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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220048-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Tampa Electric Company.

\_\_\_\_\_ /

DOCKET NO. 20220049-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Public Utilities Company.

\_\_\_\_\_ /

DOCKET NO. 20220050-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Duke Energy Florida, LLC.

\_\_\_\_\_ /

DOCKET NO. 20220051-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Power & Light Company.

\_\_\_\_\_ /

VOLUME 8  
PAGES 1487 - 1670

PROCEEDINGS: HEARING

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

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DATE: Thursday, August 4, 2022  
TIME: Commenced: 9:30 a.m.  
Concluded: 4:10 p.m.  
PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida  
REPORTED BY: DANA W. REEVES  
Court Reporter  
APPEARANCES: (As heretofore noted.)

PREMIER REPORTING  
112 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

## 1 I N D E X

## 2 WITNESSES

3	NAME :	PAGE
4	DAVID L. PLUSQUELLIC	
5	Examination by Mr. Means	1491
	Prefiled Rebuttal Testimony inserted	1493
6	Examination by Ms. Wessling	1521
	Examination by Mr. Moyle	1524
7	Further Examination by Mr. Means	1527
	Prefiled Rebuttal Proffered Testimony inserted	1529
8		
	RICHARD LATTA	
9		
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10	Examination by Mr. Wahlen	1567
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	P. MARK CUTSHAW	
12		
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	ROBERT C. WARUSZEWSKI	
16		
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17	Examination by Ms. Christensen	1638
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18	Prefiled Rebuttal Proffered Testimony inserted	1653
	Examination by Ms. Christensen	1661
19	Examination by Mr. Trierweiler	1663

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## EXHIBITS

NUMBER:		ID	ADMITTED
111	As identified in the CEL	1598	1625
112	As identified in the CEL	1600	1625
54	As identified in the CEL		1638

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

2 (Transcript follows in sequence from Volume  
3 7.)

4 CHAIRMAN FAY: All right. Mr. Means.

5 MR. MEANS: Next we call Mr. David Plusquellic  
6 back to the stand.

7 Whereupon,

8 DAVID L. PLUSQUELLIC

9 was recalled as a witness, having been previously duly  
10 sworn to speak the truth, the whole truth, and nothing  
11 but the truth, was examined and testified as follows:

12 EXAMINATION

13 BY MR. MEANS:

14 Q Good afternoon.

15 A Good afternoon.

16 Q Mr. Plusquellic, were you previously sworn?

17 A I was.

18 Q And do you understand that you're still under  
19 oath?

20 A Yes, sir.

21 Q Did you prepare and cause to be filed in this  
22 docket on June 21st, 2022, prepared rebuttal testimony  
23 consisting of 27 pages?

24 A Yes, sir.

25 Q And in response to the Commission's order

1 striking portions of Mr. Kollen's testimony, did you  
2 file revised rebuttal testimony on August 2nd in this  
3 docket?

4 A Yes, sir.

5 Q Do you have any corrections to your revised  
6 rebuttal testimony?

7 A No, I do not.

8 Q If I were to ask you the questions contained  
9 in your revised rebuttal testimony today, would your  
10 answers be the same?

11 A Yes, sir.

12 MR. MEANS: Mr. Chairman, Tampa Electric  
13 requests that the revised rebuttal testimony of Mr.  
14 David Plusquellic dated August 2nd be inserted into  
15 the record as though read.

16 CHAIRMAN FAY: Show that inserted without  
17 objection.

18 (Whereupon, prefiled rebuttal testimony of  
19 David L. Plusquellic was inserted.)

20

21

22

23

24

25



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220048-EI

TAMPA ELECTRIC'S  
2022-2031  
STORM PROTECTION PLAN

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

FILED: June 21, 2022

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

TABLE OF CONTENTS:

INTRODUCTION.....1

REBUTTAL TO DIRECT TESTIMONY OF LANE KOLLEN.....3

REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA.....5

INTRODUCTION:

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

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

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

**A.** Yes, I am.



1 Q. What is the purpose of your rebuttal testimony in this  
2 proceeding?

3

4 A. The purpose of my rebuttal testimony is to address the  
5 deficiencies and misconceptions in the direct testimony  
6 of Lane Kollen and Kevin J. Mara, both of whom are  
7 testifying on behalf of the Office of Public Counsel.

8

9 Q. Do you have any general comments regarding the overall  
10 direct testimony of Lane Kollen and Kevin J. Mara?

11

12 A. Yes. Both witnesses are critical of the processes utilized  
13 by the Commission and the company and recommend  
14 modifications to the company's proposed 2022-2031 Storm  
15 Protection Plan ("SPP"). This criticism principally goes  
16 unsupported, and I do not support any modifications to the  
17 company's SPP as filed.

18

19 In addition, Mr. Mara proposes elimination of Tampa  
20 Electric's Substation Program, Transmission Access  
21 Enhancement Program, and the automation and software  
22 components of the Overhead Feeder Hardening Program on the  
23 grounds that they will not reduce both restoration costs  
24 and outage times. He also proposes seemingly arbitrary  
25 reductions in the proposed capital investment for the

1 Distribution Lateral Undergrounding Program. As I explain  
2 below, Mr. Mara's proposed cuts are based on  
3 misunderstandings of Tampa Electric's programs and, if  
4 approved, would deprive our customers of storm resiliency  
5 benefits.

6  
7 The company's proposed SPP was prepared as a customer-  
8 focused program using rigorous analytical tools and  
9 engineering and operational judgment. It strikes a  
10 reasonable balance between the costs of the Plan, the  
11 restoration cost and outage benefits anticipated from the  
12 Plan, the impact of the Plan on customers' bills and the  
13 intangible benefits to Florida and its citizens associated  
14 with mitigating the impact of extreme weather to our  
15 electric grid. I will address the points raised by OPC's  
16 witnesses and encourage the Commission to approve the  
17 company's SPP as originally proposed.

18  
19 **REBUTTAL TO THE DIRECT TESTIMONY OF LANE KOLLEN**

20 **Q.** [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

24  
25 **A.** [REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Q.** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**A.** [REDACTED]

[REDACTED]

[REDACTED]

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

14 **Q.** On page 6 of his testimony, Mr. Mara offers an  
15 interpretation of Rule 25-6.030 (the "SPP Rule") under  
16 which a proposed program must reduce both restoration  
17 costs and outage times to be eligible for inclusion in a  
18 company's SPP. Do you agree with this proposed two-prong  
19 test?

20  
21 **A.** No. Although I am not an attorney, I do not read Section  
22 366.96 (the "SPP Statute") or the SPP Rule as setting out  
23 this strict two-prong test and I think the Commission  
24 should decline to adopt it. Reducing restoration costs  
25 and outage times benefit customers, so either type of

1 benefit should be sufficient to justify a SPP project.  
2 Even if the Commission does adopt this test, however, the  
3 company's proposed SPP programs would all pass this test  
4 since they are all expected to provide both restoration  
5 cost reductions and outage time reductions. The company  
6 provided these reductions as listed in the table on bates  
7 stamped page 103 of the company's proposed 2022-2031 SPP.  
8

9 **Q.** On page 8 of his testimony, Mr. Mara uses sectionalizing  
10 equipment and replacement of bridges on transmission  
11 access roads as examples of projects that would fail his  
12 two-pronged test. Do you agree that these types of  
13 projects fail Mr. Mara's test?  
14

15 **A.** No. First, the company demonstrated both restoration cost  
16 and outage time reductions for all of its proposed SPP  
17 programs in the table on bates stamped page 103 of the  
18 company's 2022-2031 SPP. Second, the company's  
19 automation and sectionalizing program will result in both  
20 reduced restoration times and restoration costs, as I will  
21 explain further below in my rebuttal testimony. Third,  
22 Mr. Mara misunderstands the access enhancement program  
23 proposed by the company. The company is not replacing  
24 bridges "like for like" as stated by witness Mara. As  
25 explained on bates stamped page 81 of the company's 2022-

1           2031 SPP, the company is replacing old bridges that were  
2           rated/sized for smaller vehicles with higher rated and  
3           bigger bridges that can support the movement of the more  
4           current larger trucks and heavy equipment. In addition,  
5           the company is installing new bridges for additional  
6           access points and more permanent rock roads. The bigger  
7           bridges and more permanent roads will withstand nature  
8           for a much longer duration than the company's current  
9           practices or bridges and access points, so the company's  
10          access enhancement program is in effect "hardening" or  
11          "strengthening" as contemplated in the SPP statute.

12  
13       **Q.** On page 9 of his testimony, Mr. Mara asserts that the  
14       company is attempting to include "aging infrastructure"  
15       programs in Tampa Electric's 2022-2031 SPP. He considers  
16       deployment of automation equipment, reclosers, trip  
17       savers, vegetation contact detection software, locational  
18       awareness software, access roads, and access bridges to  
19       be aging infrastructure programs. Do you concur?

20  
21       **A.** Not at all. These are new programs or significant  
22       expansions of existing programs, and all provide  
23       significant storm protection benefits for customers. As  
24       OPC's witness Mr. Kollen concedes on page 11 of his  
25       testimony, it is appropriate for the company to include

1 "new programs and projects or the expansion of existing  
2 programs and projects that are not within the scope of  
3 its existing base rate programs and cost recoveries in  
4 the normal course of business". All of the programs that  
5 witness Mara proposes to cut meet one or both of those  
6 criteria.

7  
8 **Q.** On page 10 of his testimony, Mr. Mara states that Tampa  
9 Electric has increased the company's planned capital  
10 expenditures by \$109 million (or 7 percent) over the new  
11 10-year period when compared to the company's first Plan.  
12 Is this an accurate characterization?

13  
14 **A.** On the surface the math is correct, but it fails to  
15 recognize that the first year of the Plan (2020) was both  
16 a partial year (April to December) and it was the first  
17 year of the Distribution Lateral Undergrounding Program,  
18 which was still ramping up. It also fails to acknowledge  
19 that despite unprecedented inflation in both material and  
20 labor, the company is projecting essentially flat  
21 spending over 10 years. The company anticipates continued  
22 efficiency in the execution of the programs and has  
23 incorporated that into the 10-year Plan by not escalating  
24 costs annually to account for anything more than normal  
25 inflation.

1     **Q.**    On page 12 of his testimony, Mr. Mara states: "In my  
2            opinion, the only practical limit to the magnitude of the  
3            SPP budgets was the limitation of resources in terms of  
4            engineers and construction personnel realistically  
5            available to complete the annual goals of the program."  
6            Do you agree with this statement?

7  
8     **A.**    No.    While Mr. Mara is correct that the company did  
9            consider the ability to obtain and retain labor resources  
10           in determining the investment levels that were possible  
11           for each program. That was just one of many variables  
12           that were included in the discussion on the program and  
13           total Plan investment levels. In addition to labor market  
14           constraints, the company was also acutely aware of the  
15           potential rate impacts of various investment levels. With  
16           potential rate impacts in mind, 1898 & Co. ran multiple  
17           scenarios to determine the point at which additional  
18           levels of investment, and their associated rate impacts,  
19           do not result in materially greater benefits. The company  
20           then evaluated scenarios for each program that resulted  
21           in total investment levels within the ranges identified  
22           by the budget optimization analysis. While the exact  
23           rate impact was not known at the outset of the budgeting  
24           process, the company was aware of estimated rate impacts  
25           throughout the entirety of the planning process. The



1 company's proposed SPP strikes a reasonable balance  
2 between storm protection and customer bill impacts. In  
3 fact, according to page 6 of Mr. Kollen's testimony, Tampa  
4 Electric's proposed Plan has the lowest ten-year  
5 investment per customer of the plans being considered by  
6 the Commission.

7  
8 **Q.** On page 12 of his testimony, Mr. Mara argues that 1898's  
9 budget optimization analysis "ignored the rate impact to  
10 customers" associated with its proposed SPP investments.  
11 Do you agree with this statement?

12  
13 **A.** No. This statement is misleading. As Mr. Mara appears to  
14 concede, the purpose of 1898's budget optimization  
15 analysis was to quantify the expected restoration cost  
16 and outage time reduction benefits associated with  
17 various levels of investment and to determine the point  
18 at which additional levels of investment do not result in  
19 materially greater restoration cost and outage time  
20 benefits. The company was acutely aware of the potential  
21 rate impacts throughout the planning process even though  
22 rate impacts were considered separately. It also  
23 recognized that reducing outage time provides intangible  
24 benefits to customers that are often difficult to quantify  
25 in a financial model. Once the proposed budget level was

1 set, the company calculated the actual rate impact of the  
2 Plan to determine whether those rate impacts were  
3 reasonable as compared to the expected benefits. The  
4 company believes that the rate impacts are reasonable  
5 given the benefits anticipated from the proposed Plan.  
6

7 **Q.** On pages 13 and 14 of his testimony, Mr. Mara asserts  
8 that the company should reduce its proposed investment  
9 level in part because the company did not prioritize the  
10 equipment "that is the most vulnerable to extreme  
11 storms...in the early stages of the program..." Do you agree  
12 with this statement?  
13

14 **A.** No, this statement is inaccurate. Projects were  
15 prioritized based on the highest resiliency benefit cost  
16 ratio, where resilience benefits are the sum of the  
17 avoided restoration costs and monetized avoided customer  
18 outages. Tampa Electric witness Jason De Stigter  
19 describes this approach on pages 11-12 of his direct  
20 testimony. It should be noted that the company prepared  
21 the business justification in alignment with the statute,  
22 or in terms of decrease in restoration costs in dollars  
23 and decrease in customer outages in customer minutes  
24 interrupted ("CMI"). For the purpose of prioritization  
25 and establishing levels of total investment, the company

1 monetized the CMI to calculate the resiliency benefit in  
2 dollars to produce a benefit cost ratio.

3

4 **Q.** On page 14 of his testimony, Mr. Mara recommends cutting  
5 the company's proposed spending level in half. Do you  
6 agree with this analysis and this proposal?

7

8 **A.** No, first the analysis basis is inappropriate. The  
9 benefits assessment for the company's proposed 2022-2031  
10 SPP is in alignment with the statute since it calculates  
11 the benefits in terms of decrease in restoration costs  
12 and customer outages. As described in the Plan, for the  
13 purpose of project prioritization and establishing the  
14 overall investment level the customer outages were  
15 monetized. Mr. Mara uses the budget optimization  
16 assessment as the overall benefits for the Plan which is  
17 inappropriate and not aligned with the statute. Second,  
18 Mr. Mara's analysis and approach isn't wholly customer  
19 centric over the arc of time. The company's Plan  
20 prioritizes the most beneficial investment early in the  
21 period but takes a long-term view to harden the system  
22 for as many customers as possible. Mr. Mara's approach  
23 would limit the number of customers that could be hardened  
24 leaving many customers exposed to major events over the  
25 next 50 years.

1   **Q.**   On page 16 of his testimony, Mr. Mara compares Tampa  
2   Electric's historical storm restoration costs of \$111  
3   million over the last five years with what he refers to  
4   as the "annual avoided restoration costs for the 10-year  
5   SPP ranges from \$380-\$531 million." Is this comparison  
6   accurate?

7  
8   **A.**   No. Mr. Mara incorrectly asserts that the \$380-\$531  
9   million figure is the projected annual avoided costs.  
10   What he is actually comparing is the company's total  
11   restoration costs over the last five years with the  
12   projected 50-year restoration cost savings resulting from  
13   the Plan, which is a mismatched comparison. This is  
14   depicted in Figure 7-1 on bates stamped page 204 of the  
15   company's 2022-2031 SPP. As Mr. Mara admits, the  
16   company's projection estimates restoration costs of \$963-  
17   \$1,313 million over the next 50 years, which would average  
18   out to about \$19.26-\$26.26 million per year. A more  
19   reasonable comparison would be the company's actual  
20   restoration costs of \$111 million over the last five years  
21   with the company's projected average restoration costs  
22   over five years of \$96.3-\$131.3 million. This comparison  
23   shows that the company's projected amounts are reasonable  
24   compared to its historical amounts.

25

1     **Substation Hardening Program**

2     **Q.**    On pages 18-19 of his testimony, Mr. Mara asserts that  
3            the company should have designed all its substations  
4            constructed or upgraded after 1973 to meet Standard ASCE-  
5            24-14 Flood Resistant Design and Construction and that  
6            any substation that is not designed to meet those  
7            standards were imprudently designed and should be  
8            excluded from the SPP. Does Tampa Electric design its  
9            substations to meet this standard?

10  
11    **A.**    Tampa Electric designs all assets to meet or exceed  
12            standards that are in place at the time. Tampa Electric's  
13            substations would have been designed to the standard in  
14            effect at the time they were constructed. When equipment  
15            is replaced or upgraded at a substation, the company  
16            brings it up to the current standard at the time when the  
17            investment is made. The company does not upgrade the  
18            remainder of the substation at that time to keep control  
19            of costs. Furthermore, the referenced flooding standard  
20            was not developed to address storm surge. One of the  
21            purposes of the Substation Hardening program is to  
22            mitigate potential outages caused by storm surge. Tampa  
23            Electric evaluated storm surge potential using the Sea,  
24            Land, and Overland Surges from Hurricanes ("SLOSH") Model  
25            and determined that the substations included in this

1 program have risk over and above the flooding risk that  
2 the company must design to under ASCE-24-14. Substations  
3 are vital components of the company's distribution  
4 system, so protecting the ones that are subject to storm  
5 surge risk should be included in the company's SPP.

6  
7 **Q.** Do you agree with Mr. Mara's proposed change to this  
8 program on pages 19-20 which would exclude any substation  
9 with an alternate feed that would allow load to be  
10 transferred to an alternative substation?

11  
12 **A.** No. I do not. The nine substations included in this  
13 program were selected in part because they serve critical  
14 load. The Hookers Point, South Gibsonton, and Jackson  
15 Road substations tie various components of the  
16 transmission system together. Loss of one of these  
17 substations could also trigger the loss of interconnected  
18 transmission lines. Several of the other substations  
19 selected serve critical loads such as downtown Tampa,  
20 Tampa International Airport, MacDill Air Force Base, Big  
21 Bend Generating Station, and the Port of Tampa.  
22 Continuity of service to this critical load is even more  
23 important in extreme weather. Mr. Mara's proposal would  
24 do nothing to address the risk of a loss of service to  
25 critical facilities if that load could not be switched to

1 another substation. Tampa Electric's proposal addresses  
2 this by hardening the primary source of power to these  
3 critical interconnection points and critical facilities.  
4

5 **Distribution Overhead Feeder Hardening**

6 **Q.** What is Mr. Mara's recommendation for the Tampa Electric's  
7 Distribution Overhead Feeder Hardening Program?  
8

9 **A.** Mr. Mara has separate recommendations for the feeder  
10 strengthening, automation, and software components of  
11 this Program. All three recommendations should be  
12 rejected.  
13

14 **Q.** What are his recommendations for the feeder strengthening  
15 component of the program?  
16

17 **A.** Mr. Mara concedes on page 21 of his testimony that the  
18 strengthening component, or building to Grade B with  
19 extreme wind loading, will reduce restoration costs and  
20 outage times. He nevertheless then goes on to recommend  
21 reducing the planned spending for this program to the  
22 2020-2029 SPP level of \$10 million per year.  
23

24 **Q.** Do you agree with this recommendation for the feeder  
25 strengthening component of the Program?

