



September 4, 2025

VIA: ELECTRONIC FILING

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

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 20250001-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Projection Testimony for the period January 2026 through December 2026, as follows:

- Prepared Direct Testimony of Benjamin F. Smith, II.

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/encl.)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Projection Testimony, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 4th day of September 2025 to the following:

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ATTORNEY



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20250001-EI
FUEL & PURCHASED POWER COST RECOVERY
AND
CAPACITY COST RECOVERY

PROJECTIONS
JANUARY 2026 THROUGH DECEMBER 2026

TESTIMONY
OF
BENJAMIN F. SMITH II

FILED: SEPTEMBER 4, 2025

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

BENJAMIN F. SMITH II

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

A. My name is Benjamin F. Smith II. My business address is 3600 Midtown Drive, Tampa, Florida 33607. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Manager, Gas and Power Origination within the Origination and Trading Department.

Q. Please provide a brief outline of your educational background and business experience.

A. I received a Bachelor of Science degree in Electric Engineering in 1991 from the University of South Florida in Tampa, Florida, and a Master of Business Administration degree in 2015 from Saint Leo University in Saint Leo, Florida. I am also a registered Professional Engineer within the State of Florida and a Certified Energy Manager through the Association of Energy Engineers. I joined Tampa Electric in 1990 as a cooperative education student.

1 During my years with the company, I have worked in the
2 areas of transmission engineering, distribution
3 engineering, resource planning, retail marketing, and
4 wholesale power marketing. I am currently the Manager,
5 Gas and Power Origination within the Origination and
6 Trading Department. My responsibilities are to evaluate
7 short-term and long-term power purchase and sale
8 opportunities within the wholesale power market, assist
9 in wholesale power and gas transportation origination and
10 contract structures; assist in solid fuel, liquid fuel,
11 and combustion byproduct contract administration and
12 market opportunities; and manage the company's renewable
13 energy credit (REC) sales activity in the voluntary REC
14 market. In this capacity, I interact with wholesale power
15 market participants such as utilities, municipalities,
16 electric cooperatives, power marketers, other wholesale
17 developers and independent power producers, as well as
18 with natural gas pipeline owners and transporters and REC
19 brokers.

20
21 **Q.** Have you previously testified before the Florida Public
22 Service Commission ("Commission")?

23
24 **A.** Yes. I have submitted written testimony in the annual
25 fuel docket since 2003, and I have testified before this

1 Commission in Docket Nos. 20030001-EI, 20040001-EI, and
2 20080001-EI regarding the appropriateness and prudence of
3 Tampa Electric's wholesale purchases and sales.
4

5 **Q.** What is the purpose of your testimony in this proceeding?
6

7 **A.** The purpose of my testimony is to provide a description
8 of Tampa Electric's purchased power agreements that the
9 company has entered and for which it is seeking cost
10 recovery through the Fuel and Purchased Power Cost
11 Recovery Clause ("fuel clause") and the Capacity Cost
12 Recovery Clause. I also describe Tampa Electric's
13 purchased power strategy for mitigating price and supply-
14 side risk, while providing customers with a reliable
15 supply of economically priced purchased power.
16

17 **Q.** Please describe the efforts Tampa Electric makes to ensure
18 that its wholesale purchases and sales activities are
19 conducted in a reasonable and prudent manner.
20

21 **A.** Tampa Electric evaluates potential purchase and sale
22 opportunities by analyzing the expected available amounts
23 of generation and power required to meet the projected
24 demand and energy of its customers. The company makes
25 purchases to achieve reserve margin requirements, meet

1 customer demand and energy needs, meet operating reserve
2 requirements, supplement generation during unit outages,
3 and for economical purposes. When Tampa Electric
4 considers making a power purchase, the company diligently
5 searches for available supplies of wholesale capacity or
6 energy from creditworthy counterparties. The objective is
7 to secure reliable quantities of purchased power for
8 customers at the best possible price.

9
10 Conversely, when there is a sale opportunity, the company
11 offers profitable wholesale capacity or energy products
12 to creditworthy counterparties. The company has wholesale
13 power purchase and sale transaction enabling agreements
14 with numerous counterparties. This process helps to
15 ensure that the company's wholesale purchase and sale
16 activities are conducted in a reasonable and prudent
17 manner.

18
19 **Q.** Has Tampa Electric reasonably managed its wholesale power
20 purchases and sales for the benefit of its retail
21 customers?

