

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Review of the continuing need and cost )  
Associated with Tampa Electric Company's 5 )  
Combustion Turbines and Big Bend Rail Facility )  
\_\_\_\_\_ )

Docket No. 090368-EI

Filed: June 21, 2010

**DIRECT TESTIMONY**

**OF**

**PATRICIA W. MERCHANT, CPA**

**On Behalf of the Citizens of the State of Florida**

Respectfully submitted,  
J.R. Kelly  
Public Counsel

Office of Public Counsel  
c/o The Florida Legislature  
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Attorney for the citizens  
Of the State of Florida

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1 Water and Sewer as an analyst in the Bureau of Accounting. From May, 1989  
2 to February, 2005 I was a regulatory supervisor in the Division of Water and  
3 Wastewater which evolved into the Division of Economic Regulation.

4

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA**  
6 **PUBLIC SERVICE COMMISSION?**

7 A. Yes, I have testified numerous times before the PSC. I have also testified  
8 before the Division of Administrative Hearings as an expert witness.

9

10 **Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS CASE?**

11 A. Yes. I am sponsoring Exhibit PWM-1, a summary of my regulatory  
12 experience and qualifications, which is attached to my testimony. I also  
13 sponsoring Exhibit PWM-2 entitled Test Year Impact of Removing 3 CTs.

14

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
16 **DOCKET?**

17 A. I am providing the proposed revenue requirement impact of the OPC witness  
18 Kenneth J. Slater's testimony regarding the removal of costs associated with  
19 Tampa Electric Company's ("TECO") 3 combustion turbine units placed into  
20 service in the fall of 2009 as they are not needed for load generation.

21

22 **Q. WHAT IS THE REVENUE IMPACT OF WITNESS SLATER'S**  
23 **RECOMMENDED ADJUSTMENT?**

24 A. The revenue impact of removing the costs associated with the three CT's  
25 placed in service in the fall of 2009 is \$18.5 million. This is based on the

1 audited amounts reflected in Commission Order No. PSC-09-0842-PCO-EI,  
2 issued on December 22, 2009 in this current docket. I have attached a copy of  
3 Schedule 1, from that order which reflects the adjusted test year rate base and  
4 NOI amounts calculated for the September 2009 CTs (3 Units).

5

6 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

7 **A. Yes, it does.**

*Resume*

**PATRICIA W. MERCHANT, CPA**

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**Professional Experience:**

**March, 2005 to Present**

Office of Public Counsel – Chief Legislative Analyst

In my current position, I perform financial and accounting analysis and reviews, and provide testimony, as required, involving utility filings before the Florida Public Service Commission on behalf of the Citizens of the State of Florida.

**1981 to February, 2005 - Florida Public Service Commission**

**2000 to February, 2005**

Public Utilities Supervisor – File and Suspend Rate Case Section, Bureau of Rate Filings, Division of Economic Regulation

In this capacity I supervised 5 to 8 regulatory professionals. This section performed financial, accounting, engineering and rate review and evaluation of rate proceedings for large water and wastewater utilities, as well as electric and gas utilities regulated by the Commission. The types of cases included file and suspend rate cases, limited proceedings, overearning investigations, annual report reviews, service availability and tariff filings, rulemaking, and customer complaints. The section reviewed utility filings, requested and reviewed Commission staff audits, and generated and analyzed discovery requests. I coordinated and prepared staff recommendations to the Commission for agenda conferences. I reviewed the analyses and written documentation of all analysts in this section for proper regulatory theory, grammar and accuracy. I also made presentations to customer groups at Commission staff customer meetings for the rate proceedings to which I was assigned. We presented recommendations at agenda conferences, providing responses to comments and questions by other parties and Commissioners. I also prepared and presented testimony, and assisted in the preparation of cross-examination questions for depositions and formal hearings. Additionally, I provided training in regulatory theory for new staff and provided training on regulatory and accounting issues for other analysts at the Commission.

**1989 – 2000**

Regulatory Analyst Supervisor, Accounting Section, Bureau of Economic Regulation, Division of Water and Wastewater

I supervised 5-7 regulatory accounting analysts. This section performed the same job activities as above specifically for the larger Commission regulated Class A and B water and wastewater companies.

**1983 – 1989**

Regulatory Analyst – Accounting Bureau, Division of Water and Wastewater

As an accounting analyst, I performed the same job activities as described above for water and wastewater companies in a non-supervisory role.

**1981 – 1983**

Public Utilities Auditor, Division of Auditing and Financial Analysis

As an auditor in the Tallahassee district of the Commission, I performed financial and accounting audits of electric, gas, telephone, water and wastewater utilities under the Commission's jurisdiction.

**Education and Professional Licenses**

**1981** Bachelor of Science with a major in accounting from Florida State University

**1983** Received a Certified Public Accountant license in Florida

**List of Cases in which Testimony was Submitted**

**Dockets Before the Florida Public Service Commission:**

080366-GU Petition for rate increase by Florida Public Utilities Company. (filed testimony; case settled prior to hearing)

070304-EI - Petition for rate increase by Florida Public Utilities Company; and

070300-EI - Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Florida Public Utilities Company. (testified at hearing)

070052-EI - Petition by Progress Energy Florida, Inc. to recover costs of Crystal River Unit 3 Uprate through fuel clause. (testified at hearing)

060162-EI – Petition by Progress Energy Florida, Inc. to recover modular cooling tower costs through the Environmental Cost recovery clause. (filed testimony, stipulated into record)

050958-EI – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause by Tampa Electric Company. (testified at hearing)

060658-EI - Petition on Behalf of Citizens of the State of Florida to require Progress Energy Florida, Inc. to Refund Customers \$143 million. (filed testimony stipulated into record)

060362-EI - Petition to Recover Natural Gas Storage Project Costs through Fuel Cost Recovery Clause, by Florida Power & Light Company. (testified at hearing)

050045-EI - Petition for Rate Increase by Florida Power & Light Company. (filed testimony, deposed, case settled prior to hearing)

991643-SU - Application for Increase in Wastewater Rates in Seven Springs System in Pasco County by Aloha Utilities, Inc. (testified at hearing)

971663-WS - Application of Florida Cities Water Company, Inc. for a limited proceeding to recover environmental litigation costs. (all testimony and exhibits stipulated into record without hearing)

940847-WS - Application of Ortega Utility Company for increased water and wastewater rates. (testified at hearing)

911082-WS - Water and Wastewater Rule Revisions to Chapter 25-30, Florida Administrative Code. (testified at hearing)

881030-WU - Investigation of Sunshine Utilities of Central Florida rates for possible over earnings. (testified at hearing)

850151-WS - Application of Marco Island Utilities, Inc. for increased water and wastewater rates. (testified at hearing)

850031-WS - Application of Orange/Osceola Utilities, Inc. for increased water and wastewater rates in Osceola County (testified at hearing)

840047-WS - Application of Poinciana Utilities, Inc. for increased water and wastewater rates (testified at hearing)

Cases Before the Division of Administrative Hearings:

97-2485RU - Aloha Utilities, Inc., and Florida Waterworks Association, Inc., Petitioners, vs. Public Service Commission, Respondents, and Citizens of the State of Florida, Office of Public Counsel, Intervenors (deposed and testified at hearing)



090368-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony of Patricia Merchant has been furnished U.S. Mail to the following parties on this 21<sup>st</sup> day of June, 2010.

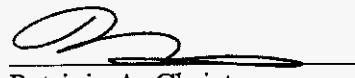
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