1     **A.**    No.  First, the investment level proposed by Mr. Mara is  
2            arbitrary and appears to be based solely on his personal  
3            judgment.  He has not identified specific projects to be  
4            delayed or justified why delaying them would be consistent  
5            with the policy goals in the SPP statute.

6  
7            Second, reducing the investment levels of this or any  
8            program will only delay the realization of the benefits  
9            anticipated from the company's SPP.  For the company's  
10           SPP to have the greatest impact for all customers by  
11           reducing restoration costs and outage times, a  
12           significant portion of the company's system needs to be  
13           protected.  Limiting the company's proposed spending on  
14           this program might still allow all customers to benefit  
15           from some restoration cost reductions but would also allow  
16           a much smaller number of customers to benefit from reduced  
17           outage times.  The company has sufficiently demonstrated  
18           the benefits of the proposed programs and the investment  
19           levels proposed in all Plan filings to date.

20  
21     **Q.**    Do you agree with Mr. Mara's recommendation on page 21 of  
22            his testimony to exclude all sectionalizing and switching  
23            projects from the SPP and his assertion that these  
24            projects will not reduce restoration costs and outage  
25            times?



1     **A.**   No. I disagree with this assertion for several reasons.  
2           First, the company has sufficiently demonstrated that  
3           this component of the program will prevent outages for  
4           customers. This analysis is contained on bates stamped  
5           pages 195-197 of the 1898 report. In addition to  
6           preventing outages altogether, these technologies will  
7           enable faster identification and isolation of outages.  
8           This reduces the amount of patrolling necessary to  
9           identify damage thereby reducing restoration time and  
10          customer outages. Faster identification and restoration  
11          of damage will allow the company to release foreign crews  
12          faster, which also means lower overall restoration costs.  
13  
14          Second, Mr. Mara assumes on page 23 that adjacent feeders  
15          will not be available for transfer in an extreme weather  
16          event due to catastrophic damage and that the company has  
17          accordingly overstated the outage reductions by 50-60  
18          percent but presents no analysis or data to support his  
19          position. Mr. Mara's unsupported assumption should not  
20          be given more weight than the significant analysis and  
21          modelling the company performed to support this program.  
22  
23          Finally, Mr. Mara concedes on page 22 that the  
24          sectionalizing and automation equipment will "be very  
25          effective in reducing outage times" outside of extreme

1 weather. Tampa Electric did not attempt to quantify these  
2 benefits in the SPP but does agree that these benefits  
3 are further support for the company's proposed 2022-2031  
4 SPP. Inclusion of these benefits in the analysis would  
5 demonstrate even greater benefits for customers from this  
6 investment.

7  
8 **Q.** Do you agree with Mr. Mara's recommendation to exclude  
9 the three software programs from the SPP on the grounds  
10 that they will have a "very limited impact on reduction  
11 in outage times or restoration costs"?

12  
13 **A.** No. Mr. Mara appears to discount the value and  
14 application of the information that will be collected from  
15 the installation of the software programs. The Vegetation  
16 Contact Detection application will identify potential  
17 problem vegetation and allow the company to remove it  
18 before a storm creates an outage. The Locational  
19 Awareness application, used in conjunction with other  
20 applications, will allow the company to identify and  
21 replace "at risk" equipment. These features will allow  
22 the company to proactively mitigate restoration costs and  
23 outage times. The Locational Awareness and Storm Mode  
24 applications will allow the company to identify embedded  
25 outages, or outages downstream of the last protection

1 device on a lateral. These embedded outages are very  
2 hard to identify during a storm event and often go  
3 unreported for hours or even days depending on the  
4 severity of the storm and restoration efforts. These two  
5 applications will also increase the accuracy of the  
6 company's Geographic Information System model and ensure  
7 the company's Automated Distribution Management System  
8 operates more effectively and with more accurate data.

9  
10 **Distribution Lateral Undergrounding**

11 **Q.** Does Mr. Mara dispute that that Tampa Electric's  
12 Distribution Lateral Undergrounding Program will reduce  
13 restoration costs and outage times?

14  
15 **A.** No. On page 24 of his testimony, Mr. Mara concedes that  
16 the program will reduce outage times and restoration  
17 costs.

18  
19 **Q.** If he does not dispute the benefits of the Distribution  
20 Lateral Undergrounding Program, then what is Mr. Mara's  
21 critique of that program?

22  
23 **A.** Mr. Mara recommends that the Program should be capped at  
24 an investment level of \$50 million per year. This  
25 reduction appears to be based on his opinion, listed on

1 pages 25-26, that this lower level of spending "better  
2 balances the rate impact of the spending with the  
3 benefits."

4  
5 **Q.** Do you agree with Mr. Mara's recommendation?  
6

7 **A.** No. Mr. Mara does not point to any data in the record  
8 that would support this judgment. His proposed reduction  
9 has no reasoned basis, does not identify specific projects  
10 to be denied or delayed, and is arbitrary.  
11

12 Furthermore, to meaningfully reduce the risk of lateral  
13 outages, the company must invest in this program at or  
14 above the proposed funding levels. The company was both  
15 thoughtful and analytical in determining the proposed  
16 funding levels for each program. All customers will  
17 benefit from a dollar of avoided restoration costs, so  
18 reducing the investment in this program will delay this  
19 benefit of the program. Reducing investment levels will  
20 also delay the additional benefit of reduced outage times  
21 for some customers since fewer laterals will be  
22 undergrounded.  
23

24 **Q.** On page 12 of his testimony, Mr. Mara states that Tampa  
25 Electric determined annual funding levels based on a

1 "constrained labor market." In addition to the evaluation  
2 of the labor market, what other factors did the company  
3 consider when establishing funding levels for the lateral  
4 underground program?

5  
6 **A.** While Mr. Mara correctly states that Tampa Electric  
7 considered a constrained labor market, Mr. Mara's  
8 statement oversimplifies the work that was done to attempt  
9 to identify the investment levels proposed by the company  
10 for lateral undergrounding. As is customary when trying  
11 to determine appropriate funding levels, the company  
12 started with a wide range of potential outcomes. These  
13 outcomes were considered for both the proposed total Plan  
14 investment levels as well as for the investment levels of  
15 each program. That process started with known variables  
16 (e.g., the number of overhead distribution lateral miles  
17 in the company's service area) and reasonable assumptions  
18 (e.g., estimated rate impact at each investment level).  
19 While total Plan level ranges were identified using the  
20 company's Budget Optimization Tool, investment ranges  
21 were identified for each program, including the lateral  
22 underground program. In determining the appropriate  
23 range of investment levels for this program, the company  
24 considered things like the estimated proportion of the  
25 system that would likely need to be converted to make an

1 impact; the speed of those conversions; the ability to  
2 execute and manage; the availability of resources; and  
3 the willingness of contractor partners to commit to and  
4 invest in Tampa Electric. The final proposed investment  
5 levels call for reaching approximately 100 miles per year  
6 of conversions, which the company believes is reasonable.  
7

8 As I have previously testified, one of the factors  
9 considered was the willingness of contractor partners to  
10 commit to Tampa Electric's undergrounding program in the  
11 years ahead. The company's proposed level of investment  
12 provides sufficient work for 400-500 new jobs added to  
13 the Tampa Electric service area, which is sizeable enough  
14 for contractor partners to make a long-term commitment to  
15 the work. Based on this investment level, nearly all of  
16 the company's partners have made commitments to the area  
17 by entering into multi-year leases for both office space  
18 and operations yards.  
19

20 Furthermore, none of these economic benefits have been  
21 included in the company's cost-benefit analysis. If  
22 investment levels for this program in particular are  
23 reduced, the company and the Tampa Electric service  
24 territory would lose these additional economic benefits.  
25 There would also be risk that one or more of our

1 contractor partners would pull out altogether in favor of  
2 other programs in the southeast or large new programs  
3 that have been announced in other parts of the country.  
4

5 **Q.** What is Tampa Electric's practice for establishing an  
6 inventory of designed and permitted undergrounding  
7 projects, and what is Mr. Mara's concern with that  
8 practice?  
9

10 **A.** The company's Plan calls for reaching a steady state  
11 operation of designing projects sufficiently ahead of  
12 projected construction start in order to accommodate  
13 design delays, delays in securing land rights, the  
14 application and receipt of permits, materials and other  
15 activities that can cause delays in construction starts.  
16 One of the lessons the company learned from the  
17 implementation of the 2020-2029 SPP was that having an  
18 inventory of projects ready to go helps mitigate these  
19 delays and promotes a more efficient overall deployment  
20 of materials held in inventory and contract labor. At a  
21 steady state of operation, the company will have adequate  
22 resources to design 75-100 miles of projects in a calendar  
23 year while simultaneously constructing the same amount  
24 annually.  
25

1 Mr. Mara's concern is that the completed and approved  
2 designs will become outdated and will require re-design  
3 after the project and recovery of the initial design costs  
4 is approved. The reality is that it is common practice to  
5 design projects with an appropriate lag between design  
6 and construction starts. The company is confident the time  
7 between design and construction is appropriate, aligned  
8 with industry standards and will not cause unnecessary or  
9 imprudent costs from design changes.

10  
11 **Transmission Access Enhancement Program**

12 **Q.** Mr. Mara suggests that Tampa Electric could use  
13 specialized equipment as an alternative to the company's  
14 Transmission Access Enhancement Program. Did you  
15 consider this alternative?

16  
17 **A.** No. Tampa Electric owns some specialized equipment such  
18 as track vehicles and large tire vehicles. The company  
19 did not formally evaluate the use of specialized equipment  
20 as an alternative to the Transmission Access Program  
21 because this equipment does not resolve all access issues.

22  
23 **Q.** On page 28 of his testimony, Mr. Mara asserts that  
24 maintenance of existing roads and bridges will not reduce  
25 restoration costs or outage times in extreme weather. Do



1           you agree with this assertion?

2

3       **A.**   No.   The company has provided the value of reduced  
4           restoration cost and outage time values for all programs  
5           in the table on bates stamped page 103 of the company's  
6           proposed 2022-2031 SPP.   Mr. Mara misunderstands the  
7           access enhancement program proposed by the company.   The  
8           company is not replacing bridges "like for like" as stated  
9           by Mr. Mara.   All road projects included in this program  
10          involve construction of new roads at points where a  
11          permanent road did not exist before.   All bridge projects  
12          included in this program involve construction of new  
13          bridges or upgraded bridges.   The company is replacing  
14          old bridges rated/sized for smaller vehicles with higher  
15          rated and bigger bridges that can support the movement of  
16          current larger trucks and heavy equipment.   In addition,  
17          the company is installing new bridges for additional  
18          access points and more permanent rock roads.   The bigger  
19          bridges and the new permanent roads will withstand nature  
20          for a much longer duration than current bridges and access  
21          points, so they are in effect being "protected,"  
22          "hardened," and or "strengthened" as contemplated in the  
23          SPP statute.

24

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

1     **A.**    Yes.

2

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1 specifically call that out or detail meetings or numbers  
2 that we ran. Nothing that I can specifically point to  
3 in those references.

4 Q And also in your testimony on page 10, you  
5 acknowledge here and elsewhere, and I think even in your  
6 direct testimony, that the actual rate impacts were  
7 considered separately from the setting of the budget  
8 level?

9 A The actual rate impact that we included in the  
10 filing was a -- was a final calculation done, but  
11 throughout the entire planning process, there were  
12 iterations that, you know, we were aware of potential  
13 impact on rates and customers.

14 Q Okay. So you were aware of the rate -- the  
15 potential rate impacts during the process, but the  
16 actual rate impacts were not considered until after the  
17 budget levels were put into place, is that correct?

18 A No. No, we -- throughout the entire planning  
19 process, we were -- we were very aware of kind of the  
20 range of where we thought, you know, rate impacts would  
21 land and how that lined up with various investment  
22 levels. So we ran a number of overlapping analyses and  
23 struck the scenario in the plan that we think provides  
24 that balance of cost, rate impact, benefits, et cetera.

25 Q So if you could look with me at line 20, I

1 think this also says what you just said, the company was  
2 acutely aware of the potential rate impacts throughout  
3 the planning process, even though rate impacts were  
4 considered separately. Is that still accurate?

5 A I'm trying to find it.

6 Q Sure.

7 CHAIRMAN FAY: And the question begins on page  
8 12 of his testimony of Mr. Mara. That's the  
9 response you're looking for?

10 MS. WESSLING: No, I was looking in Mr.  
11 Plusquellic's rebuttal testimony, page 10, line 20.

12 MR. MEANS: And the version I have here seems  
13 to have the correct pagination, so I'll walk it  
14 over to the witness.

15 CHAIRMAN FAY: So does mine. I just was  
16 asking if the answer was in response to the  
17 question on page 12 of his testimony, just to help  
18 him find it, but I think Mr. Means --

19 THE WITNESS: I apologize. I probably grabbed  
20 the wrong version. Thank you.

21 Can you repeat your question?

22 BY MS. WESSLING:

23 Q Sure. So the version I'm looking at, page 10,  
24 line 20, there's a sentence that states the company was  
25 acutely aware of the potential rate impacts throughout

1 the planning process, even though rate impacts were  
2 considered separately. Is that still correct?

3 A Yes.

4 Q As far as the reasonableness of the rate  
5 impacts, Tampa Electric did not consider the  
6 reasonableness until after the budget levels were set,  
7 correct?

8 A I would not agree with that, no.

9 Q Could you turn, again, to page 10, line 25,  
10 and read the sentence that begins there and ends on the  
11 following page. Then read it into the record.

12 A Once the proposed budget level was set, the  
13 company calculated the actual rate impact of the plan to  
14 determine whether those rate impacts were reasonable as  
15 compared to the expected benefits.

16 MS. WESSLING: Nothing further.

17 CHAIRMAN FAY: Okay. FIPUG.

18 EXAMINATION

19 BY MR. MOYLE:

20 Q I just have a follow-up on that line of  
21 questioning. With respect to the process, I'm not sure  
22 how you can reconcile the -- I'll ask you to reconcile  
23 it -- to say that you were acutely aware of the rate  
24 impacts throughout the process, but it was considered  
25 separately. And can you just explain how it was

1       **considered separately? Was it simultaneously? There**  
2       **was some people looking at rates and others looking at**  
3       **the plan, and then you'd have meetings and go, yeah,**  
4       **well, this is going to cost a lot more and we need to,**  
5       **you know, ramp it down, or just how did it work?**

6           A     Yeah. So we had a planning team that worked  
7       on the operational aspects of the plan. And we knew the  
8       proposed investment levels and how those correlated with  
9       potential rate impacts. There's a separate group that  
10      runs revenue requirements, a separate group that  
11      translates those into rate impacts. So it was kind of  
12      an iterative process and it wasn't until kind of the end  
13      of the planning that we actually calculated the actual  
14      rate impact. But we knew, you know, very early on, you  
15      know, once we honed in on kind of a range where the  
16      benefits exceeded the cost, roughly where that rate --  
17      where that rate impact would fall. We just didn't know  
18      the actual rate until we had the actual final plan.

19           Q     **Were the people that were charged with doing**  
20      **the rates, where they running the numbers and feeding**  
21      **them to the group throughout the process, or was that at**  
22      **the end?**

23           A     Not continuously, no, because the makeup of  
24      the planned investment also determines the rate impacts,  
25      especially by customer class. So the amount of

1 transmission, the amount of distribution, investment  
2 that, you know, determines -- so the details matter at  
3 the end, you know, how those details fall out.

4 Q And you didn't -- you said yesterday you  
5 didn't do kind of a high, medium, low options in your  
6 process, correct?

7 A We did not.

8 Q But are you saying it was iterative in terms  
9 of like you were making adjustments throughout the  
10 process, some things in and some things out?

11 A Yes. Yes. We -- I think Mr. DeStigter talked  
12 extensively about the benefits and costs and where that  
13 diminishing returns was. You know, we simultaneously  
14 ran three or four different analyses and considerations  
15 at once. One of those was cost, one of those was  
16 benefits, one of those was potential rate impact, one of  
17 those was, quite honestly, what we could manage and  
18 the -- determining the level of specialized labor  
19 available to execute some of the programs. So there  
20 were a lot of simultaneous discussions and analyses  
21 going on that -- that came together at the end into the  
22 end plan, and that's when the actual rate calculations  
23 would have been done.

24 Q Okay. So it'd be fair to say you took all  
25 these factors, put them in -- put them into the mix and



1 ultimately made a decision that you thought would meet  
2 the statutory requirements, public interest, and that's  
3 what is before the Commission today?

4 A Yes, sir. Yeah, rates were not something, you  
5 know, kind of done in a vacuum outside of what we were  
6 doing. They were part of the discussion the whole way.

7 Q Thank you.

8 MR. MOYLE: That's all.

9 CHAIRMAN FAY: Ms. Eaton.

10 MS. EATON: No questions.

11 CHAIRMAN FAY: Staff.

12 MR. IMIG: Staff has no questions.

13 CHAIRMAN FAY: Mr. Means.

14 MR. MEANS: Thank you, Mr. Chairman. Just a  
15 few quick questions.

16 FURTHER EXAMINATION

17 BY MR. MEANS:

18 Q So, Mr. Plusquellic, I know that you didn't  
19 prepare the rate impacts, but just if you know, you can  
20 answer, but do you need the plan, the total dollar  
21 amount for the budget in order to calculate estimated  
22 rate impacts, the actual rate impacts that are  
23 presented?

24 A We need some level of detail is my  
25 understanding, yes.

1           Q     Okay.  And once you prepared the budget and  
2     calculated those rate impacts, if the company had  
3     determined that that rate impact was unreasonable, in  
4     your opinion, could you have adjusted the plan at that  
5     point?

6           A     Yes.

7           Q     And do you believe that the rate impacts  
8     presented in the plan are reasonable in light of the  
9     benefits of the plan?

10          A     Yes.

11                 MR. MEANS:  No further questions.

12                 CHAIRMAN FAY:  Thank you.  With that, we will  
13     move on to proffered.

14                 MR. MEANS:  Yes.  I'd like to proffer the  
15     originally filed testimony of Mr. Plusquellic dated  
16     June 21st, 2022, and ask that that be entered into  
17     the record.

18                 CHAIRMAN FAY:  Okay.  Show that proffered.

19                         (Whereupon, prefiled rebuttal proffered  
20     testimony of David L. Plusquellic was inserted.)

21

22

23

24

25



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220048-EI

TAMPA ELECTRIC'S  
2022-2031  
STORM PROTECTION PLAN

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

FILED: June 21, 2022

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

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INTRODUCTION:

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

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

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

A. Yes, I am.

1     **Q.**    What is the purpose of your rebuttal testimony in this  
2            proceeding?