22
23 **A.** Yes, it has. Tampa Electric has fully complied with the
24 Commission's Order No. PSC-1997-0262-FOF-EI, which was
25 approved on March 11, 1997, issued in Docket No. 19970001-

1 EI, and governs the treatment of separated and non-
2 separated wholesale sales. The company's wholesale
3 purchase and sale activities and transactions are also
4 reviewed and audited on a recurring basis by the
5 Commission.

6
7 In addition, Tampa Electric actively manages its
8 wholesale purchases and sales with the goal of
9 capitalizing on opportunities to reduce customer costs
10 and improve reliability. The company monitors its
11 contractual rights with purchased power suppliers, and
12 with entities to which wholesale power is sold, to detect
13 and prevent any breach of the company's contractual
14 rights. Tampa Electric continually strives to improve its
15 knowledge of wholesale power markets and available
16 opportunities within the marketplace. The company uses
17 this knowledge to minimize the costs of purchased power
18 and to maximize the savings the company provides to retail
19 customers by making wholesale sales when excess power is
20 available on Tampa Electric's system and market
21 conditions allow.

22
23 **Q.** Please describe Tampa Electric's 2025 wholesale power
24 purchases.
25

1 **A.** Tampa Electric assessed the wholesale power market and
2 entered into short- and long-term purchases based on price
3 and availability of supply. Accounting for actuals
4 through July, approximately 9.4 percent of the company's
5 expected needs for 2025 will be met using purchased power.
6 This includes economy energy purchases, reliability
7 purchases, as-available purchases from qualifying
8 facilities, forward purchases from Duke Energy Florida
9 ("DEF"), the Florida Municipal Power Agency ("FMPA"),
10 Florida Power & Light ("FPL"), Macquarie, the Orlando
11 Utilities Commission ("OUC"), Seminole Electric
12 Cooperative ("SEC"), and the company's 18 MW, long-term,
13 firm purchase from Pasco County's waste-to-energy ("WTE")
14 facility approved by the Commission in 2024. A few of the
15 forward purchases applicable to 2025 have come to an end,
16 but all are summarized below.

17
18 Tampa Electric's current contract with DEF is an extension
19 of its previous contract to purchase non-firm energy. The
20 previous contract was set to conclude at the end of
21 November 2024. The parties have extended the contract
22 through several amendments, and the contract now
23 continues through December 2025. The extension has no
24 must-take obligation, providing Tampa Electric with the
25 flexibility to schedule the energy when beneficial to

1 customers. In addition, the extension is for non-firm
2 energy only, no firm capacity. The maximum capacity for
3 this purchase is 515 MW, and for 2025, the purchases
4 associated with this agreement have provided over \$3.8
5 million in savings to customers through the end of June.
6 These savings flow through the company's asset
7 optimization mechanism and benefit customers in
8 accordance with the methodology approved by the
9 Commission in Order No. PSC-2025-0038-FOF-EI-, issued on
10 February 3, 2025, in Docket No. 20240026-EI.

11
12 The following purchases supported the company's plan to
13 lower exposure to natural gas risk during its forecasted
14 winter peak or in the event Tampa Electric experiences
15 unusually cold weather. The company's plan to minimize
16 its natural gas risk is addressed in the direct testimony
17 of witness John Heisey.

- 18 • A 75 MW firm peaking call option from FMPA was executed
19 November 2024 for the period December 2024 through
20 February 2025.
- 21 • A 150 MW firm peaking call option from OUC was executed
22 in December 2024 for the period January through
23 February 2025.
- 24 • A 200 MW firm peaking call option from SEC was executed
25 in November 2024 for the period December 2024 through

February 2025.

- A 300 MW call option from FPL was executed in December 2024 for mid-December 2024 through mid-February 2025. This contract was contingent upon the availability of Manatee Unit 1 and Unit 2 and provided access to volumes of oil-based energy. The exact period of the agreement was December 13, 2024, through February 17, 2025.

Tampa Electric's forward purchases described below are for the summertime loads. These purchases, which are predominantly economic, are as follows:

- A 75 MW, non-firm, must-take energy purchase from Macquarie that was executed May 2025 for the month of June 2025. The total savings to customers are \$29,970, which flows through the company's optimization mechanism and benefit customers as previously noted.
- Various non-firm, must-take energy purchases from FPL executed February and March 2025 for certain months over the period March through October 2025. The purchase amounts are March (250 MW), April (200 MW), May (300 MW), June (350 MW), July (150 MW), and October (150 MW). These purchases are all economic with the exception of the 150 MW in July, which is for reliability. The projected total customer savings for the economic purchases are \$6.6 million, which flow

1 through the company's optimization mechanism and
2 benefit customers as previously noted.

