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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20210001-EI

Fuel and purchased power cost
recovery clause with generating
performance incentive factor.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 2B

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER ANDREW GILES FAY
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, August 3, 2021

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: All right. Hang on one
3 second, let's switch parties and we'll move to 2B.
4 Mr. Higgins.

5 MR. HIGGINS: Good morning again,
6 Commissioners. Devlin Higgins with Commission
7 staff.

8 Item No. 2B is staff's recommendation
9 concerning Tampa Electric Company's petition for a
10 midcourse correction of its currently approved fuel
11 and capacity charges. The main impetus for the
12 company's midcourse correction filing is once again
13 natural gas costs being higher than originally
14 assumed.

15 Staff's recommendation is for the company's
16 fuel and capacity cost recovery factors to be
17 adjusted to encompass the entire 2021 midcourse
18 correction under-recoveries of both fuel and
19 capacity costs as contemplated by rule, once again,
20 25-6.0424, beginning with the September 2021
21 billing cycle.

22 The effect or purpose of staff's request --
23 the company's request is to eliminate both
24 projected under-recoveries by the end of this year.

25 Staff is not currently aware of any comments

1 from the general public with respect to this
2 matter.

3 Interested parties are present -- are present.
4 Thank you, Commissioners.

5 CHAIRMAN CLARK: Thank you, Mr. Higgins.
6 Mr. Means.

7 MR. MEANS: Good morning, Mr. Chairman and
8 Commissioners. Malcolm Means with the Ausley
9 McMullen appearing on behalf of Tampa Electric. I
10 also have Penelope Rusk from Tampa Electric here
11 with me today.

12 We would like to thank your staff for their
13 expedited review of our midcourse correction
14 petition, and we fully support staff's
15 recommendation.

16 As you know, we have a petition for rate
17 increase pending, and we are seeking new rates
18 effective January 1st. So we believe that staff's
19 proposed treatment of this to take care of this
20 under-recovery toward the end of 2021 is the
21 appropriate thing to do here. And we are available
22 at the answer any questions that you have.

23 Thank you.

24 CHAIRMAN CLARK: Thank you, Mr. Means.
25 Ms. Pirrello.

1 MS. PIRRELLO: Good morning, Mr. Chairman and
2 Commissioners.

3 As you are aware, TECO has filed for a
4 midcourse correction siting a projected \$73.6
5 million under-recovery for fuel costs in 2021, as
6 well as an under-recovery about 9.6 million in
7 capacity costs.

8 While the Office of Public Counsel recognizes
9 that TECO is entitled to recover these costs, we
10 would urge you to consider a modification of the
11 staff's recommendation to allow recovery of the
12 entire 83.2 million in September through December
13 of this year.

14 The monthly residential billing detail shows
15 that imposing these costs on ratepayers in the last
16 four months of the year would lead to an average
17 increase of nearly \$13 on a residential bill. This
18 is not an insignificant amount given the nature of
19 the economy, as Ms. Wessling said.

20 Additionally, TECO's petition for a permanent
21 increase to general base rates of nearly \$295
22 million, as well as two subsequent GBRA increases,
23 as filed, the proposed revenue increase would
24 result in a 25-percent increase to customer bills.
25 And OPC thinks that there should be a more

1 reasonable solution than to hit customers with this
2 magnitude of rate increases in such little time.

3 Customers will pay the fuel costs eventually,
4 and therefore, we would propose extending the
5 timeframe for recovery of the entire amount for a
6 period of up to two years.

7 In the alternative, OPC believes it would be
8 appropriate for TECO to recover a portion of the
9 midcourse correction costs through the end of this
10 year, and to extend the time for the rest of the
11 collection.

12 There is precedent for this approach as in the
13 2008 fuel clause that PSC allowed FPL to collect
14 only 50 percent of their projected under-recovery
15 that year, and required that they defer the
16 remaining balance to the next year's fuel clause.
17 The company found that over time the costs even
18 out, and that rather than continuing to accumulate
19 an under-recovery.

20 Like in 2008, it's conceivable that the
21 increase in natural gas prices is a temporary spike
22 that would even out over the coming years, and
23 would not result in customers paying for two
24 midcourse corrections in addition to the rate
25 increase.

1 By expanding the timeframe for recovery, the
2 Commission would be taking steps is to avoid rate
3 shock and multiple increases over a short time.