3

4     **A.**    The purpose of my rebuttal testimony is to address the  
5            deficiencies and misconceptions in the direct testimony  
6            of Lane Kollen and Kevin J. Mara, both of whom are  
7            testifying on behalf of the Office of Public Counsel.

8

9     **Q.**    Do you have any general comments regarding the overall  
10           direct testimony of Lane Kollen and Kevin J. Mara?

11

12     **A.**    Yes. Both witnesses are critical of the processes utilized  
13            by the Commission and the company and recommend  
14            modifications to the company's proposed 2022-2031 Storm  
15            Protection Plan ("SPP"). This criticism principally goes  
16            unsupported, and I do not support any modifications to the  
17            company's SPP as filed.

18

19            In addition, Mr. Mara proposes elimination of Tampa  
20            Electric's Substation Program, Transmission Access  
21            Enhancement Program, and the automation and software  
22            components of the Overhead Feeder Hardening Program on the  
23            grounds that they will not reduce both restoration costs  
24            and outage times. He also proposes seemingly arbitrary  
25            reductions in the proposed capital investment for the

1 Distribution Lateral Undergrounding Program. As I explain  
2 below, Mr. Mara's proposed cuts are based on  
3 misunderstandings of Tampa Electric's programs and, if  
4 approved, would deprive our customers of storm resiliency  
5 benefits.

6  
7 The company's proposed SPP was prepared as a customer-  
8 focused program using rigorous analytical tools and  
9 engineering and operational judgment. It strikes a  
10 reasonable balance between the costs of the Plan, the  
11 restoration cost and outage benefits anticipated from the  
12 Plan, the impact of the Plan on customers' bills and the  
13 intangible benefits to Florida and its citizens associated  
14 with mitigating the impact of extreme weather to our  
15 electric grid. I will address the points raised by OPC's  
16 witnesses and encourage the Commission to approve the  
17 company's SPP as originally proposed.

18  
19 **REBUTTAL TO THE DIRECT TESTIMONY OF LANE KOLLEN**

20 **Q.** On page 26 of his testimony, Mr. Kollen states that Tampa  
21 Electric's SPP warehouse and SPP materials and supplies  
22 "should not be included in any company's SPP." Do you  
23 agree with this critique?

24  
25 **A.** No. At the proposed investment levels, the company's SPP

1 group anticipates issuing \$30-\$40 million of materials on  
2 an annual basis. None of the company's existing storage  
3 locations has enough space to accommodate this volume of  
4 materials. Spreading this volume of SPP materials between  
5 multiple locations was impractical from a logistics and  
6 operations standpoint. A single and separate physical  
7 location promotes efficient and cost-effective  
8 operations. Disallowing this standalone, dedicated  
9 warehouse would likely result in a net cost increase to  
10 customers, because the company would need to identify  
11 multiple additional company locations and/or a new site  
12 to be included for cost recovery in base rates. The  
13 company believes that the cost of transporting materials  
14 between multiple locations would be more expensive than  
15 this more efficient, standalone site.

16  
17 **Q.** Mr. Kollen argues on pages 10 and 23 of his testimony  
18 that the Commission should require a credit for avoided  
19 O&M expenses due to the SPP to plant investments and SPP  
20 O&M expenses. Do you agree?

21  
22 **A.** The Commission should not adopt Mr. Kollen's proposal to  
23 credit the SPP clause to reflect the impact SPP  
24 expenditures may have on base rates. Although there may  
25 be some savings in the future, the company does not have

1 enough experience with the SPP or the data needed to  
2 prepare a reasonable estimate and any effort to do so now  
3 would be speculative. Tampa Electric and certain parties  
4 are operating under a base rate settlement agreement that  
5 extends until the end of 2024. A mechanism like the one  
6 proposed by Mr. Kollen potentially could have been  
7 negotiated into the settlement, but it was not. In any  
8 event, the Commission will have full authority to assess  
9 the level of O&M expenses recoverable through base rates  
10 when the company files its next general request for base  
11 rate relief.

12  
13 **REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA:**

14 **Q.** On page 6 of his testimony, Mr. Mara offers an  
15 interpretation of Rule 25-6.030 (the "SPP Rule") under  
16 which a proposed program must reduce both restoration  
17 costs and outage times to be eligible for inclusion in a  
18 company's SPP. Do you agree with this proposed two-prong  
19 test?

20  
21 **A.** No. Although I am not an attorney, I do not read Section  
22 366.96 (the "SPP Statute") or the SPP Rule as setting out  
23 this strict two-prong test and I think the Commission  
24 should decline to adopt it. Reducing restoration costs  
25 and outage times benefit customers, so either type of



1 benefit should be sufficient to justify a SPP project.  
2 Even if the Commission does adopt this test, however, the  
3 company's proposed SPP programs would all pass this test  
4 since they are all expected to provide both restoration  
5 cost reductions and outage time reductions. The company  
6 provided these reductions as listed in the table on bates  
7 stamped page 103 of the company's proposed 2022-2031 SPP.  
8

9 **Q.** On page 8 of his testimony, Mr. Mara uses sectionalizing  
10 equipment and replacement of bridges on transmission  
11 access roads as examples of projects that would fail his  
12 two-pronged test. Do you agree that these types of  
13 projects fail Mr. Mara's test?  
14

15 **A.** No. First, the company demonstrated both restoration cost  
16 and outage time reductions for all of its proposed SPP  
17 programs in the table on bates stamped page 103 of the  
18 company's 2022-2031 SPP. Second, the company's  
19 automation and sectionalizing program will result in both  
20 reduced restoration times and restoration costs, as I will  
21 explain further below in my rebuttal testimony. Third,  
22 Mr. Mara misunderstands the access enhancement program  
23 proposed by the company. The company is not replacing  
24 bridges "like for like" as stated by witness Mara. As  
25 explained on bates stamped page 81 of the company's 2022-

1           2031 SPP, the company is replacing old bridges that were  
2           rated/sized for smaller vehicles with higher rated and  
3           bigger bridges that can support the movement of the more  
4           current larger trucks and heavy equipment. In addition,  
5           the company is installing new bridges for additional  
6           access points and more permanent rock roads. The bigger  
7           bridges and more permanent roads will withstand nature  
8           for a much longer duration than the company's current  
9           practices or bridges and access points, so the company's  
10          access enhancement program is in effect "hardening" or  
11          "strengthening" as contemplated in the SPP statute.

12  
13       **Q.** On page 9 of his testimony, Mr. Mara asserts that the  
14       company is attempting to include "aging infrastructure"  
15       programs in Tampa Electric's 2022-2031 SPP. He considers  
16       deployment of automation equipment, reclosers, trip  
17       savers, vegetation contact detection software, locational  
18       awareness software, access roads, and access bridges to  
19       be aging infrastructure programs. Do you concur?

20  
21       **A.** Not at all. These are new programs or significant  
22       expansions of existing programs, and all provide  
23       significant storm protection benefits for customers. As  
24       OPC's witness Mr. Kollen concedes on page 11 of his  
25       testimony, it is appropriate for the company to include

1 "new programs and projects or the expansion of existing  
2 programs and projects that are not within the scope of  
3 its existing base rate programs and cost recoveries in  
4 the normal course of business". All of the programs that  
5 witness Mara proposes to cut meet one or both of those  
6 criteria.

7  
8 **Q.** On page 10 of his testimony, Mr. Mara states that Tampa  
9 Electric has increased the company's planned capital  
10 expenditures by \$109 million (or 7 percent) over the new  
11 10-year period when compared to the company's first Plan.  
12 Is this an accurate characterization?

13  
14 **A.** On the surface the math is correct, but it fails to  
15 recognize that the first year of the Plan (2020) was both  
16 a partial year (April to December) and it was the first  
17 year of the Distribution Lateral Undergrounding Program,  
18 which was still ramping up. It also fails to acknowledge  
19 that despite unprecedented inflation in both material and  
20 labor, the company is projecting essentially flat  
21 spending over 10 years. The company anticipates continued  
22 efficiency in the execution of the programs and has  
23 incorporated that into the 10-year Plan by not escalating  
24 costs annually to account for anything more than normal  
25 inflation.

1   **Q.**   On page 12 of his testimony, Mr. Mara states: "In my  
2           opinion, the only practical limit to the magnitude of the  
3           SPP budgets was the limitation of resources in terms of  
4           engineers and construction personnel realistically  
5           available to complete the annual goals of the program."  
6           Do you agree with this statement?

7  
8   **A.**   No.   While Mr. Mara is correct that the company did  
9           consider the ability to obtain and retain labor resources  
10          in determining the investment levels that were possible  
11          for each program. That was just one of many variables  
12          that were included in the discussion on the program and  
13          total Plan investment levels. In addition to labor market  
14          constraints, the company was also acutely aware of the  
15          potential rate impacts of various investment levels. With  
16          potential rate impacts in mind, 1898 & Co. ran multiple  
17          scenarios to determine the point at which additional  
18          levels of investment, and their associated rate impacts,  
19          do not result in materially greater benefits. The company  
20          then evaluated scenarios for each program that resulted  
21          in total investment levels within the ranges identified  
22          by the budget optimization analysis. While the exact  
23          rate impact was not known at the outset of the budgeting  
24          process, the company was aware of estimated rate impacts  
25          throughout the entirety of the planning process. The

1 company's proposed SPP strikes a reasonable balance  
2 between storm protection and customer bill impacts. In  
3 fact, according to page 6 of Mr. Kollen's testimony, Tampa  
4 Electric's proposed Plan has the lowest ten-year  
5 investment per customer of the plans being considered by  
6 the Commission.

7  
8 **Q.** On page 12 of his testimony, Mr. Mara argues that 1898's  
9 budget optimization analysis "ignored the rate impact to  
10 customers" associated with its proposed SPP investments.  
11 Do you agree with this statement?

12  
13 **A.** No. This statement is misleading. As Mr. Mara appears to  
14 concede, the purpose of 1898's budget optimization  
15 analysis was to quantify the expected restoration cost  
16 and outage time reduction benefits associated with  
17 various levels of investment and to determine the point  
18 at which additional levels of investment do not result in  
19 materially greater restoration cost and outage time  
20 benefits. The company was acutely aware of the potential  
21 rate impacts throughout the planning process even though  
22 rate impacts were considered separately. It also  
23 recognized that reducing outage time provides intangible  
24 benefits to customers that are often difficult to quantify  
25 in a financial model. Once the proposed budget level was

1 set, the company calculated the actual rate impact of the  
2 Plan to determine whether those rate impacts were  
3 reasonable as compared to the expected benefits. The  
4 company believes that the rate impacts are reasonable  
5 given the benefits anticipated from the proposed Plan.

6  
7 **Q.** On pages 13 and 14 of his testimony, Mr. Mara asserts  
8 that the company should reduce its proposed investment  
9 level in part because the company did not prioritize the  
10 equipment "that is the most vulnerable to extreme  
11 storms...in the early stages of the program..." Do you agree  
12 with this statement?

13  
14 **A.** No, this statement is inaccurate. Projects were  
15 prioritized based on the highest resiliency benefit cost  
16 ratio, where resilience benefits are the sum of the  
17 avoided restoration costs and monetized avoided customer  
18 outages. Tampa Electric witness Jason De Stigter  
19 describes this approach on pages 11-12 of his direct  
20 testimony. It should be noted that the company prepared  
21 the business justification in alignment with the statute,  
22 or in terms of decrease in restoration costs in dollars  
23 and decrease in customer outages in customer minutes  
24 interrupted ("CMI"). For the purpose of prioritization  
25 and establishing levels of total investment, the company

1 monetized the CMI to calculate the resiliency benefit in  
2 dollars to produce a benefit cost ratio.

3  
4 **Q.** On page 14 of his testimony, Mr. Mara recommends cutting  
5 the company's proposed spending level in half. Do you  
6 agree with this analysis and this proposal?

7  
8 **A.** No, first the analysis basis is inappropriate. The  
9 benefits assessment for the company's proposed 2022-2031  
10 SPP is in alignment with the statute since it calculates  
11 the benefits in terms of decrease in restoration costs  
12 and customer outages. As described in the Plan, for the  
13 purpose of project prioritization and establishing the  
14 overall investment level the customer outages were  
15 monetized. Mr. Mara uses the budget optimization  
16 assessment as the overall benefits for the Plan which is  
17 inappropriate and not aligned with the statute. Second,  
18 Mr. Mara's analysis and approach isn't wholly customer  
19 centric over the arc of time. The company's Plan  
20 prioritizes the most beneficial investment early in the  
21 period but takes a long-term view to harden the system  
22 for as many customers as possible. Mr. Mara's approach  
23 would limit the number of customers that could be hardened  
24 leaving many customers exposed to major events over the  
25 next 50 years.

1   **Q.**   On page 16 of his testimony, Mr. Mara compares Tampa  
2   Electric's historical storm restoration costs of \$111  
3   million over the last five years with what he refers to  
4   as the "annual avoided restoration costs for the 10-year  
5   SPP ranges from \$380-\$531 million." Is this comparison  
6   accurate?

7  
8   **A.**   No. Mr. Mara incorrectly asserts that the \$380-\$531  
9   million figure is the projected annual avoided costs.  
10   What he is actually comparing is the company's total  
11   restoration costs over the last five years with the  
12   projected 50-year restoration cost savings resulting from  
13   the Plan, which is a mismatched comparison. This is  
14   depicted in Figure 7-1 on bates stamped page 204 of the  
15   company's 2022-2031 SPP. As Mr. Mara admits, the  
16   company's projection estimates restoration costs of \$963-  
17   \$1,313 million over the next 50 years, which would average  
18   out to about \$19.26-\$26.26 million per year. A more  
19   reasonable comparison would be the company's actual  
20   restoration costs of \$111 million over the last five years  
21   with the company's projected average restoration costs  
22   over five years of \$96.3-\$131.3 million. This comparison  
23   shows that the company's projected amounts are reasonable  
24   compared to its historical amounts.

25



1     **Substation Hardening Program**

2     **Q.**    On pages 18-19 of his testimony, Mr. Mara asserts that  
3            the company should have designed all its substations  
4            constructed or upgraded after 1973 to meet Standard ASCE-  
5            24-14 Flood Resistant Design and Construction and that  
6            any substation that is not designed to meet those  
7            standards were imprudently designed and should be  
8            excluded from the SPP. Does Tampa Electric design its  
9            substations to meet this standard?

10  
11    **A.**    Tampa Electric designs all assets to meet or exceed  
12            standards that are in place at the time. Tampa Electric's  
13            substations would have been designed to the standard in  
14            effect at the time they were constructed. When equipment  
15            is replaced or upgraded at a substation, the company  
16            brings it up to the current standard at the time when the  
17            investment is made. The company does not upgrade the  
18            remainder of the substation at that time to keep control  
19            of costs. Furthermore, the referenced flooding standard  
20            was not developed to address storm surge. One of the  
21            purposes of the Substation Hardening program is to  
22            mitigate potential outages caused by storm surge. Tampa  
23            Electric evaluated storm surge potential using the Sea,  
24            Land, and Overland Surges from Hurricanes ("SLOSH") Model  
25            and determined that the substations included in this

1 program have risk over and above the flooding risk that  
2 the company must design to under ASCE-24-14. Substations  
3 are vital components of the company's distribution  
4 system, so protecting the ones that are subject to storm  
5 surge risk should be included in the company's SPP.

6  
7 **Q.** Do you agree with Mr. Mara's proposed change to this  
8 program on pages 19-20 which would exclude any substation  
9 with an alternate feed that would allow load to be  
10 transferred to an alternative substation?

11  
12 **A.** No. I do not. The nine substations included in this  
13 program were selected in part because they serve critical  
14 load. The Hookers Point, South Gibsonton, and Jackson  
15 Road substations tie various components of the  
16 transmission system together. Loss of one of these  
17 substations could also trigger the loss of interconnected  
18 transmission lines. Several of the other substations  
19 selected serve critical loads such as downtown Tampa,  
20 Tampa International Airport, MacDill Air Force Base, Big  
21 Bend Generating Station, and the Port of Tampa.  
22 Continuity of service to this critical load is even more  
23 important in extreme weather. Mr. Mara's proposal would  
24 do nothing to address the risk of a loss of service to  
25 critical facilities if that load could not be switched to

1 another substation. Tampa Electric's proposal addresses  
2 this by hardening the primary source of power to these  
3 critical interconnection points and critical facilities.  
4

5 **Distribution Overhead Feeder Hardening**

6 **Q.** What is Mr. Mara's recommendation for the Tampa Electric's  
7 Distribution Overhead Feeder Hardening Program?  
8

9 **A.** Mr. Mara has separate recommendations for the feeder  
10 strengthening, automation, and software components of  
11 this Program. All three recommendations should be  
12 rejected.  
13

14 **Q.** What are his recommendations for the feeder strengthening  
15 component of the program?  
16

17 **A.** Mr. Mara concedes on page 21 of his testimony that the  
18 strengthening component, or building to Grade B with  
19 extreme wind loading, will reduce restoration costs and  
20 outage times. He nevertheless then goes on to recommend  
21 reducing the planned spending for this program to the  
22 2020-2029 SPP level of \$10 million per year.  
23

24 **Q.** Do you agree with this recommendation for the feeder  
25 strengthening component of the Program?

1     **A.**    No.  First, the investment level proposed by Mr. Mara is  
2            arbitrary and appears to be based solely on his personal  
3            judgment.  He has not identified specific projects to be  
4            delayed or justified why delaying them would be consistent  
5            with the policy goals in the SPP statute.

6  
7            Second, reducing the investment levels of this or any  
8            program will only delay the realization of the benefits  
9            anticipated from the company's SPP.  For the company's  
10           SPP to have the greatest impact for all customers by  
11           reducing restoration costs and outage times, a  
12           significant portion of the company's system needs to be  
13           protected.  Limiting the company's proposed spending on  
14           this program might still allow all customers to benefit  
15           from some restoration cost reductions but would also allow  
16           a much smaller number of customers to benefit from reduced  
17           outage times.  The company has sufficiently demonstrated  
18           the benefits of the proposed programs and the investment  
19           levels proposed in all Plan filings to date.

20  
21     **Q.**    Do you agree with Mr. Mara's recommendation on page 21 of  
22            his testimony to exclude all sectionalizing and switching  
23            projects from the SPP and his assertion that these  
24            projects will not reduce restoration costs and outage  
25            times?