3
4 **Q.** Does Tampa Electric anticipate entering into new
5 wholesale power purchases for 2025 and beyond?

6
7 **A.** Yes. In addition to the previously mentioned 18 MW
8 purchase from Pasco County's WTE facility, which was
9 approved by the Commission in Consummating Order No.
10 PSC-2024-0064-PAA-EI issued March 12, 2024, and began
11 January 2025, Tampa Electric has another long-term
12 purchase that began this year. That contract is for the
13 purchase of 16 MW from the Hillsborough County
14 ("Hillsborough") WTE Facility. The contract has a 10-
15 year term, is a firm must-take, and continues through
16 February 2035. The Hillsborough agreement provides
17 approximately \$3 million in savings to customers on a net
18 present value basis. The Commission approved the contract
19 for full cost recovery in Order No. PSC-2025-0210-PAA-EI,
20 issued June 17, 2025, and finalized in Consummating Order
21 PSC-2025-0263-CO-EI released July 9, 2025, which made the
22 effective start date August 1, 2025. The pricing for
23 this purchase is an all-energy rate in \$/MWh. There is
24 no capacity charge. At present, Tampa Electric has no
25 other forward purchases for 2025 and beyond. However,

1 the company constantly searches for purchase
2 opportunities that benefit customers. As other purchase
3 opportunities materialize, the company evaluates each
4 product to determine the viability of making it part of
5 the supply portfolio Tampa Electric uses to serve
6 customers.

7
8 The company projects approximately 3.2 percent of the
9 company's expected needs for 2026 will be met using
10 purchased power. However, similar to the current year,
11 the company will search for forward purchase
12 opportunities that benefit customers, which could result
13 in capacity costs being incurred. Tampa Electric has
14 included \$11.5 million in its 2026 Capacity Cost Recovery
15 Clause forecast for potential purchased power
16 opportunities.

17
18 **Q.** How does Tampa Electric mitigate the risk of disruptions
19 to its purchased power supplies during major weather-
20 related events, such as hurricanes?

21
22 **A.** During hurricane season, Tampa Electric continues to use
23 a purchased power risk management strategy to minimize
24 potential power supply disruptions. The strategy includes
25 monitoring storm activity, evaluating the impact of

1 storms on existing forward purchases and the rest of the
2 wholesale power market, and communicating with suppliers
3 about their storm preparations and potential impacts to
4 existing transactions. The purchased power risk
5 management strategy also includes purchasing additional
6 power on the forward market, if appropriate, for
7 reliability and economics, evaluating transmission
8 availability and the geographic location of electric
9 resources, reviewing sellers' fuel sources and dual-fuel
10 capabilities, and focusing on fuel-diversified purchases.
11 Absent the threat of a hurricane, and for all other months
12 of the year, the company evaluates economic combinations
13 of short- and long-term purchase opportunities in the
14 marketplace.

15
16 **Q.** Please describe Tampa Electric's wholesale energy sales
17 for 2025 and 2026.

18
19 **A.** Tampa Electric entered into various non-separated (e.g.,
20 next-hour and next-day sales) wholesale sales in 2025,
21 and the company anticipates making additional non-
22 separated sales during the balance of 2025 and 2026. The
23 gains from these sales are shared between Tampa Electric
24 and its customers through the company's asset
25 optimization mechanism.

1 Q. Please summarize your direct testimony.

2
3 A. Tampa Electric constantly monitors and assesses the
4 wholesale power market to identify purchase and sales
5 opportunities that benefit the company's customers. By
6 taking advantage of these opportunities, Tampa Electric
7 reduces costs to and improves service reliability for
8 customers. The company's energy supply strategy includes
9 self-generation and physical short-term (e.g., intra-
10 hour, hourly, next-day, weekly) and longer term (e.g.,
11 monthly, seasonal) power purchases. The company also
12 makes wholesale power sales that benefit customers when
13 excess power is available on Tampa Electric's system and
14 market conditions allow. Tampa Electric's approach to the
15 wholesale power market provides customers with reliable
16 supply at the lowest possible cost.

17
18 Q. Does this conclude your direct testimony?

19
20 A. Yes.