Optimization
2 Mechanism costs during 2025?

3

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

10

11 Q. Overall, were Tampa Electric's activities under the Asset
12 Optimization Mechanism successful in 2025?

13

14 A. Yes, Tampa Electric produced customer gains of
15 \$13,572,290. The company continues to focus on
16 improvements in processes, reporting, and optimization
17 strategies.

18

19 Our power sales remained stable across the year, with
20 higher gains observed during the winter months due to
21 increased demand from colder temperatures. Cost savings
22 from economic power purchases were notable during the
23 typical spring and fall outage periods, while a cost-
24 based power purchase agreement offered additional
25 benefits in the summer. Delivered gas sales primarily

1 capitalized on market opportunities present during the
2 winter and summer seasons. Optimization gains from the
3 natural gas storage asset management agreement were
4 maintained throughout the year, though these gains were
5 notably higher in winter because of greater gas price
6 volatility.

7

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

9

10 **A.** Yes, it does.

11

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**EXHIBIT TO THE TESTIMONY OF
JOHN C. HEISEY**

**ASSET OPTIMIZATION MECHANISM RESULTS
JANUARY 2025 – DECEMBER 2025**

TAMPA ELECTRIC
ASSET OPTIMIZATION MECHANISM
Actual for the Period: January 2025 through December 2025

TOTAL GAINS THRESHOLD SCHEDULE-Table 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Wholesale Sales Total Gains (\$)	Purchases Total Savings (\$)	Asset Optimization Gains (\$)	Total Monthly Gains (\$)	Threshold 1 Gains ≤ \$4.5 M (\$)	Threshold 2 \$4.5M < Gains ≤ (\$)	Threshold 3 Gains > \$8.0 M (\$)
				(2) + (3) + (4)			
January	2,998,957	3,287	287,863	3,290,107	3,290,107	-	-
February	848,253	346,866	164,230	1,359,349	1,209,893	149,457	-
March	445,834	1,482,594	23,556	1,951,984	-	1,951,984	-
April	448,256	1,017,885	20,850	1,486,991	-	1,398,559	88,432
May	252,437	2,141,966	120,696	2,515,099	-	-	2,515,099
June	678,112	5,154,304	156,729	5,989,145	-	-	5,989,145
July	185,902	2,466,023	160,013	2,811,938	-	-	2,811,938
August	133,228	727,975	121,724	982,927	-	-	982,927
September	66,057	198,883	20,850	285,790	-	-	285,790
October	99,332	1,334,194	20,850	1,454,376	-	-	1,454,376
November	44,687	290,583	24,490	359,760	-	-	359,760
December	590,848	15,861	250,405	857,114	-	-	857,114
Total	6,791,904	15,180,421	1,372,256	23,344,581	4,500,000	3,500,000	15,344,581

TOTAL GAINS SHARING SCHEDULE-Table 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Threshold 1 100% Customer Benefit (\$)	Threshold 2 \$8.0M Customer Benefit (\$)	Threshold 2 \$8.0M 60% TEC Benefit (\$)	Threshold 3 50% Customer Benefit (\$)	Threshold 3 Gains > \$8.0 M 50% TEC Benefit (\$)	Total Customer Benefits (\$)	Total TEC Benefits (\$)
January	3,290,107	-	-	-	-	3,290,107	-
February	1,209,893	59,783	89,674	-	-	1,269,675	89,674
March	-	780,794	1,171,191	-	-	780,794	1,171,191
April	-	559,424	839,135	44,216	44,216	603,640	883,351
May	-	-	-	1,257,549	1,257,549	1,257,549	1,257,549
June	-	-	-	2,994,573	2,994,573	2,994,573	2,994,573
July	-	-	-	1,405,969	1,405,969	1,405,969	1,405,969
August	-	-	-	491,464	491,464	491,464	491,464
September	-	-	-	142,895	142,895	142,895	142,895
October	-	-	-	727,188	727,188	727,188	727,188
November	-	-	-	179,880	179,880	179,880	179,880
December	-	-	-	428,557	428,557	428,557	428,557
Total	4,500,000	1,400,000	2,100,000	7,672,290	7,672,290	13,572,290	9,772,290

TAMPA ELECTRIC
WHOLESALE POWER DETAIL
Actual for the Period: January 2025 through December 2025

Wholesale Sales-Table 3

(1)	(2)	(3)	(4)	(5)
Month	Wholesale Sales (MWh)	Wholesale Gross Gains (\$)	Third Party Transmission Costs (\$)	Total Net Wholesale Sales Gains (\$)
				(3) + (4)
January	86,233	3,557,099	(558,141)	2,998,957
February	33,931	995,715	(147,462)	848,253
March	36,887	523,227	(77,393)	445,834
April	35,845	523,991	(75,735)	448,256
May	26,058	269,901	(17,463)	252,437
June	32,402	781,414	(103,302)	678,112
July	24,293	435,168	(249,266)	185,902
August	16,353	144,694	(11,466)	133,228
September	11,316	66,057	-	66,057
October	13,760	99,332	-	99,332
November	6,719	44,687	-	44,687
December	31,352	883,085	(292,237)	590,848
Total	355,149	8,324,368	(1,532,464)	6,791,904

Wholesale Purchases-Table 4

(1)	(2)	(3)	(4)	(5)
Month	Wholesale Purchases (MWh)	Wholesale Savings (\$)	Capacity Purchases (\$)	Total Net Wholesale Purchase Gains (\$)
				(3) + (4)
January	2,045	3,287	-	3,287
February	20,738	346,866	-	346,866
March	110,414	1,482,594	-	1,482,594
April	118,590	1,017,885	-	1,017,885
May	187,778	2,141,966	-	2,141,966
June	311,012	5,154,304	-	5,154,304
July	126,148	2,466,023	-	2,466,023
August	43,808	727,975	-	727,975
September	14,663	198,883	-	198,883
October	127,278	1,334,194	-	1,334,194
November	12,890	290,583	-	290,583
December	4,722	15,861	-	15,861
Total	1,080,086	15,180,421	-	15,180,421

TAMPA ELECTRIC

ASSET OPTIMIZATION DETAIL-Table 5

Actual for the Period: January 2025 through December 2025

(1)	(2)	(3)	(4)	(5)	(6)
Month	Natural Gas Storage Optimization (\$)	Natural Gas AMA Gains (\$)	Delivered Gas Sales	Resale of Solid Fuel (\$)	Total Asset Optimization Gains (\$)
January					287,863
February					164,230
March					23,556
April					20,850
May					120,696
June					156,729
July					160,013
August					121,724
September					20,850
October					20,850
November					24,490
December					250,405
Total	-	807,251	565,005	-	1,372,256