4 Thank you.

5 CHAIRMAN CLARK: Thank you, Ms. Pirrello.
6 Commissioners, any questions?

7 Commissioner Fay.

8 COMMISSIONER FAY: Thank you, Mr. Chairman. I
9 have a question.

10 I just want to make sure I understand what --
11 what you are asking as far as spreading out and
12 adjusting those charges. You are speaking to the
13 whole amount?

14 Okay. Mr. Chairman, could I -- could I just
15 ask staff maybe, and/or maybe legal, as to how that
16 would be potentially addressed? I mean, I think
17 it's -- I think the recommendation we have in front
18 of us is -- is ready to go forward, but I do at
19 least want to get this addressed by our team to see
20 if it's a viable option.

21 CHAIRMAN CLARK: Mr. Higgins.

22 MR. HIGGINS: Thank you for your question,
23 Commissioner.

24 It's my understanding that it would be the
25 Commission's will to order what amount at what

1 time.

2 COMMISSIONER FAY: And I guess my concern
3 would just be the pending rate case, and how that
4 would impact this docket.

5 MR. HIGGINS: As far as I am aware, those are
6 independent.

7 COMMISSIONER FAY: Okay. Great.
8 Anything else to add from legal?

9 CHAIRMAN CLARK: Commissioner Passidomo. I am
10 sorry, Commissioner Fay, do you have --

11 COMMISSIONER FAY: No, you are good.

12 CHAIRMAN CLARK: Commissioner Passidomo.

13 COMMISSIONER PASSIDOMO: Thank you, Mr.
14 Chairman.

15 I just wanted to, you know, echo Commissioner
16 Fay's question, it was -- so if we were kind of --
17 to see if we could explore OPC's alternative.

18 The main thing I also just wanted to say on
19 this one really is I did -- I did struggle with
20 this item. It's pretty significant in a time that
21 where customers are going through a tough time.
22 It's been a tough year, my understanding is that
23 this is what the rule allows, and that this is kind
24 of market forces, so I just kind of want to put
25 that out there.

1 CHAIRMAN CLARK: Thank you, Commissioner
2 Passidomo.

3 Any other comments or questions?

4 Commissioner Graham.

5 COMMISSIONER GRAHAM: Thank you, Mr. Chairman.

6 I understand where my colleagues are coming
7 from, and we've done it before in the past, and I
8 understand. I guess my -- my word of caution is
9 you make it seem like next year is going to be
10 better, and we all hope next year is going to be
11 better. We don't necessarily know next year is
12 going to be better. And then all of a sudden this
13 snowball starts to build, and at what point do you
14 decide you have to take a bigger bite, and so you
15 just need to be cautious of that.

16 CHAIRMAN CLARK: Thank you, Commissioner
17 Graham.

18 I am going to try not to get on the soapbox
19 regarding heavily -- heavy reliance on our natural
20 gas production, but I do want to make the comment
21 that when you incur cost and you try to spread
22 those costs back out, you begin to shift costs from
23 people who incurred the cost to people who did not
24 incur the cost, and that's kind of a bedrock
25 principle for me.

1 The people who incurred it are the people who
2 should pay it, and I am for the shorter time period
3 and making certain that the majority of those
4 customers get the burden for what has been spent so
5 far. So that's kind of where I stand.

6 Any other comments or questions from
7 Commissioners?

8 I will entertain a motion.

9 COMMISSIONER FAY: Mr. Chairman, I will
10 motion, I just, at the same time, would be remiss
11 if I didn't thank you for not allowing me to muzzle
12 the parties over here who had some very relevant
13 points on this issue itself, so thank you for
14 letting them coming forward.

15 With that, Mr. Chairman, I would move for
16 staff's recommendation on Item 2B.

17 COMMISSIONER GRAHAM: Second.

18 CHAIRMAN CLARK: I have a motion and a second.

19 Is there any discussion?

20 On the motion, all in favor say aye.

21 (Chorus of ayes.)

22 CHAIRMAN CLARK: Opposed?

23 (No response.)

24 CHAIRMAN CLARK: Motion carries.

25 MR. HIGGINS: Thank you.

1 CHAIRMAN CLARK: Thank you very much.

2 (Agenda item 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
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same has been transcribed under my direct supervision;
and that this transcript constitutes a true
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I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 17th day of August, 2021.



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