1     **A.**   No. I disagree with this assertion for several reasons.  
2           First, the company has sufficiently demonstrated that  
3           this component of the program will prevent outages for  
4           customers. This analysis is contained on bates stamped  
5           pages 195-197 of the 1898 report. In addition to  
6           preventing outages altogether, these technologies will  
7           enable faster identification and isolation of outages.  
8           This reduces the amount of patrolling necessary to  
9           identify damage thereby reducing restoration time and  
10          customer outages. Faster identification and restoration  
11          of damage will allow the company to release foreign crews  
12          faster, which also means lower overall restoration costs.  
13  
14          Second, Mr. Mara assumes on page 23 that adjacent feeders  
15          will not be available for transfer in an extreme weather  
16          event due to catastrophic damage and that the company has  
17          accordingly overstated the outage reductions by 50-60  
18          percent but presents no analysis or data to support his  
19          position. Mr. Mara's unsupported assumption should not  
20          be given more weight than the significant analysis and  
21          modelling the company performed to support this program.  
22  
23          Finally, Mr. Mara concedes on page 22 that the  
24          sectionalizing and automation equipment will "be very  
25          effective in reducing outage times" outside of extreme

1 weather. Tampa Electric did not attempt to quantify these  
2 benefits in the SPP but does agree that these benefits  
3 are further support for the company's proposed 2022-2031  
4 SPP. Inclusion of these benefits in the analysis would  
5 demonstrate even greater benefits for customers from this  
6 investment.

7  
8 **Q.** Do you agree with Mr. Mara's recommendation to exclude  
9 the three software programs from the SPP on the grounds  
10 that they will have a "very limited impact on reduction  
11 in outage times or restoration costs"?

12  
13 **A.** No. Mr. Mara appears to discount the value and  
14 application of the information that will be collected from  
15 the installation of the software programs. The Vegetation  
16 Contact Detection application will identify potential  
17 problem vegetation and allow the company to remove it  
18 before a storm creates an outage. The Locational  
19 Awareness application, used in conjunction with other  
20 applications, will allow the company to identify and  
21 replace "at risk" equipment. These features will allow  
22 the company to proactively mitigate restoration costs and  
23 outage times. The Locational Awareness and Storm Mode  
24 applications will allow the company to identify embedded  
25 outages, or outages downstream of the last protection

1 device on a lateral. These embedded outages are very  
2 hard to identify during a storm event and often go  
3 unreported for hours or even days depending on the  
4 severity of the storm and restoration efforts. These two  
5 applications will also increase the accuracy of the  
6 company's Geographic Information System model and ensure  
7 the company's Automated Distribution Management System  
8 operates more effectively and with more accurate data.

9  
10 **Distribution Lateral Undergrounding**

11 **Q.** Does Mr. Mara dispute that that Tampa Electric's  
12 Distribution Lateral Undergrounding Program will reduce  
13 restoration costs and outage times?

14  
15 **A.** No. On page 24 of his testimony, Mr. Mara concedes that  
16 the program will reduce outage times and restoration  
17 costs.

18  
19 **Q.** If he does not dispute the benefits of the Distribution  
20 Lateral Undergrounding Program, then what is Mr. Mara's  
21 critique of that program?

22  
23 **A.** Mr. Mara recommends that the Program should be capped at  
24 an investment level of \$50 million per year. This  
25 reduction appears to be based on his opinion, listed on

1 pages 25-26, that this lower level of spending "better  
2 balances the rate impact of the spending with the  
3 benefits."

4  
5 **Q.** Do you agree with Mr. Mara's recommendation?  
6

7 **A.** No. Mr. Mara does not point to any data in the record  
8 that would support this judgment. His proposed reduction  
9 has no reasoned basis, does not identify specific projects  
10 to be denied or delayed, and is arbitrary.  
11

12 Furthermore, to meaningfully reduce the risk of lateral  
13 outages, the company must invest in this program at or  
14 above the proposed funding levels. The company was both  
15 thoughtful and analytical in determining the proposed  
16 funding levels for each program. All customers will  
17 benefit from a dollar of avoided restoration costs, so  
18 reducing the investment in this program will delay this  
19 benefit of the program. Reducing investment levels will  
20 also delay the additional benefit of reduced outage times  
21 for some customers since fewer laterals will be  
22 undergrounded.  
23

24 **Q.** On page 12 of his testimony, Mr. Mara states that Tampa  
25 Electric determined annual funding levels based on a



1 "constrained labor market." In addition to the evaluation  
2 of the labor market, what other factors did the company  
3 consider when establishing funding levels for the lateral  
4 underground program?

5  
6 **A.** While Mr. Mara correctly states that Tampa Electric  
7 considered a constrained labor market, Mr. Mara's  
8 statement oversimplifies the work that was done to attempt  
9 to identify the investment levels proposed by the company  
10 for lateral undergrounding. As is customary when trying  
11 to determine appropriate funding levels, the company  
12 started with a wide range of potential outcomes. These  
13 outcomes were considered for both the proposed total Plan  
14 investment levels as well as for the investment levels of  
15 each program. That process started with known variables  
16 (e.g., the number of overhead distribution lateral miles  
17 in the company's service area) and reasonable assumptions  
18 (e.g., estimated rate impact at each investment level).  
19 While total Plan level ranges were identified using the  
20 company's Budget Optimization Tool, investment ranges  
21 were identified for each program, including the lateral  
22 underground program. In determining the appropriate  
23 range of investment levels for this program, the company  
24 considered things like the estimated proportion of the  
25 system that would likely need to be converted to make an

1 impact; the speed of those conversions; the ability to  
2 execute and manage; the availability of resources; and  
3 the willingness of contractor partners to commit to and  
4 invest in Tampa Electric. The final proposed investment  
5 levels call for reaching approximately 100 miles per year  
6 of conversions, which the company believes is reasonable.

7  
8 As I have previously testified, one of the factors  
9 considered was the willingness of contractor partners to  
10 commit to Tampa Electric's undergrounding program in the  
11 years ahead. The company's proposed level of investment  
12 provides sufficient work for 400-500 new jobs added to  
13 the Tampa Electric service area, which is sizeable enough  
14 for contractor partners to make a long-term commitment to  
15 the work. Based on this investment level, nearly all of  
16 the company's partners have made commitments to the area  
17 by entering into multi-year leases for both office space  
18 and operations yards.

19  
20 Furthermore, none of these economic benefits have been  
21 included in the company's cost-benefit analysis. If  
22 investment levels for this program in particular are  
23 reduced, the company and the Tampa Electric service  
24 territory would lose these additional economic benefits.  
25 There would also be risk that one or more of our

1 contractor partners would pull out altogether in favor of  
2 other programs in the southeast or large new programs  
3 that have been announced in other parts of the country.  
4

5 **Q.** What is Tampa Electric's practice for establishing an  
6 inventory of designed and permitted undergrounding  
7 projects, and what is Mr. Mara's concern with that  
8 practice?  
9

10 **A.** The company's Plan calls for reaching a steady state  
11 operation of designing projects sufficiently ahead of  
12 projected construction start in order to accommodate  
13 design delays, delays in securing land rights, the  
14 application and receipt of permits, materials and other  
15 activities that can cause delays in construction starts.  
16 One of the lessons the company learned from the  
17 implementation of the 2020-2029 SPP was that having an  
18 inventory of projects ready to go helps mitigate these  
19 delays and promotes a more efficient overall deployment  
20 of materials held in inventory and contract labor. At a  
21 steady state of operation, the company will have adequate  
22 resources to design 75-100 miles of projects in a calendar  
23 year while simultaneously constructing the same amount  
24 annually.  
25

1 Mr. Mara's concern is that the completed and approved  
2 designs will become outdated and will require re-design  
3 after the project and recovery of the initial design costs  
4 is approved. The reality is that it is common practice to  
5 design projects with an appropriate lag between design  
6 and construction starts. The company is confident the time  
7 between design and construction is appropriate, aligned  
8 with industry standards and will not cause unnecessary or  
9 imprudent costs from design changes.

10  
11 **Transmission Access Enhancement Program**

12 **Q.** Mr. Mara suggests that Tampa Electric could use  
13 specialized equipment as an alternative to the company's  
14 Transmission Access Enhancement Program. Did you  
15 consider this alternative?

16  
17 **A.** No. Tampa Electric owns some specialized equipment such  
18 as track vehicles and large tire vehicles. The company  
19 did not formally evaluate the use of specialized equipment  
20 as an alternative to the Transmission Access Program  
21 because this equipment does not resolve all access issues.

22  
23 **Q.** On page 28 of his testimony, Mr. Mara asserts that  
24 maintenance of existing roads and bridges will not reduce  
25 restoration costs or outage times in extreme weather. Do

1           you agree with this assertion?

2

3       **A.**   No.   The company has provided the value of reduced  
4           restoration cost and outage time values for all programs  
5           in the table on bates stamped page 103 of the company's  
6           proposed 2022-2031 SPP.   Mr. Mara misunderstands the  
7           access enhancement program proposed by the company.   The  
8           company is not replacing bridges "like for like" as stated  
9           by Mr. Mara.   All road projects included in this program  
10          involve construction of new roads at points where a  
11          permanent road did not exist before.   All bridge projects  
12          included in this program involve construction of new  
13          bridges or upgraded bridges.   The company is replacing  
14          old bridges rated/sized for smaller vehicles with higher  
15          rated and bigger bridges that can support the movement of  
16          current larger trucks and heavy equipment.   In addition,  
17          the company is installing new bridges for additional  
18          access points and more permanent rock roads.   The bigger  
19          bridges and the new permanent roads will withstand nature  
20          for a much longer duration than current bridges and access  
21          points, so they are in effect being "protected,"  
22          "hardened," and or "strengthened" as contemplated in the  
23          SPP statute.

24

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

1     **A.**    Yes.

2

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1 MR. MEANS: May the witness be excused?

2 CHAIRMAN FAY: No, we're going to make -- no  
3 questions?

4 MS. WESSLING: No cross.

5 CHAIRMAN FAY: With that, may be excused.

6 MR. MEANS: Thank you.

7 CHAIRMAN FAY: Thank you, Mr. Plusquellic.

8 (Witness excused.)

9 CHAIRMAN FAY: Mr. Wahlen.

10 MR. WAHLEN: Thank you, Mr. Chairman. I'd  
11 like to call Richard Latta to the stand.

12 Whereupon,

13 RICHARD LATTA

14 was recalled as a witness, having been previously duly  
15 sworn to speak the truth, the whole truth, and nothing  
16 but the truth, was examined and testified as follows:

17 MR. WAHLEN: For the record of the proceeding,  
18 I'd like to indicate that all of his rebuttal  
19 testimony that was filed on June 21st was  
20 responsive to portions of testimony that was  
21 stricken. So we do not intend to offer his  
22 rebuttal testimony into the record in this case;  
23 but for completeness of the record, we would like  
24 to offer his rebuttal testimony as filed on June  
25 21st into the proffered.

1                   CHAIRMAN FAY: Okay. So without objection, we  
2                   will enter that into the -- so, Mr. Wahlen, just to  
3                   be clear there is -- essentially it's all stricken?

4                   MR. WAHLEN: I'm sorry?

5                   CHAIRMAN FAY: Essentially, it's all stricken?

6                   MR. WAHLEN: Yes. Yes. It was all addressing  
7                   the portions of Mr. Kollen's testimony that was  
8                   stricken, so it doesn't belong in the official.

9                   CHAIRMAN FAY: Okay. So we will enter that  
10                  proffered testimony without objection.

11                  (Whereupon, prefiled rebuttal proffered  
12                  testimony of Richard Latta was inserted.)

13

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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220048-EI

TAMPA ELECTRIC'S  
2022-2031  
STORM PROTECTION PLAN

REBUTTAL TESTIMONY

OF

RICHARD J. LATTA

FILED: JUNE 21, 2022

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2                                   **REBUTTAL TESTIMONY**3   **OF**4   **RICHARD J. LATTA**5  
6           **INTRODUCTION:**7           **Q.**    Please state your name, address, occupation and employer.8  
9           **A.**    My name is Richard J. Latta. My business address is 702  
10           N. Franklin Street, Tampa, Florida 33602. I am employed  
11           by Tampa Electric Company ("Tampa Electric" or "the  
12           Company") in the Finance Department as Utility  
13           Controller.14  
15           **Q.**    Are you the same Richard J. Latta who filed direct  
16           testimony in this proceeding?17  
18           **A.**    Yes, I am.19  
20           **Q.**    What is the purpose of your rebuttal testimony in this  
21           proceeding?22  
23           **A.**    The purpose of my rebuttal testimony is to address the  
24           deficiencies and misconceptions in the direct testimony  
25           of Lane Kollen, whom is testifying on behalf of the Office

1 of Public Counsel.

2

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

5

6 **A.** Yes. Mr. Kollen recommends that the Commission adopt  
7 specific guidelines and criteria that would apply all to  
8 utility SPPs. These guidelines and criteria are not found  
9 in Section 366.96 (the "SPP Statute"), Rule 25-6.030 (the  
10 "SPP Rule"), or Rule 25-6.031 (the "SPPCRC Rule"). As  
11 explained in my rebuttal testimony, I believe that  
12 adoption of these recommendations is problematic and  
13 unnecessary.

14

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

16 **Q.** On Page 10, Line 1, Mr. Kollen States, "I recommend that  
17 the Commission adopt and consistently apply decision  
18 criteria for the selection, ranking, magnitude, and  
19 prudence of the SPP programs and projects for the four  
20 utilities to ensure that the utilities do not use the SPP  
21 and SPPCRC process to displace costs that are subject to  
22 and recoverable through the base rate process and shift  
23 those costs to recover them through the SPP and SPPCRC  
24 process", do you agree with his recommendation?

25

1     **A.**   No, I do not. Mr. Kollen is attempting to impose  
2           additional and unnecessary requirements into the SPP  
3           Statute and the SPPCRC Rule related to possible double-  
4           recovery of costs. Tampa Electric understands that the  
5           SPP Statute and associated rules forbid double recovery  
6           of costs through base rates and the SPPCRC and has taken  
7           steps to avoid such double recovery. The Commission does  
8           not need to adopt additional requirements to address this  
9           issue. As the Administrative Law Judge discussed in his  
10          Final Order in OPC's previous challenge to the SPP and  
11          SPPCRC Rules in Case No. 19-6137RP, "There is nothing  
12          confusing about the language used in the proposed rule--  
13          it forbids double recovery. Regulated utilities can  
14          readily understand its meaning--they may not recover  
15          costs through the clause that they are already recovering  
16          through base rates." The SPPCRC Rule explicitly prohibits  
17          double-recovery by a utility. Under that rule, a utility  
18          submitting a plan has the burden to demonstrate that the  
19          utility will not have any double recovery. Tampa Electric  
20          has met this burden.

21  
22     **Q.**   On Page 10, Line 15, Mr. Kollen states, "I recommend that  
23           the Commission adopt and consistently apply uniform  
24           methodologies among the utilities to determine the  
25           revenue requirements and rate impacts of the programs and

1 projects in these proceedings and that it carry through  
2 those uniform methodologies to the rate calculations in  
3 the SPPCRC proceeding, do you agree with his  
4 recommendation?

5  
6 **A.** No, having common criteria or uniform methodologies for  
7 determining revenue requirements and rate impacts for all  
8 the utilities would be problematic and would provide no  
9 value. Each utility has different financial details and  
10 allocation methods which would cause unnecessary and  
11 useless deviations in the resulting revenue requirement  
12 and rate calculations. For instance, Tampa Electric  
13 previously agreed with the Office of Public Counsel to  
14 move some costs previously recovered through base rates  
15 into the SPPCRC and to leave other SPP-related costs in  
16 base rates. Other utilities may not have agreed on  
17 precisely the same methodology.

18  
19 **Q.** On Page 10, line 18, Mr. Kollen recommends that the  
20 Commission should "exclude construction work in progress  
21 ("CWIP") from both the return on rate base and  
22 depreciation expense, and instead allow a deferred return  
23 on the CWIP until it is converted to plant in service or  
24 prudently abandoned." On page 25, Mr. Kollen also suggests  
25 that CWIP should be excluded because it is impossible to

1 assess whether CWIP costs are prudent until they are  
2 converted to plant in service or abandoned. Do you agree  
3 with this recommendation?  
4

5 **A.** No, I do not for several reasons. First, the company  
6 operates all of the clauses in a similar manner, so by  
7 inserting different requirements just in the SPPCRC would  
8 be problematic in that it would require different policies  
9 and procedures for how the clause is facilitated. For  
10 example, in all of Tampa Electric's cost recovery clauses,  
11 the company earns a return on the undepreciated balance,  
12 which is the net investment less accumulated  
13 depreciation. The net investment includes Construction  
14 Work in Progress ("CWIP"). The intent of this method is  
15 to allow the company to earn a return during construction  
16 which keeps the utility whole as it is incurring expenses  
17 to invest in assets which will benefit customers.  
18 Therefore, it would not make sense to defer the return  
19 until the asset went in service. Second, the company's  
20 depreciation expense is not calculated on CWIP, it is  
21 calculated only when that asset goes in service (i.e.,  
22 when the asset is converted to plant in service).  
23

24 **Q.** Also on page 10, Mr. Kollen recommends that the Commission  
25 should allow property tax only on the net plant at the

1 beginning of each year. Do you agree with this  
2 recommendation?

3

4 A. Tampa Electric already follows this recommendation. The  
5 company calculates tax based on plant in service net of  
6 accumulated depreciation, not CWIP. As a result, I do not  
7 think the Commission needs to adopt any specific criteria  
8 or guidance on this topic since it is not contained in  
9 the SPP Statute or SPP Rules.

10

11 Q. Also on page 10, Mr. Kollen suggests that the Commission  
12 should require a credit for the avoided depreciation  
13 expense on plant that is retired due to SPP plant  
14 investments. Do you agree?

15

16 A. Tampa Electric already includes a credit for depreciation  
17 savings in the calculation of the revenue requirement. As  
18 a result, I do not think the Commission needs to adopt  
19 any specific criteria or guidance on this topic since it  
20 is not contained in the SPP Statute or SPP Rules.

21

22 Q. Mr. Kollen asserts on page 10 that the Commission should  
23 require utilities to move pole inspection and vegetation  
24 management expenses from base rates to the SPPCRC. Do you  
25 agree?

1 A. No, this recommendation does not apply to Tampa Electric.  
2 Tampa Electric's 2020 Stipulation and Settlement  
3 Agreement made adjustments to the 2020 Storm Protection  
4 Plan Cost Recovery Clause ("SPPCRC") actual costs (in the  
5 amount of \$10.4 million) and to base rates starting on  
6 January 1, 2021 (in the amount of \$15 million) to  
7 recognize the transition of the recovery of several base  
8 rate activities into the SPPCRC. These activities  
9 included 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. Does this conclude your rebuttal testimony?

15

16 A. Yes.

17

18

19

20

21

22

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25



1 CHAIRMAN FAY: And then, Ms. Wessling?

2 MS. WESSLING: Yeah. The only thing I would  
3 ask is that I feel I have a couple of questions  
4 that are appropriate to ask that do not go into the  
5 territory of the stricken testimony. So if I could  
6 be allowed to ask those questions; then if Mr.  
7 Wahlen has an objection to anything, obviously we  
8 can discuss it at that point. Just a few  
9 questions.

10 CHAIRMAN FAY: I'll allow some leeway, Ms.  
11 Wessling. We are now sitting on the proffered  
12 rebuttal testimony, and so this would be the  
13 appropriate time strictly for those questions. If  
14 counsel objects to the questions, we can address  
15 them then.

16 MS. WESSLING: Okay.

17 MR. WAHLEN: Before we get started on that, I  
18 have not gone through the whole process of asking  
19 if this is true and correct and all that stuff.

20 CHAIRMAN FAY: Okay. Mr. Wahlen, go ahead.

21 EXAMINATION

22 BY MR. WAHLEN:

23 Q Okay. Would you state your name and address  
24 for the record?

25 A Richard Latta. My place of employment is 702

1 North Franklin, Tampa, Florida 33602.

2 Q Did you prepare and cause to be filed in this  
3 docket on June 21st prepared rebuttal testimony  
4 consisting of seven pages?

5 A Yes, sir, I did.

6 Q And do you have any corrections to that  
7 testimony?

8 A No, I do not.

9 MR. WAHLEN: Mr. Chairman, that's the  
10 testimony that has been entered into the record and  
11 I think we've verified it. And we're going to  
12 waive summary.

13 The witness is available for cross-examination  
14 as part of the proffer.

15 CHAIRMAN FAY: Okay. Ms. Wessling, you're now  
16 recognized.

17 MS. WESSLING: Thank you.

18 EXAMINATION

19 BY MS. WESSLING:

20 Q Good afternoon.

21 A Good afternoon.

22 Q And just for the record, these are the  
23 questions I don't believe relate to the proffered  
24 testimony, but are relevant. So just so everyone's  
25 clear.

1 MS. HELTON: Mr. Chairman, I'm a little bit  
2 confused. So when you say that, do you mean that  
3 this is past the cross-examination that is part of  
4 the proffer? Are you envisioning that this is  
5 cross-examination that is part of the hearing  
6 record that upon which the Commission will make its  
7 decision?

8 MS. WESSLING: I am anticipating that they  
9 should still be kept in the record itself. And  
10 maybe if I just asked the questions, it would be  
11 better and -- you know, it might answer --

12 MS. HELTON: I guess my confusion lies in the  
13 fact that we are now in the proffered part of the  
14 proceeding, so that is where your questions and  
15 presumably if there's an answer will reside. And  
16 so I'm --

17 CHAIRMAN FAY: Yeah, Ms. Wessling. I  
18 apologize. I thought you were saying you didn't  
19 have a question specific to a line in the rebuttal  
20 testimony, but it still relates to the witness's  
21 rebuttal testimony?

22 MS. WESSLING: Right. I don't have a page and  
23 line, but I do believe that they are relevant to  
24 this hearing.

25 MS. HELTON: Well, maybe the thing to do is to

1 close the proffer, Mr. Chairman, and then let her  
2 ask the question and see if Mr. Wahlen has an  
3 objection and we can go forward from there. Would  
4 that satisfy everyone?

5 CHAIRMAN FAY: Yeah. How many questions do  
6 you have, Ms. Wessling?

7 MS. WESSLING: Two questions.

8 CHAIRMAN FAY: Okay. With that --

9 MR. WAHLEN: May I just ask a question? Is  
10 one of your questions about depreciation?

11 MS. WESSLING: No.

12 MR. WAHLEN: Oh, darn. Well, I came up here  
13 just for that.

14 MS. WESSLING: I think these questions are  
15 getting -- they're not earth-shattering questions.  
16 I promise.

17 CHAIRMAN FAY: Yeah. And my only concern with  
18 that is we will have to back it out then -- if you  
19 feel that they're essential to be asked this time  
20 then we will do so, but it significantly  
21 complicates the process just because we're now  
22 sitting on the proffered testimony. So, with that,  
23 you can consult with Mr. Rehwinkel and decide if  
24 you want to move forward. It's up to you.

25 MR. REHWINKEL: We were going to ask if we

1           could just touch base with Mr. Wahlen real quickly.

2           CHAIRMAN FAY: I think why don't we take a few  
3 minutes and you guys can discuss. Thank you.

4           (Brief recess.)

5           CHAIRMAN FAY: All right. Ms. Wessling, what  
6 we'll do -- assuming you would like to proceed,  
7 correct?

8           MS. WESSLING: Well, I think I've made it even  
9 easier, along with TECO's help. We've just agreed  
10 to stipulate to two things, if I could just put  
11 those two stipulations in the record itself and  
12 then we'll --

13          CHAIRMAN FAY: That's fine. But for the  
14 record, I want to reflect we're moving out of  
15 proffered, so they will essentially be in the  
16 record and not part of the proffered component of  
17 it.

18          MS. WESSLING: Correct. Yes.

19          CHAIRMAN FAY: And so we'll let the record  
20 reflect that, assuming there's no objection from  
21 TECO's counsel?

22          MR. WAHLEN: That's correct. Thank you.

23          CHAIRMAN FAY: Okay. And, with that, you can  
24 ask your two questions.

25          MS. WESSLING: Well, I'll just state the two

1 stipulations that we reached, if that's okay.

2 CHAIRMAN FAY: That's perfectly fine.

3 MS. WESSLING: We've stipulated that Mr. Latta  
4 did not provide any rebuttal testimony in response  
5 to anything Mr. Mara's direct testimony states.  
6 And the second stipulation is that with regard to  
7 the portions of Mr. Kollen's testimony that were  
8 not stricken, Mr. Latta did not provide or rebut  
9 anything else that Mr. Kollen testified to that's  
10 not stricken.

11 CHAIRMAN FAY: Okay.

12 MS. WESSLING: Mr. Wahlen, do you agree with  
13 that?

14 MR. WAHLEN: Yes, we're clear with those and  
15 we stipulate to those facts.

16 CHAIRMAN FAY: Okay. And I appreciate y'all  
17 working through that, just to make sure the record  
18 is clean.

19 So with that, we can close that component of  
20 it. I presume, Ms. Wessling, you don't have  
21 anything proffered beyond those two? Okay.

22 So, with that, I want to make sure we don't  
23 leave anybody out. Do you have any --

24 MS. EATON: No questions.

25 MR. MOYLE: We're good with the workout, but

1 no problem with the stipulation or we don't have  
2 any questions.

3 CHAIRMAN FAY: Okay. So no questions on the  
4 proffered component.

5 Okay. Staff.

6 MR. IMIG: Staff has no questions.

7 CHAIRMAN FAY: Okay. Commissioners.

8 There'll be no redirect. Cross?

9 MR. WAHLEN: No exhibits, and we request that  
10 Mr. Latta be excused.

11 CHAIRMAN FAY: Thank you, Mr. Wahlen.

12 Mr. Latta, you're excused. Thank you. Travel  
13 safe.

14 (Witness excused.)

15 CHAIRMAN FAY: Ms. Keating.

16 MS. KEATING: Thank you, Mr. Chairman.

17 Actually, I believe Mr. Bernier would like to take  
18 a moment of privilege.

19 MR. BERNIER: I appreciate that, Ms. Keating.  
20 Mr. Chairman, as we all remember earlier, when Ms.  
21 Howe was on the stand, there was a mistake in the  
22 pagination and lines of the version of the  
23 testimony that was filed.

24 CHAIRMAN FAY: Yes.

25 MR. BERNIER: We have filed a second amended

1 version of her testimony into the docket that  
2 corrects those errors. And what I would ask is  
3 that we substitute the first amended -- the second  
4 amended version of her testimony filed today for  
5 the first amended version that was discussed at  
6 hearing. I've discussed this with counsel for the  
7 other parties and with your general counsel, and  
8 there's no objection to it. I just wanted to clear  
9 that up for the record.

10 CHAIRMAN FAY: Okay. And as long as we're  
11 comfortable, that wouldn't change anything  
12 substantively as to what was referred in that  
13 amended version?

14 MR. BERNIER: No substantive changes.

15 CHAIRMAN FAY: And, Mary Anne and Mr.  
16 Trierweiler, were comfortable with that? Okay.

17 MR. REHWINKEL: And I just want to state for  
18 the record, since I was the one asking the  
19 questions that I fully agree with what the company  
20 did, and I appreciate that they did it.

21 CHAIRMAN FAY: Okay. So without any  
22 objections, we'll show that clarified in the  
23 record.

24 MR. REHWINKEL: And one last housekeeping  
25 measure, I want to state on the record, that we





1           Q     Mr. Cutshaw, you testified yesterday, did you  
2     not?

3           A     Yes, I did.

4           Q     And you've been previously sworn?

5           A     Yes.

6           Q     And you understand that you remain sworn?

7           A     Yes.

8           Q     And did you cause to be prepared and filed in  
9     this docket 20220049, 14 pages of rebuttal testimony on  
10    June 21st?

11          A     Yes, I did.

12          Q     Do you have any changes or corrections to that  
13    testimony?

14          A     No, I do not.

15          Q     And just to be clear for the record, Mr.  
16    Cutshaw did not have testimony responsive to the  
17    stricken testimony of Mr. Kollen.

18                    **CHAIRMAN FAY: Thank you.**

19                    (Whereupon, prefiled rebuttal testimony of P.  
20    Mark Cutshaw was inserted.)

21

22

23

24

25



1 **Q. Are you providing any exhibits with your rebuttal testimony?**

2 A. No.

3

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. The purpose of my testimony is to rebut various conclusions contained in the direct  
6 testimony of the Office of Public Counsel's ("OPC") witness Kevin Mara pertaining to the  
7 analysis of new programs proposed by FPUC in its Storm Protection Plan ("SPP") petition.

8

9 **Q. Do you agree with any of Witness Mara's conclusions as presented in his direct**  
10 **testimony?**

11 A. While I disagree with most of Mr. Mara's recommendations, I do agree with his assessment  
12 of the goal of the SPP where he states, "the goal is to invest in storm hardening activities  
13 that benefit the customers of the electric utilities at a cost that is reasonable relative to those  
14 benefits."<sup>1</sup>

15

16 **Q. Do you agree with Mr. Mara's assessment that FPUC provided nothing "other than**  
17 **vague language about reducing restoration costs<sup>2</sup>."**

18 A. No. FPUC believes all the programs and projects presented in its SPP provide economic  
19 benefit in multiple ways, one of which is reduced restoration costs. The calculated or  
20 perceived financial benefit to specific customers because of the availability of power varies  
21 by customer, circumstance, and personal choice. Mr. Mara's view of quantifying value

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<sup>1</sup> Direct Testimony of Kevin J. Mara, p.6, lines 9-11

<sup>2</sup> Direct Testimony of Kevin J. Mara, p.11, line 19

1 solely on a perceived savings compared to a potential future storm event yields illusory  
2 results as there are no established parameters that accurately measure avoided cost values,  
3 quantitatively or otherwise, to residential customers, hospitals or long-term care facilities,  
4 retail stores, etc. The Company cannot logically attempt to quantify the perceived  
5 economical value of reduced outages or outage restoration times for each of its 30,000+  
6 customers. The SPP investment is made in an effort to avoid more catastrophic costs for  
7 our customers resulting from an extreme weather event. As such, attempting to specifically  
8 define economic value of the Company's SPP by comparing the investment of the projects  
9 in the plan to a future potential event is not the only means of measuring value.

10 Additionally, Mr. Mara states in his direct testimony on page 8, lines 11 - 14, "By installing  
11 poles with greater strength needed to meet this new design standard, these hardened poles  
12 will reduce restoration costs because there will be fewer pole failures and will reduce  
13 restoration time because there will be fewer failed poles to repair." Though not directly  
14 stated, the context of this statement appears to suggest that FPUC is proposing the  
15 replacement of failed poles with the same construction standard facilities. If that is, indeed,  
16 Mr. Mara's understanding, his understanding is incorrect. As FPUC has stated within its  
17 SPP, as well as its prior Storm Hardening filings dating back to 2008, FPUC replaces, and  
18 plans to continue to replace, failed poles with a hardened standard; be it extreme wind  
19 capable for Distribution facilities, or spun concrete for Transmission facilities. The  
20 Company agrees with Mr. Mara's assessment that requiring higher loading and strength  
21 factors for new facilities as part of replacements will reduce restoration time and  
22 subsequent costs as required by the Rule.

1 **Q. Do you agree with Mr. Mara’s statement regarding sectionalizing equipment on page**  
2 **9, line 16 - 17 that states “While the devices do reduce outage times, they fail to reduce**  
3 **outage costs.”**

4 A. No. While I agree that the time to replace the pole is the same in all cases, there are many  
5 other factors that drive costs during power restoration activities; both during extreme and  
6 non-extreme weather events. As stated by Mr. Mara, these devices reduce outage times.  
7 Contrary to his testimony however, they also reduce outage costs. Less time spent  
8 patrolling lines in search of damage or mobilizing and demobilizing resources between grid  
9 isolation points (switches) as an example reduces the chargeable hours to restore power.  
10 When there are thousands of outages present, as there typically are during extreme weather  
11 events, these time savings quickly multiply. Additionally, Mr. Mara fails to account for  
12 cost savings on the customer’s side resulting from eliminated or accelerated restoration  
13 times. Things such as lost business, spoiled refrigerated goods, early closing, and other  
14 real dollar savings for the customers are realized when these types of enhancements are  
15 implemented within an electric distribution grid.

16  
17 **Q. Do you agree with Mr. Mara’s statement on page 13, line 17 that “FPUC’s spending**  
18 **per customer is extremely high when compared to the other utilities in Florida?”**

19 A. No. What Mr. Mara fails to consider in this overly simplistic chart is that the factors that  
20 go into a cost per customer are not all equal. As a demonstrative example, a utility replaces  
21 an old wooden pole with a storm hardened pole for \$5,000 and spreads the \$5,000 across  
22 all of its customers. In that scenario, a utility with 30 customers would expect to see a

1 customer impact of approximately \$167 per customer, whereas a utility with 100 customers  
2 would expect a customer impact of approximately \$50 per customer. The value to each  
3 customer on each system in having facilities less susceptible to storm damage is the same,  
4 but because one utility has fewer customers to spread the costs across, the cost benefit ratio  
5 appears very different. Witness Mara’s analysis thus seems to suggest that smaller utilities,  
6 like FPUC, should do less to protect their system and their customers from storm-related  
7 power outages, but this perspective is not compatible with the Legislature’s direction to  
8 “each utility” to “mitigate restoration costs and outage times”.<sup>3</sup> This is particularly true  
9 with utilities whose service territory is more rural such as that of FPUC when compared to  
10 the other Florida IOUs. Witness Mara also fails to recognize that the costs proposed in  
11 FPUC’s plan are comparable to the other Florida IOU’s when comparing the total 10-year  
12 investment against total system overhead miles and below average when comparing 10-  
13 year investments costs in feeder and lateral hardening programs against total system  
14 overhead miles or square miles of service territory. These alternate evaluation methods  
15 normalize investments based on required facilities to serve and account for discrepancies  
16 in the capital utility investments required in an urban setting where one transformer may  
17 be able to serve 4 to 8 homes versus a rural setting where home spacing may not provide  
18 the opportunity to leverage a transformer for more than one residence.

19  
20 **Q. Do you agree with Mr. Mara’s proposed reductions in the SPP which are identified**  
21 **on Page 14, Line 10 of his testimony.**

---

<sup>3</sup> S. 366.96(1)(e), F.S.

1 A. No, I do not. FPUC has considered the customer impact along with benefits to the customer  
2 during preparation of the plan. Currently, FPUC customers have a surcharge of  
3 \$0.0128/KWH based on Hurricane Michael cost recovery which will terminate in  
4 December 2025. As such, FPUC has taken that significant surcharge into consideration  
5 and endeavored to delay incurring additional costs associated with the SPPCR until after  
6 the termination of the Hurricane Michael surcharge. This conscious effort by FPUC on  
7 behalf of its customers shifted investments from the early years of the plan to the later years  
8 where Mr. Mara is proposing a reduction. FPUC's proposed investments are prudent and  
9 necessary to both comply with the requirements of the Rule and to achieve these objectives  
10 within a reasonable timeframe for the benefit of all FPUC Customers. Mr. Mara's  
11 proposed reductions are arbitrary and based on a flawed comparison of costs against total  
12 customers as I have explained above. FPUC takes offense to Mr. Mara's recommendation  
13 which implies that customers in metropolitan urban areas such as Miami-Dade, Tampa, or  
14 Orlando are more worthy of enjoying the benefits of a strengthened electric distribution  
15 grid than the deserving customers of FPUC's mostly rural service territory.

16

17 **Q. Do you agree with Mr. Mara's belief that the SPP programs should be dependent on**  
18 **the most recent history of storm activity?**

19 A. Absolutely not. First, as an investor-owned electric utility, FPUC is mandated by Rule 25-  
20 6.030, Florida Administrative Code, to produce a storm protection plan. To my knowledge,  
21 that Rule makes no consideration for frequency of storms. Historical frequency of storms  
22 is not a good measure of prudence. It has been FPUC's experience that preparation,



1 especially in the “10-year period of relative quiet” that Mr. Mara speaks of, is the right  
2 time to prepare. Second, FPUC has learned from real world experience that no matter how  
3 prepared you are, when severe storms hit, the restoration options available become very  
4 narrow and more expensive. Had they been in place in 2018, FPUC’s proposed  
5 investments in the core hardening programs such as feeder and lateral hardening would  
6 have mitigated impact, costs, and outage durations during this historically anomalous  
7 storm. We believe the customers whose availability of electric service was impacted by  
8 Hurricane Michael would wholeheartedly agree that once is enough and they will leave the  
9 statistical projection of hurricane frequency to the experts at Colorado State University and  
10 depend on FPUC to strengthen the grid ahead of time.

11  
12 **Q. Do you agree with Mr. Mara’s reduction in Distribution-OH Lateral Hardening?**

13 A. No. On page 19 line 20 of his testimony, Mr. Mara proposes a \$12.1M budget which is  
14 nearly a 50% reduction from the proposed ten-year investment plan. He cites as the basis  
15 for the reduction FPUC’s failure “to demonstrate that the benefits to FPUC’s customers  
16 outweighs the costs for hardening overhead laterals” and that the FPUC SPP “has a very  
17 high cost per customer.”

18  
19 **Q. Would you please explain why?**

20 A. Overhead Laterals make up a significant part of the FPUC Distribution system and include  
21 575 miles of overhead single, two and three phase circuits in both urban and rural settings.  
22 These facilities are the final segment of facilities delivering electrical service to our

1 customers. In fact, laterals on the FPUC system are responsible for approximately 65% of  
2 the CMI over the analyzed period. Arbitrarily reducing the overhead lateral hardening  
3 program is contrary to the requirements of the rule to reduce outage times associated with  
4 extreme weather events. Overhead Laterals were reviewed based upon the Resiliency Risk  
5 Model within the SPP to determine which laterals meet the criteria to be included in the  
6 early stages of the upgrades. Based on the proposed plan and assuming both the Overhead  
7 Lateral Hardening and Overhead Lateral Undergrounding are approved as submitted, it  
8 will take 30 years to accomplish the hardening. If the reductions occur based on Mr. Mara's  
9 proposal, the completion of this integral work to harden these facilities could be pushed  
10 out to approximately 60 years. For those customers at the end of the line, that is a long  
11 delay in achieving the reduced outage times contemplated by the Legislature, particularly  
12 given the historical impact of storms in recent years on areas of FPUC's system.

13 Additionally, Witness Mara takes issue with our reliance upon the 2018 FPSC report  
14 entitled *Review of Florida's Electric Utility Hurricane Preparedness and Restoration*  
15 *Actions 2018* as support for FPUC's hardening of overhead laterals. Mr. Mara states that  
16 "the data demonstrating better performance was limited to feeder hardening and therefore  
17 not directly applicable to this program for hardening laterals." Contrary to Witness Mara's  
18 assertion, the tactics associated with the proposed Feeder Hardening Program and the  
19 Overhead Lateral Hardening program are nearly identical. It therefore stands to reason that  
20 an analysis of the performance of overhead feeders built to the NESC extreme wind  
21 standards is a reasonable proxy for the performance of overhead lateral lines built to the  
22 same standard.

1

2 **Q. Do you agree with Mr. Mara's reduction in Distribution-OH Lateral Underground?**

3 A. No. On page 22 line 7 of his testimony, Mr. Mara proposes a \$32.22M budget which is  
4 greater than 50% reduction from the proposed ten-year investment plan. He cites as the  
5 basis for the reduction FPUC's failure "to demonstrate that the benefits to FPUC's  
6 customers outweighs the costs for hardening overhead laterals" and that the FPUC SPP  
7 "has a very high cost per customer."

8

9 **Q. Would you please explain why?**

10 A. As previously mentioned, Overhead Laterals make up a significant part of the FPUC  
11 Distribution system and include 575 miles of overhead single, two and three phase circuits  
12 in both urban and rural settings and are that final segment to actually provide electrical  
13 service to customers. In fact, laterals on the FPUC system are responsible for  
14 approximately 65% of the CMI over the analyzed period. Arbitrarily reducing the  
15 overhead lateral undergrounding program is contrary to the requirements of the rule to  
16 reduce outage times associated with extreme weather events. The single-phase Overhead  
17 Laterals included in this program were reviewed based upon the Resiliency Risk Model  
18 within the SPP to determine which laterals meet the criteria to be included in the early  
19 stages of the undergrounding. Based on the proposed plan and assuming both the Overhead  
20 Lateral Hardening and Overhead Lateral Undergrounding are approved as submitted, it  
21 will take 30 years to accomplish the hardening. If the reductions occur based on Mr. Mara's

1           proposal, the completion could be pushed out to approximately 60 years. For those  
2           customers at the end of the line, that is a long time.

3

4   **Q.    Do you agree with Mr. Mara’s disallowance of Transmission/Substation Resiliency?**

5   A.    No. On page 25 line 16 and page 27 line 20 of his testimony, Mr. Mara proposes eliminating  
6           this project “because it is not a prudent investment...based on my review of the existing  
7           system configuration...” and because “this project is not a storm hardening project; it is an  
8           energy delivery/energy access project.”

9

10 **Q.    Would you please elaborate on why you are opposed to the disallowance of the 138**  
11 **KV line?**

12 A.    I do agree with Mr. Mara that the proposed length of the new 138 KV line is not optimal  
13           for resolving the issue to provide another line to Amelia Island. However, this is the closest  
14           point to the FPL system that is capable of providing an additional source. When focusing  
15           on the existing lines, the steel lattice structures, which were installed in 1973 are of concern.  
16           Although the structures have been well maintained, they are almost 50 years old and have  
17           been exposed to several hurricanes that have caused damage to the area, most recently  
18           Hurricane Matthew (2016), Hurricane Irma (2017) and Hurricane Dorian (2019).  
19           Additionally, the location of the steel lattice structures places them in the direct flight path  
20           of the Fernandina Beach Municipal Airport and adjacent to the bridge used to access  
21           Amelia Island. The likelihood that the proximity of either of these transportation facilities  
22           resulting in damage to the towers is unlikely, but their proximity does increase the risk.

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**Q. Are the steel lattice structures not already sufficient to withstand extreme wind and storm surge associated with extreme weather events?**

A. Not necessarily. While these structures are stable and not at risk of imminent failure, storms can produce steel lattice structure failures. By way of example, the structure below is a transmission tower on Entergy’s system in Orleans Parish, Louisiana and is somewhat similar to some of the structures used by FPUC. The picture on the following page reflects the impact of Hurricane Ida on the facility, which collapsed leaving the attached facilities in the Mississippi River.



11

1 The specific photo above is accessible at: [https://www.dailymail.co.uk/news/article-](https://www.dailymail.co.uk/news/article-9955983/Striking-aerial-images-major-Louisiana-transmission-tower-toppled-Hurricane-Ida.html)  
2 [9955983/Striking-aerial-images-major-Louisiana-transmission-tower-toppled-Hurricane-](https://www.dailymail.co.uk/news/article-9955983/Striking-aerial-images-major-Louisiana-transmission-tower-toppled-Hurricane-Ida.html)  
3 [Ida.html](https://www.dailymail.co.uk/news/article-9955983/Striking-aerial-images-major-Louisiana-transmission-tower-toppled-Hurricane-Ida.html). Other contemporary news articles regarding failure of the pole, indicate that the  
4 pole had not been replaced because it was “robustly engineered,” had recently passed  
5 inspection, and had survived Hurricane Katrina.  
6 [https://www.wvlv.com/article/news/investigations/david-hammer/an-island-without-](https://www.wvlv.com/article/news/investigations/david-hammer/an-island-without-power-why-a-massive-entergy-transmission-tower-crumbled-and-all-8-sources-of-outside-power-were-lost/289-bc36e2e4-b19e-4bf0-af3f-97c25f44460f)  
7 [power-why-a-massive-entergy-transmission-tower-crumbled-and-all-8-sources-of-](https://www.wvlv.com/article/news/investigations/david-hammer/an-island-without-power-why-a-massive-entergy-transmission-tower-crumbled-and-all-8-sources-of-outside-power-were-lost/289-bc36e2e4-b19e-4bf0-af3f-97c25f44460f)  
8 [outside-power-were-lost/289-bc36e2e4-b19e-4bf0-af3f-97c25f44460f](https://www.wvlv.com/article/news/investigations/david-hammer/an-island-without-power-why-a-massive-entergy-transmission-tower-crumbled-and-all-8-sources-of-outside-power-were-lost/289-bc36e2e4-b19e-4bf0-af3f-97c25f44460f) ; (4WWWL CBS  
9 News/August 30, 2021 – Hammer); quoting Entergy Louisiana CEO Phillip May. Other  
10 articles reflect the political aftermath, in which the decisions of Entergy, as well as state  
11 and local officials, were called into question by both residents and other industry  
12 stakeholders as to why transmission facilities had not been upgraded, and why other  
13 upgrades had not been accomplished more expeditiously.  
14 [https://www.nytimes.com/2021/09/17/business/energy-environment/hurricane-ida-](https://www.nytimes.com/2021/09/17/business/energy-environment/hurricane-ida-entergy-power-outage-new-orleans.html)  
15 [entergy-power-outage-new-orleans.html](https://www.nytimes.com/2021/09/17/business/energy-environment/hurricane-ida-entergy-power-outage-new-orleans.html) (NY Times/September 17, 2021 - Eavis and  
16 Penn). I understand that these questions led to a class action lawsuit that has not yet been  
17 resolved.<sup>4</sup>

18 My point in mentioning the Entergy transmission tower being that it is easy to focus on  
19 FPUC’s transmission project and highlight it as being too expensive. However, if the line  
20 does go down and the island is without power for several weeks without other alternatives

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<sup>4</sup> See, Stewart v. Entergy; No. 22-30177 (5th Cir. May. 27, 2022), affirming, in part, lower court’s remand of case to the state court for lack of federal jurisdiction.

1 for restoration, I suspect the criticisms we receive will be directly contrary to Witness  
2 Mara's argument in this case.

3

4 **Q. Would you please elaborate on why you are opposed to the disallowance of the 69 KV**  
5 **line and substation hardening?**

6 A. If the 138 KV transmission line is not approved, the 69 KV line and substation hardening  
7 is even more critical for the resiliency for Amelia Island. Approximately \$5.4 million of  
8 the \$86.07 million total in the Transmission and Substation Resiliency program is  
9 attributable to the 69 KV line and substation hardening which can provide an additional  
10 source of energy for Amelia Island during emergencies. The line and substation hardening  
11 will upgrade the interconnection to the WestRock papermill, which produces electricity  
12 using steam turbines driven by boilers fed by coal and natural gas. These are not black  
13 start capable and would need grid power to start the process which does take some time.  
14 However, using the existing Eight Flags Energy CHP or a future CHP, these facilities  
15 would be able to start and provide valuable power to the island and get critical customers  
16 and industries back in operation.

17 Mandatory evacuations can be required on Amelia Island, so all industrial processes are  
18 shut down prior to the hurricane landfall. Using CHP technology, these units can be up  
19 and running in as little as four hours after the operators are allowed back on the island  
20 which demonstrates the value of CHP technology on Amelia Island.

21

22 **Q. Do you agree with Mr. Mara's disallowance of Future T&D Enhancements?**

1 A. No. On page 30 line 5 of his testimony, Mr. Mara proposes the project be “eliminated from  
2 FPUC’s SPP because it fails to meet the two prong criteria” specifically Mr. Mara states  
3 the program “does not reduce outage costs.”  
4

5 **Q. Would you please elaborate on why?**

6 A. As mentioned above, while I agree that the time to replace the pole is the same in all cases,  
7 there are many other factors that drive costs during power restoration activities; both during  
8 extreme and non-extreme weather events. As stated by Mr. Mara, these devices reduce  
9 outage times. Contrary to his testimony however, they also reduce outage costs. Less time  
10 spent patrolling lines in search of damage or mobilizing and demobilizing resources  
11 between grid isolation points (switches) as an example reduces the chargeable hours to  
12 restore power. When there are thousands of outages present, as there typically are during  
13 extreme weather events, these savings quickly multiply. Additionally, Mr. Mara fails to  
14 account for cost savings on the customer’s side resulting from eliminated or accelerated  
15 restoration times. Things such as lost business, spoiled refrigerated goods, early closing,  
16 and other real dollar savings for the customers are realized when these types of  
17 enhancements are implemented within an electric distribution grid.  
18

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

20 A. Yes, it does.



1 MS. KEATING: And, Mr. Chairman,  
2 Commissioners, I do recognize that it is late in  
3 the day on the third day of this hearing, but I'm  
4 begging your indulgence. We would like Mr. Cutshaw  
5 to present his summary.

6 CHAIRMAN FAY: Sure. Absolutely. Mr.  
7 Cutshaw, you're recognized to provide your summary.

8 THE WITNESS: Thank you. Thank you for the  
9 opportunity this late in the day to address you  
10 again. My rebuttal testimony responds to OPC's  
11 Witness Mara's analysis of the new programs  
12 proposed in FPU SPP. We agree with Mr. Mara's  
13 statement that by, "installing holes with greater  
14 strength needed to meet this new design standard,  
15 these hardened poles will reduce restoration costs  
16 because there will be fewer pole failures and will  
17 reduce restoration time because there will be fewer  
18 failed poles to repair." Mr. Mara's statement is  
19 in alignment with what we were proposing. That is  
20 where our agreement ends.

21 First, the FPU storm protection plan is clear  
22 on the benefits it will provide to our customers,  
23 particularly in the reduced restoration costs  
24 resulting from the strength and resiliency in the  
25 grid. There are many variables, many only

1           perceived -- or perceived or subjective values that  
2           can make accurate quantification of these benefits  
3           unrealistic. The benefit is resilient, reliable,  
4           strengthened grid that can ride through extreme  
5           weather events simply cannot be accurately measured  
6           anymore than FPU restoration cost for some future  
7           unknown storm.

8           Second, the comparison of our cost per  
9           customer that of other utilities is overdue --  
10          overly simplistic. However, using other  
11          comparisons that create equity for disparity in the  
12          size customer base, such as total investment costs  
13          against overhead miles of line or against square  
14          miles of service territory, demonstrate that FPU  
15          compares favorably to the other IOU's. Aligning  
16          our investments to these metrics puts our  
17          customers' needs first.

18          Third, reducing, delaying or eliminating any  
19          of our programs will negatively impact the  
20          restoration times during extreme weather events.  
21          This is not acceptable and is not in the best  
22          interest of our customers. We must strengthen our  
23          system and ensure reliable transmission service to  
24          all FPU customers. During the development of the  
25          storm protection plan, we took into consideration

1 the safety of our employees and customers, the  
2 financial impact and benefits to our customers, and  
3 the necessary increase and reliability and  
4 resiliency of the grid during extreme weather  
5 events. All of our proposed programs are necessary  
6 and work together as part of a comprehensive plan  
7 to achieve the objectives, or reduce the  
8 restoration costs and outage times during extreme  
9 weather events.

10 We found that in Hurricane Michael, it is more  
11 expensive to rebuild a system than to preserve it.  
12 With that in mind, FPU seeks to implement a storm  
13 protection plan that preserves our system now for  
14 the benefit of all of our customers in the future.

15 I have a lot more to say but the light is  
16 blinking. So, with that, thank you, commissioners.

17 CHAIRMAN FAY: Thank you, Mr. Cutshaw.

18 MS. KEATING: Thank you, Mr. Chairman,  
19 Commissioners, for your indulgence. The witnesses  
20 is tendered for cross.

21 CHAIRMAN FAY: Ms. Christensen, you are  
22 recognized.

23 MS. CHRISTENSEN: Thank you.

24 EXAMINATION

25 BY MS. CHRISTENSEN:

1 Q Good afternoon, Mr. Cutshaw.

2 A Good afternoon.

3 Q Can I ask you to turn to page three of your  
4 rebuttal testimony?

5 A Okay.

6 Q And I'm specifically referring to lines six  
7 through eight in your testimony where you say the SPP  
8 investment is made in an effort to avoid more  
9 catastrophic costs for our customers. Is your total  
10 budget for the 10-year SPP 243.1 million in capital  
11 spending and 2 million in O&M for a total cost of 263.14  
12 million?

13 A That sounds correct.

14 Q In looking on page four of your rebuttal  
15 testimony, it'd be correct to say that you do not  
16 dispute OPC Witness Mara's figure in the table -- in his  
17 testimony table on page 13 that shows the 10-year cost  
18 per customer for FPC is 7,369?

19 A That's correct.

20 Q Okay. I want to ask you to go ahead and take  
21 a look at the first handout I gave to you. This has  
22 been previously marked as Exhibit 94 on the CEL.

23 CHAIRMAN FAY: What's the title, Ms.

24 Christensen.

25 MS. CHRISTENSEN: I'm sorry, what?

1 CHAIRMAN FAY: What's the title?

2 MS. CHRISTENSEN: It's titled FPUC's response  
3 to OPC's first request for production of documents,  
4 one through two, subtitled typical bill comparison,  
5 electric.

6 BY MS. CHRISTENSEN:

7 Q And I would refer you to a -- the last page on  
8 the exhibit.

9 A Okay.

10 Q And that's the typical bill comparison that  
11 you provided to OPC in response to discovery, correct?

12 A That's correct.

13 Q Okay. Now, looking at this typical bill  
14 comparison, you would agree that the rate impact of the  
15 SPP increases over the years, correct?

16 A Yes, until 2026.

17 Q Okay. Well, let's go through a few of those  
18 years. Looking at 2023, the rate impact for the SPP  
19 plan, as you've proposed it, is \$6.60 per 1000 kilowatt  
20 hour for the average residential bill of 1000 kilowatts,  
21 is that correct?

22 A That is correct.

23 Q And then looking at 2024 for the same  
24 1000-kilowatt-hour residential bill, that impact would  
25 increase to \$6.58 per 1000 kilowatt hours, correct?

1 A Correct.

2 Q And then there's a significant jump in 2025,  
3 and the residential impact for 1000 kilowatt hours  
4 increases to \$15.21 per 1000 kilowatt hours. Is that  
5 right?

6 A That's correct.

7 Q And then in 2026, a residential rate impact,  
8 or 1000 kilowatt hours is \$13.36 per 1000 kilowatt  
9 hours, correct?

10 A That's correct.

11 Q Just to be clear, in the years 2025 and 2026,  
12 those are the years that the majority of the  
13 transmission costs that FPUC is proposing be recovered  
14 through the SPP are going to be put into those rates, is  
15 that correct?

16 A That's correct.

17 Q Okay. And looking at the typical bill  
18 comparison, you have a line item for storm recovery, is  
19 that correct?

20 A Yes.

21 Q Okay. And that line item is \$12.80, correct?

22 A Correct.

23 Q Okay. And you would agree that that charge  
24 for storm recovery does not cease until 2026?

25 A It goes away the end of -- or December 2025.

1           Q     Okay. Now, you would also agree that the  
2     **typical resident -- or typical bill comparison that you**  
3     **provided in response to discovery does not include any**  
4     **other additional costs such as fuel that have incurred**  
5     **since April of this year?**

6           A     It appears that all the fuel impacts or each  
7     of these remains the same.

8           Q     Okay. But that fuel estimation, when was that  
9     **created?**

10          A     I did not put these together, but I would  
11     assume during our preparation of the SPP.

12          Q     Okay. And what was that time frame?

13          A     I think we filed it in April of this year. I  
14     don't remember the exact date.

15          Q     Okay. So it would have been prior to April of  
16     **2020?**

17          A     Yes.

18          Q     Okay. And so it would be correct to say that  
19     **the typical bill comparison does not include the dollar**  
20     **increase from the recent mid-course correction, correct?**

21          A     It does not.

22          Q     I want to turn your attention to the next  
23     **exhibit.**

24                   MS. CHRISTENSEN: I would ask that this be  
25     marked for identification.

1                   CHAIRMAN FAY: I believe we're at 111. Mr.  
2                   Trierweiler, 111, is that correct?

3                   MR. TRIERWEILER: That is. 111.

4                   (Whereupon, Exhibit No. 111 was marked for  
5                   identification.)

6                   BY MS. CHRISTENSEN:

7                   Q     Okay. This is the order that granted the  
8                   approval for the mid-course correction, is that correct?

9                   A     I have not seen this document until now, but  
10                  it appears to be.

11                  Q     Are you familiar with FPUC's mid-course  
12                  correction?

13                  A     I was involved in some of the calculations,  
14                  but not in the actual filing.

15                  Q     Okay. Well, to the extent that you're  
16                  familiar with it, looking at page -- well, let me ask  
17                  you this: Are you familiar with the order in that it's  
18                  requesting to collect 3.7 million in under-recovered  
19                  cost from customers starting in August of 2022?

20                  A     Yes.

21                  Q     Okay. And now turning your attention to page  
22                  five of the order, there's a table on page five.

23                  A     Excuse me. Ms. Christensen which --

24                  Q     It has on the front cover page and it will say  
25                  order number PSC 20222280-PCO-EI, and it says order



1 approving Florida Public Utility Company's mid-course  
2 correction. Do you have a copy there?

3 A I have a petition for approval of actual  
4 estimated true-up costs.

5 Q Well, it looks like possibly your packet --  
6 let me go ahead and give you a copy from the extra  
7 packet that I have here.

8 A Did not have this.

9 Q So apparently that got missed out of that  
10 packet. I apologize.

11 CHAIRMAN FAY: And we're on page five, Ms.  
12 Christensen?

13 MS. CHRISTENSEN: Yes.

14 BY MS. CHRISTENSEN:

15 Q I would ask to turn your attention to page  
16 five, table two.

17 A Okay.

18 Q And do you see the third column that it says,  
19 approved to proposed difference? At the bottom of the  
20 column it says that the difference between the previous  
21 rates and the proposed new rates was \$14.89?

22 A Yes.

23 Q And that's attributable to the under-recovery  
24 for the mid-course correction for natural gas, or for  
25 the -- actually your proposed purchase agreements?

1 A Yes.

2 MS. CHRISTENSEN: Now, let me turn your  
3 attention to the next exhibit, and I would ask to  
4 have this marked for identification, and that is  
5 the July 27th, 2022 petition for approval of actual  
6 estimated true-up amount.

7 CHAIRMAN FAY: Okay. We will mark that 112.  
8 (Whereupon, Exhibit No. 112 was marked for  
9 identification.)

10 BY MS. CHRISTENSEN:

11 Q And can I ask you to look on page two of that  
12 petition? I think it's the back side of the exhibit,  
13 paragraph seven. Am I correct in reading that that is a  
14 request for an estimated under-recovery of \$21,191,231  
15 for the period of January 2023 through December 2023?

16 A Yes.

17 Q Now, I'm going to ask you to -- since you said  
18 you did some of the calculations, I'm going to ask you  
19 to do a quick back-of-the-envelope kind of calculation  
20 for me regarding this natural gas increases that  
21 customers will be experiencing starting in January 2023.  
22 If you take the 21 million and divide it by the 3.7,  
23 which was approved by the Commission in July, would you  
24 agree that that's about five and a half times greater  
25 than the 3.7 million that was approved for recovery in

1           **July, subject to check?**

2           A       Yes, subject to check.

3           Q       And would you agree that it's a rough estimate  
4           that the pending bill impacts for the 21 million of  
5           under-recovery for 2023, if you multiply the \$14.87 --  
6           89 cents -- excuse me -- bill impact in the 2022  
7           mid-course correction approximately five and a half  
8           times, that would result in approximately an \$83 bill  
9           increase for 2023 for the under-recovery; is that  
10          correct?

11          A       I'd have to go through the calculations, but  
12          it seems to in the ballpark.

13          Q       Okay.

14                   **CHAIRMAN FAY: Ms. Keating.**

15                  MS. KEATING: Mr. Chairman, I have let this go  
16                  for a minute, but we seem to be talking about the  
17                  fuel clause. And this is really beyond Mr.  
18                  Cutshaw's rebuttal testimony.

19                  CHAIRMAN FAY: Ms. Christensen, I know on this  
20                  exhibit you pulled some numbers from there, but it  
21                  seems like you're going a little beyond the  
22                  document. Was that your last question for that?

23                  MS. CHRISTENSEN: Well, I have one or two  
24                  more, and then I was going to move on, but the  
25                  rationale behind asking these questions is this

1 Commission is tasked with weighing the rate impacts  
2 for the SPP. That can't be done in isolation.  
3 That has to be done looking at all of the  
4 components of a typical residential bill. And one  
5 of the typical residential bill components is the  
6 fuel component. And I think the fact that they're  
7 facing a significant increase recently needs to be  
8 weighed by the Commission.

9 CHAIRMAN FAY: Okay. I do think the evidence  
10 you have on the record does address that, and rate  
11 impact is a part of the rule, and so I'll allow you  
12 another question, but at some point, I think your  
13 point's made.

14 BY MS. CHRISTENSEN:

15 Q Let me just ask one more follow-up question  
16 with that, which is, would you agree Mr. Cutshaw that  
17 you can't avoid collecting for the under-recovery from  
18 customers for natural gas because it represents a cost  
19 that's already been incurred by the company?

20 A We do have to collect. There may be some  
21 mitigating methods to use to reduce the impact, but,  
22 yes, we will have to collect.

23 MS. CHRISTENSEN: And I'll move on from that  
24 line of questions. Thank you.

25 BY MS. CHRISTENSEN:

1           Q     Now, I'm going to ask you to look at exhibit  
2           that's been previously marked for identification as  
3           Exhibit 91. And that says, FPUC's objections or  
4           responses to citizens' fourth set of interrogatories,  
5           number 46.

6           CHAIRMAN FAY: I actually have two of those  
7           Mr. Christensen. So there's possibility somebody  
8           doesn't --

9           MS. CHRISTENSEN: No. There's two different  
10          ones. This is specifically and I -- they're  
11          already in the record, so I separated them out  
12          regarding the questions for ease of people's  
13          reference. The first one that I want to refer to  
14          is number -- the one that has number 46 on it, and  
15          then I'll address the other Exhibit 91 with  
16          interrogatory 36 A through D.

17          CHAIRMAN FAY: Okay. So they're both part of  
18          91?

19          MS. CHRISTENSEN: Correct, but they're two  
20          different interrogatory responses.

21          CHAIRMAN FAY: Okay. Go ahead.

22          BY MS. CHRISTENSEN:

23          Q     The only consideration that FPUC gave not to  
24          deploy capital for SPP programs or projects was -- or  
25          let me rephrase that slightly.

1                   In response to the discovery, FPUC said that  
2                   the consideration it gave to rate impact regarding  
3                   customers' bills was that it would consider a phased-in  
4                   approach to the SPP program, is that correct?

5                   A        That's correct.

6                   Q        Okay. And you did not consider any other  
7                   options for mitigating rate impact, is that also  
8                   correct?

9                   A        We looked at -- looking at customer rate  
10                  impact by delaying some of the implementations and  
11                  waiting as close -- as closely as we could until 2026  
12                  when the Hurricane Michael surcharge rolled off, because  
13                  that was a significant surcharge. We're still  
14                  collecting from Hurricane Michael. As it rolled off,  
15                  then we would begin ramping up in order to be in  
16                  compliance with the statute.

17                  Q        Okay. So you did not consider not  
18                  implementing any programs, just delaying them?

19                  A        That's correct.

20                  Q        Okay. Do you have -- okay. Let me refer you  
21                  to page six of your rebuttal testimony's, line eight  
22                  through nine. And in that testimony, you indicate that  
23                  it was necessary to comply with the requirements of the  
24                  rule within a reasonable time frame. Is that a correct  
25                  summary of your testimony?

1           A     That's correct.

2           Q     Okay.  Would you agree that Rule 25-6.030 does  
3     not have a specific requirement for a minimum amount of  
4     investment or a type of investment that must be made by  
5     electric utilities?

6           A     There are no minimum investment amounts or no  
7     maximum investment amounts.  We had a lot of discussion  
8     about how to develop the SPP, and we did roll it out so  
9     that over approximately 30 years, we would accomplish  
10    the majority of what we're trying to do.  This is our  
11    first attempt at this and we felt like that was a  
12    reasonable amount of time to get through a storm  
13    hardened system.

14          Q     Okay.  But you agree that it's not mandated in  
15    the rule that any of the storm hardening be done within  
16    a specific time frame, correct.

17          A     I agree.

18          Q     Do you agree with Mr. Mara's testimony that  
19    for the period of 2016 through 2020, the total cost of  
20    catastrophic storms was 74.1 million?

21          A     Subject to check, that seems in the ballpark.

22          Q     And that would be the cost mainly from  
23    Hurricane Michael, correct?

24          A     Correct.  Hurricane Michael was around 70  
25    million.

1           **Q**     **Okay. Now, after the completion of the 10**  
2           **years outlined in the SPP, is it your belief that the**  
3           **storm restoration costs will be cut in half or go away**  
4           **entirely?**

5           **A**     **As we go through and we develop our storm**  
6           **protection plan and get it implemented, there will be a**  
7           **significant reduction in cost and outage times, as**  
8           **required in the statute, based on our plan that we have**  
9           **submitted.**

10          **Q**     **So is the answer to that question, yes or no?**

11          **A**     **Can you ask it again?**

12          **Q**     **Sure. That after the completion of the 10**  
13          **years of the SPP, is it your belief that the storm**  
14          **restoration cost will be cut in half or go away**  
15          **entirely?**

16          **A**     **As I mentioned earlier, we're looking at a**  
17          **30-year time period to accomplish all of this. So if**  
18          **you do basic math, after 10 years, we would be a third**  
19          **of the way there, which would mean our costs would be**  
20          **reduced by a third, approximately.**

21          **Q**     **Okay. After extreme storms, does FPUC**  
22          **identify areas where broken poles and wires are down**  
23          **using a person, sometimes referred to as bird-dog, who**  
24          **drives a feeder, spotting problems and directing crews**  
25          **of men to repairs?**



1 A Yes.

2 Q Okay. And does FPUC also use information from  
3 an AMI system?

4 A We do not currently have an AMI.

5 Q Okay. Would you agree that one person --  
6 would you agree that it's one person that finds the  
7 problems or -- let me rephrase that question.

8 Is it one person that finds the outage  
9 problems and directs people to repairs?

10 A Typically, it is one individual that actually  
11 locates where the damage is.

12 Q Okay. So is FPUC's claim that additional  
13 sectionalizing, i.e. more fuses and reclosers, help to  
14 reduce restoration times or costs by just the time of  
15 this one person or individual?

16 A As we established yesterday, I'm not an  
17 attorney, but I am an engineer and very familiar with  
18 electric operations. And one of the things that occurs  
19 when you have damage to a pole is you do locate the pole  
20 and you dispatch the crew to go to that location, and  
21 there's a lot more to it than digging a hole and setting  
22 a pole.

23 With our current method, we have to get  
24 multiple individuals to review the situation, figure out  
25 can we perform some type of switching in order to get

1 customers on while we prepare the pole. After we  
2 identify what can be done, then we also have to do the  
3 sectionalizing to perform a safe work area for the line,  
4 ground it, then we go and prepare the pole. Afterwards,  
5 we reverse that process, you might say.

6 There are a large number of people that are  
7 involved in switching, grounding, and then putting it  
8 back to normal. With certain types of self-healing  
9 systems, that is done when they get there. So they  
10 don't spend probably as much or more time preparing to  
11 replace the pole as they do replacing the pole.

12 With AMI -- AMI -- the self-healing system, a  
13 lot of that work is done for them. And then when they  
14 get -- complete the job, the systems can switch the  
15 systems back to normal. So, in my mind, having been out  
16 there and seen the actual work being performed, there's  
17 definitely some savings beyond that one person.

18 **Q Okay. And, generally speaking, these kinds of**  
19 **recloser and fuses, are those generally additions to**  
20 **systems that are done for normal course of business type**  
21 **operations, or have been in the past?**

22 A They are being utilized in a -- more of a  
23 manual mode. They operate to protect certain sections  
24 of line, but it does still take an individual to go  
25 there and actually operate the recloser.

1           Q     Let me ask you this:  On your rebuttal  
2     testimony, you state that the feeder hardening program  
3     and the overhead lateral hardening program are nearly  
4     identical, is that correct?

5           A     Yes.

6           Q     Would you agree that since there's at least  
7     twice the amount of overhanging trees and/or dead or  
8     dying -- leaning trees or otherwise known as  
9     right-of-way characteristics for phase-one lines as  
10    phase-three lines?  In other words, there's more of  
11    these obstacles for phase-one lines than there are for  
12    phase-three lines?

13          A     Can you say that one more time?  I'm sorry.

14          Q     Would you agree that there's more obstacles,  
15    or as I'm characterizing it, as right-of-way  
16    characteristics for phase-one line than there are for  
17    phase-three lines?  And that's discussed on Appendix C  
18    of the SPP, page 15.

19          A     I'm assuming that you're asking is there more  
20    obstacles on the single-phase lines?

21          Q     Correct.

22          A     Than the three-phase?

23          Q     Correct.

24          A     I would agree there are more obstacles on the  
25    single-phase lines.  There are more trees, there's more

1 transformers, there's more right-of-way conditions that  
2 you have to deal with. Whereas the -- most three-phase  
3 lines, especially the feeders, are on established  
4 roadways and fairly clean right-of-way with fewer  
5 transformers to be dealt with.

6 Q Okay. And these right-of-way characteristics  
7 that we were just discussing, they impact the resiliency  
8 of a hardened distribution system; would that be a  
9 correct statement?

10 A Very much.

11 Q And regarding the transmission service to  
12 Amelia Island, your rebuttal testimony you compare the  
13 steel lattice structure failure due to Hurricane Ida, a  
14 category-four hurricane in New Orleans -- or in Orleans  
15 Parish in Louisiana, as being similar to some of the  
16 lattice power construction used by FPUC along Highway  
17 200, correct?

18 A Correct.

19 Q Would you agree that the distance of the lines  
20 supported by the three lattice towers on FPUC's system  
21 is approximately half a mile? Subject to check?

22 A Subject to check, yes.

23 Q Okay. Would you also agree that on page 34 of  
24 the SPP, it says that there's two point -- approximately  
25 two miles of underground transmission cables that is

1           **proposed for the new alternative.**

2           A       That's correct.

3           Q       **And the current 138 kV line and cable route**  
4           **provides access to an alternative power source that**  
5           **presently is available to FPUC through JEA's**  
6           **transmission system, is that correct?**

7           A       Through FPL's transmission.

8           Q       **Okay. Would you agree that the existing line**  
9           **to the island is relatively short with limited exposure**  
10          **and built with 100 percent concrete poles and lattice**  
11          **steel towers specifically designed for extreme wind?**

12          A       They are -- or they were designed to  
13          transmission specifications when they were established.  
14          As I mentioned in my testimony, the built lattice towers  
15          were installed in 1973. Those were built in accordance  
16          with the NESC requirements of extreme wind loading in  
17          1973. Those requirements have changed through the  
18          years. So if we were to build them today and replace  
19          them, they would be built better, stronger, more  
20          resilient.

21          Q       **But they're not failing today or otherwise**  
22          **would require a replacement today?**

23          A       They are in good condition, considering their  
24          age. Kind of like me.

25          Q       **Would you agree -- it's nice to know you're in**

1           **good condition.**

2           A       That's right.

3           Q       **Would you agree that the Florida PSC found**  
4           **that very few non-wood poles failed during hurricanes?**

5           A       I agree with that.

6           Q       **Okay. In your rebuttal testimony on page 13,**  
7           **it says if the 138 kV transmission line is not approved,**  
8           **that the 69 kV line and substation is even more**  
9           **critical. Would you agree that according to your**  
10          **testimony, only the 5.4 million 69 kV line and**  
11          **substation hardening is necessary for resiliency for**  
12          **Amelia Island?**

13          A       That is another situation. Ideally, both  
14          lines would be in place, but we've got to do something  
15          in order to provide that resilience for the customers on  
16          Amelia Island.

17          Q       **You would agree that the concept of resiliency**  
18          **is the ability to absorb or avoid damage without**  
19          **suffering complete failure, is that correct?**

20          A       Yes.

21          Q       **The 69 kV line already exists and is**  
22          **interconnected to an existing CHP plant, is that right?**

23          A       The one that we're focused on here goes to  
24          a -- not to the specific CHP plant, it goes to a  
25          separate paper mill that does not have a CHP plant.

1           Q     Okay.  But it's currently in existence, is  
2     that correct?

3           A     Yes.

4           Q     Okay.  And how long has that 69 kV line been  
5     in service?

6           A     I am not exactly sure, but it is a long time.

7           Q     Okay.  And the proposed project is to increase  
8     the capacity of the existing 69 kV line to get more  
9     power from the paper mill, correct?

10          A     That's correct.

11          Q     Is the current 69 kV transmission line -- was  
12     that included in base rates as a typical business  
13     investment in FPUC's grid?

14          A     It is in regular base rates.

15          Q     Okay.  And you stated in your rebuttal that  
16     the 69 kV line is storm-hardening-related because the  
17     paper mill generation will be up and running in as  
18     little as four hours after a storm and the extra  
19     capacity from the 69 kV line project could be used to  
20     black start the paper mill's own generation after a  
21     storm.  Is that correct summary of your testimony?

22          A     Let me clarify just a little bit.  We do have  
23     a -- what we call Eight Flags -- providing power that is  
24     located at one of the paper mills.  That facility can be  
25     up and running in four hours after a complete shutdown.

1 Both mills that are located on the island have  
2 generation assets, but grid goes down, their systems  
3 shut down and they cannot be restarted until the grid is  
4 reestablished.

5 With our CHP plant, we can, assuming the 69 kV  
6 lines are up and available, we can reestablish the grid  
7 on the 69 kV system at which time the paper mills can  
8 begin to bring their systems back up. It takes them  
9 longer than four hours. It is a -- probably a day-long  
10 process to get everything back up, heated up and running  
11 and producing electricity. So it does take some  
12 additional time, but the key there is the CHP at one of  
13 the paper mills and the 69 kV lines ended up being ready  
14 to provide the electricity.

15 **Q Okay. So you would agree that to have any**  
16 **resiliency benefit after a storm, they would have to be**  
17 **a bit available and able to provide full capacity when**  
18 **needed, correct?**

19 A That's correct.

20 **Q But you have no analysis that suggest that the**  
21 **CHP plant, the paper mill or even those 69 kV line**  
22 **system will be operational within five to six hours**  
23 **after a hurricane makes landfall, is that correct?**

24 A We feel very comfortable, since we are some of  
25 the first people allowed back on the island, that we



1 would be able to get our personnel back to Eight Flags,  
2 and assuming that our 69 kV system is storm hardened, it  
3 would be up, available and ready to start the process of  
4 getting power back to the island, regardless of whether  
5 or not we have the 138 kV.

6 **Q Okay. But have you done any -- I mean, other**  
7 **than your impressions that you'd be able to accomplish**  
8 **that, have you done a formal studies or analysis?**

9 A Other than what we've accomplished in the  
10 other storms, obviously they were not the extent of some  
11 that could happen, but all our plans worked as I stated.  
12 And we did not have -- or we had a limited impact on the  
13 69 kV system. It's been storm hardened, probably  
14 wouldn't add any time.

15 **Q Okay. Let me ask you this: Would you agree**  
16 **that increasing power supply is traditionally more of a**  
17 **rate case or a fuel clause type of issue?**

18 A Say that again.

19 **Q Would you agree that increasing power supply**  
20 **is more traditionally a rate case or a fuel cause type**  
21 **issue?**

22 A Typically, that is the case. As we have  
23 stated before, our public utilities is very unique.  
24 We're a smaller company. We have no internal generating  
25 assets. So, in our case, it is -- we are a little

1 unique.

2 Q Let me ask you this -- I'm going to move on to  
3 your request for supervisory control and data  
4 acquisition, otherwise known as SCADA systems software.  
5 Is that typically a business investment in the grid  
6 operations?

7 A I think in most cases, the SCADA systems are  
8 typically in place for most utilities. We do not have a  
9 system in place at this time. We think that the  
10 response that a SCADA system would provide to us to know  
11 what is out, generally where the problems exist, that it  
12 would be something that would help us reduce restoration  
13 time.

14 Q Okay. Let me ask you to go ahead and refer to  
15 the last exhibit that I've provided you. It's exhibit  
16 91 marked for identification, and this specifically  
17 refers to interrogatory response to number 36, A through  
18 D. Is it correct that FPUC had a SCADA system in the  
19 northwest territory that was decommissioned in 2015?

20 A That's correct.

21 Q Okay. And was that SCADA system recovered  
22 through base rates?

23 A That was included in base rates, yes.

24 Q Okay. And would you agree that FPUC has not  
25 chosen to implement a new SCADA system?

1           A     That's correct.

2           Q     And as part of the SPP, you would agree that  
3     **FPUC has not chosen a SCADA system as part of the --**  
4     **your proposed SPP plan, correct?**

5           A     As I think I mentioned in the SPP, we are  
6     still looking, we're studying, we have provisions out  
7     there in the future, to develop and put into place a  
8     SCADA system. As of today, we don't know what we would  
9     want to do. So it's out there.

10          Q     So it would be fair to say that FPUC has not  
11     **provided any monetized benefits related to SCADA system.**

12          A     That's correct.

13                 MS. CHRISTENSEN: Okay. I have no further  
14     questions for the witness.

15                 CHAIRMAN FAY: Thank you. Staff.

16                 MR. IMIG: Staff has no questions.

17                 CHAIRMAN FAY: Commissioners. Ms. Keating,  
18     redirect.

19                 MS. KEATING: Thank you, Mr. Chairman.

20                                 FURTHER EXAMINATION

21     BY MS. KEATING:

22           Q     **Mr. Cutshaw, early in her cross, Ms.**  
23     **Christensen asked you some questions about an exhibit, a**  
24     **response reflecting bill impact. Do you have that with**  
25     **you?**

1 A The -- on the typical bill comparison?

2 Q Yes.

3 A Okay.

4 Q Was that bill impact and bill comparison based  
5 upon the estimated amounts of the projects in the SPP?

6 A Yes, they were.

7 Q And did those estimates include amounts that  
8 are currently being recovered in base rates?

9 A Yes, they did.

10 Q And is it the company's expectation that those  
11 amounts will be removed for purposes of recovery through  
12 the SPP CRC?

13 A That is correct.

14 Q So Ms. Christensen also asked you several  
15 questions about the two transmission lines, in  
16 particular the 69 kV line and the 138 kV. So, in  
17 present day, if the 138 kV line failed, what would be  
18 the cost to restore that line?

19 A The cost to restore that line would be very,  
20 very large. It is a set of transmission lattice towers  
21 that we do not have on our property, that would have to  
22 be designed, built, delivered. It would be many, many  
23 days getting that put into place. And the -- I can't  
24 estimate the millions of dollars that would be required  
25 to replace those structures.

1           **Q     And during the time that that line was down,**  
2           **what percentage of Amelia Island would be without power?**

3           A     Every residential, commercial and industrial  
4           customer would be without power for a number of days,  
5           weeks, a month.

6           **Q     And can you estimate the economic impact**  
7           **associated with that outage?**

8           A     Well, I know just looking at our two large  
9           industrial customers, the two paper mills, they estimate  
10          they lose a million dollars a day when they're down.  
11          The Ritz Carlton, the dad that's having his daughter  
12          have a wedding there for 250,000 and the power goes out  
13          that day, he can do it at the Omni for 200,000, they  
14          chose the Ritz for a quarter of a million. All the  
15          small businesses, all of the things on the island, it  
16          would be a tremendous loss to the island.

17          **Q     Ms. Christensen, I think, suggested that the**  
18          **transmission lines were more resiliency issue that**  
19          **wouldn't typically be recovered in base rates. Could**  
20          **either of those lines be taken out by a storm?**

21          A     Very easily.

22          **Q     In your mind, is there a bright-line**  
23          **distinction between resiliency and storm protection?**

24          A     I think storm protection is definitely a piece  
25          of resiliency, or they're very interrelated to each

1 other.

2 Q Ms. Christensen also asked you about the SCADA  
3 system. Why did FPUC decommission its SCADA system in  
4 2015?

5 A The SCADA system we had in place in 2015 was  
6 an old system that was radio-based. It had been in  
7 service for a number of years, the technology was  
8 getting older, the radios had been struck by lightning  
9 many times. A lot of the wiring was impacted during the  
10 lightning strikes, and it got to the point that it was  
11 more costly to keep it going than to retire it.

12 Q And during that same period of time, are you  
13 aware of whether or not FPUC was under settlement  
14 agreements arising from its 2014 rate case?

15 MS. CHRISTENSEN: I'm going to object. This  
16 is beyond the scope of what I asked in my cross.

17 CHAIRMAN FAY: Ms. Keating, it is getting a  
18 little outside of the cross.

19 MS. KEATING: I don't think it is because Ms.  
20 Christensen suggested that the company chose not to  
21 undertake those projects, and I submit that they  
22 would not have had an opportunity without a rate  
23 case and they were subject to --

24 CHAIRMAN FAY: Ms. Christensen.

25 MS. CHRISTENSEN: Same direction. I think

1           it's outside the scope of cross and the question  
2           that I asked. I mean --

3           CHAIRMAN FAY: Yeah, I mean, there's obviously  
4           a decision point that occurs there, but as to how  
5           it's relevant to her original questioning, if you  
6           could just reel it in maybe. Do you have more  
7           questions on this? Okay. Go ahead. Finish.

8           BY MS. KEATING:

9           **Q I'll move on from that, but I am staying on**  
10          **the SCADA system. Hurricane Michael. Would having a**  
11          **SCADA system functional in your northwest division have**  
12          **saved the company and ratepayers restoration costs?**

13          MS. CHRISTENSEN: I'm going to object again.  
14          This is really beyond the scope of what I asked.

15          CHAIRMAN FAY: The rate -- go ahead, Ms.  
16          Keating.

17          MS. KEATING: I was going to say, Mr.  
18          Chairman, she went on for quite some time about the  
19          impact of SCADA system and Hurricane Michael.

20          CHAIRMAN FAY: I do think the rate impact is  
21          relevant, I just I want to make sure, Ms. Keating,  
22          you're getting clarification from the witness and  
23          not additional testimony on it. So clarify based  
24          on her question. Go ahead.

25          THE WITNESS: Can you ask that again?

1 BY MS. KEATING:

2 Q If you'd had a SCADA system in the aftermath  
3 of Hurricane Michael, would there have been restoration  
4 costs that you saved?

5 A I know the argument is immediately after  
6 Hurricane Michael, would it have helped? Probably not.  
7 Everything was out. A lot of things were destroyed. It  
8 would have taken a few days to get the systems back up  
9 and functioning, but definitely in being able to know  
10 what systems are functioning, what are out, being able  
11 to deploy resources in correct areas, managing the  
12 switching and the safety aspects of restoration  
13 activities, it would definitely have saved time, which  
14 is a direct, big cost factor in restoration.

15 Q One more question. I promise. So, Mr.  
16 Cutshaw, do you have the rule and the statute with you?

17 25 --

18 A I do.

19 Q 25-6.030 and 362?

20 A I do.

21 Q Are you familiar with the statute and the  
22 rule?

23 A I am.

24 Q And you're not a lawyer?

25 A I am definitely not a lawyer.



1           **Q     Is it your understanding in the statute or the**  
2           **rule that there is a requirement on the company to take**  
3           **into consideration in the development of its storm**  
4           **protection plan cost aspects and variables outside the**  
5           **scope of the development of the plan itself?**

6           A     It does say to develop or consider restoration  
7           costs and outage times. It does not limit it to that.  
8           There are other things that we consider. And we did go  
9           through and we looked at a variety of factors that  
10          contribute to the overall storm protection plan.

11          **Q     Do they require that you consider fuel?**

12          A     We did not consider fuel because in April, the  
13          landscape was a little different with natural gas as  
14          prepared today. Granted, it was questionable then, but  
15          it's it was not like what it is today.

16                 MS. KEATING: Thank you, Mr. Cutshaw. No more  
17          redirect.

18                 CHAIRMAN FAY: Thank you. Staff. Mr. Clark,  
19          a question? Go ahead.

20                 COMMISSIONER CLARK: Yeah. Just a couple of  
21          questions, Mr. Cutshaw. We were talking about  
22          Hurricane Michael and the effects that it had  
23          specifically in the northwest division. And you  
24          kind of made me think about the structure of FPUC  
25          and where your investments are being put back at,

1           between the two divisions. From the SPP plan, I  
2           can't really tell how those are working out, but  
3           I'm -- just had a couple of questions. From the  
4           northwest division's perspective, what percentage  
5           of that system would you say it was completely  
6           rebuilt after Michael?

7           THE WITNESS: One of the things that we have  
8           considered is -- we did go back in and we fixed it.  
9           We replaced what was out there with what was the --  
10          what was available to stick in the hole to replace  
11          the hole. So although we did repair -- I don't  
12          know that we can -- we don't consider that we  
13          rebuilt it to storm-hardened standards, but we did  
14          rebuild a portion of it. And, again, this is my  
15          personal expectation -- or my estimate might be on  
16          the ground after it happened. There was probably  
17          30 to 40 percent was addressed. Is it all now  
18          storm hardened, or do we need to go back and repair  
19          the temporary measures that were put in place,  
20          which we have been doing? Do we need to change  
21          some of the poles or some of the hardware to make  
22          sure it does meet extreme wind loading standards?  
23          We're not positive yet.

24          COMMISSIONER CLARK: And I think that was my  
25          point, was the observations of having to rebuild a

1 system on the fly certainly did not take the amount  
2 of detail and engineering that would be required in  
3 a resiliency plan if you were going back to rebuild  
4 that system. And that is one of my concerns is how  
5 you divide the funds up between your two systems  
6 and how much -- how much emphasis is given  
7 specifically to that division where we -- I think  
8 we may still have -- we may still have a lot of  
9 issues that -- that need to be addressed in that  
10 area.

11 THE WITNESS: You are correct.

12 COMMISSIONER CLARK: That's all, Mr. Chairman.  
13 Thank you, Mr. Cutshaw.

14 CHAIRMAN FAY: All right. Mr. Christensen,  
15 would you like to move your exhibits in?

16 MS. CHRISTENSEN: Yes. I would ask to move  
17 111 and 112 in. I believe the other one's already  
18 in the record.

19 CHAIRMAN FAY: Okay. Without objection, show  
20 111 and 112 entered into the record.

21 (Whereupon, Exhibit Nos. 111 and 112 were  
22 received into evidence.)

23 CHAIRMAN FAY: And, with that, we have no  
24 proffer from Mr. Cutshaw. Ms. Christensen, you can  
25 excuse your witness -- I'm sorry. Ms. Keating.

1           You can if you want to, but I think Ms. Keating  
2           should probably get credit for excusing you, Mr.  
3           Cutshaw. Go ahead. He's out of here already.

4           MS. KEATING: Running from the building. So  
5           thank you, Mr. Chairman.

6           (Witness excused.)

7           CHAIRMAN FAY: And you're welcome to call your  
8           next.

9           MS. KEATING: FPUC would like to call Robert  
10          Chester Waruszewski to the stand.

11         Whereupon,

12                                 ROBERT C. WARUSZEWSKI

13         was called as a witness, having been previously duly  
14         sworn to speak the truth, the whole truth, and nothing  
15         but the truth, was examined and testified as follows:

16                                 EXAMINATION

17         BY MS. KEATING:

18                 **Q     Mr. Waruszewski, could you please state your**  
19         **name and business address for the record?**

20                 A     Yes. My name is Robert C. Waruszewski. My  
21         business address is 500 Energy Lane, Suite 100, Dover,  
22         Delaware 19901.

23                 **Q     And by whom are you employed in what capacity?**

24                 A     Employed by Chesapeake Utilities Corporation  
25         as Regulatory Manager South.

1           Q     And did you cause to be prepared and filed in  
2     this proceeding eight pages of rebuttal testimony on  
3     June 21st?

4           A     Yes, I did.

5           Q     And did you also cause to be prepared and  
6     filed on August 2nd an errata to that testimony?

7           A     Yes, I did.

8           Q     And, for the record, Mr. Waruszewski, did that  
9     errata sheet strike pages four through line eight of  
10    page eight of your rebuttal testimony?

11          A     Yes.

12          Q     And if I asked you the same questions in your  
13    unstricken testimony, would you still have the same  
14    answers?

15          A     Yes, I would.

16          Q     Do you have any changes or corrections?

17          A     Yes. I have one correction on page three of  
18    my testimony on line 13. Where it says 26 should say  
19    25.

20                MS. KEATING: With that change, Mr. Chairman,  
21    we would ask that the rebuttal testimony, subject  
22    to the errata filed on August 2nd, responsive --  
23    striking the testimony responsive to Witness  
24    Kollen's testimony that was stricken be admitted  
25    into the record is though read.

1                   CHAIRMAN FAY: Without objection, shows it  
2                   inserted.

3                   (Whereupon, prefiled rebuttal testimony of  
4                   Robert C. Waruszewski was inserted.)

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**ATTACHMENT 2**

Docket No. 20220049-EI

Rebuttal Testimony of Robert Chester Waruszewski

On Behalf of

Florida Public Utilities Company

Date of Filing: June 21, 2022, [Corrected by Errata: August 2, 2022]

*Clean*

1                                    **Before the Florida Public Service Commission**

2                                    Docket No. 20220049-EI

3                                    In re: Petition for Review of Storm Protection Plan

4                                    Rebuttal Testimony of Robert Chester Waruszewski

5                                    On Behalf of

6                                    Florida Public Utilities Company

7                                    Date of Filing: June 21, 2022 [Corrected by Errata: August 2, 2022]

8    **I.    Background**

9    **Q.    Please state your name and business address.**

10   A.    My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite  
11        100, Dover, Delaware 19901.

12   **Q.    By whom are you employed and in what capacity?**

13   A.    I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South.

14   **Q.    Briefly state your education background and employment experience.**

15   A.    I received a Bachelor of Science Degree in mathematics and economics from St.  
16        Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior  
17        accounting clerk for the Bank of New York Mellon, assisting in the preparation of  
18        audits as well as gathering local tax data for the bank's employees before joining  
19        Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department.  
20        There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior  
21        Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating  
22        in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates  
23        and Regulatory Analyst, where I was responsible for assisting in budget preparation



1 and compiling regulatory filings for the Company's Pennsylvania and West Virginia  
2 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January  
3 2022, I joined Chesapeake Utilities Corporation where my responsibilities include  
4 monthly filing of the Purchase Gas Adjustment (PGA), and other regulatory filings  
5 and analysis.

6 **Q. Have you testified before this or any other Commission?**

7 A. Yes, I provided testimony in FPUC's PGA True-Up filing at Docket No. 20220003-  
8 GU. In addition, I have testified before the Pennsylvania Public Utility Commission  
9 in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas  
10 of Pennsylvania rate proceedings. In addition, I have testified before the Public Service  
11 Commission of Maryland on several occasions on behalf of Columbia Gas of  
12 Maryland.

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

14 A. No, I did not.

15 **II. Purpose of Testimony**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to rebut various conclusions contained in the direct  
18 testimony of the Office of Public Counsel's ("OPC") witness Lane Kollen pertaining  
19 to the analysis of new programs proposed by FPUC in its Storm Protection Plan  
20 ("SPP") petition.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes, I am sponsoring Exhibit RCW-1, which is a revised schedule submitted to remove  
23 the VA transformer project from FPUC's SPP revenue requirement.

1 **Q. Do you agree with Witness Kollen’s recommendations and assessments?**

2 A. I do agree with some, but certainly not all of Witness Kollen’s recommendations. In  
3 this testimony, I will address the key items that I disagree with, as well as certain points  
4 upon which I agree with Witness Kollen. To be clear, however, for any other  
5 particulars of Witness Kollen’s testimony that I do not specifically address, such  
6 absence from this testimony should not be construed to mean that I either agree or  
7 disagree with Witness Kollen.

8 **Q. On page 9, lines 1 – 8, of his direct testimony, Witness Kollen recommends that**  
9 **“The Commission should apply rational and specific decision criteria to the**  
10 **selection, ranking, and magnitude of the proposed programs and projects and**  
11 **apply those decision criteria consistently to all four utilities in these proceedings.”**  
12 **Do you agree with this recommendation?**

13 A. No. Mr. Kollen applies an overly broad interpretation of 26-6.030 Florida  
14 Administrative Code (“F.A.C”). The Commission should, of course, apply rational  
15 and specific decision criteria, but the criteria should also recognize that each utility  
16 operates in its own unique service area and has different operational needs. For  
17 example, FPUC’s service territory and customer base is much smaller and more rural  
18 than the other utilities in this proceeding. Thus, FPUC has unique needs not  
19 experienced by the other utilities. While Section 366.96(4), Fla. Stat. provides the  
20 four items for the Commission to consider when evaluating the storm protection plan,  
21 the Commission should have the discretion of how this applies to each utility and avoid  
22 a one size fits all approach.

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

10 **A.** Yes.

1 MS. KEATING: And we waive summary --  
2 actually. I apologize, Mr. Chairman. I was about  
3 to forget Mr. Waruszewski's exhibit, which I  
4 believe has been marked as Exhibit 54.

5 CHAIRMAN FAY: And we can -- without  
6 objection, we can enter that now.

7 (Whereupon, Exhibit No. 54 was received into  
8 evidence.)

9 MS. KEATING: And we waive summary for Mr.  
10 Waruszewski.

11 MS. CHRISTENSEN: For clarification, have we  
12 moved in the stricken portions for proffered  
13 questions or are we going to do that at the end?

14 CHAIRMAN FAY: We'll do that at the end. Yes.

15 FURTHER EXAMINATION

16 BY MS. CHRISTENSEN:

17 Q Good afternoon, Mr. Waruszewski. If I  
18 pronounce that wrong, let me know, please. Are you  
19 familiar with Witness Kollen's recommendation on page  
20 nine, lines one through eight of his direct testimony  
21 where he recommends that the Commission should apply  
22 rational and specific decision criteria to the  
23 sectional -- section ranking and magnitude of the  
24 proposed programs and projects and apply those decision  
25 criteria consistently to all four utilities in this



1 proceeding?

2 A Yes, I am.

3 Q And you refer to Witness Kollen's  
4 recommendation on page three, lines 8 through 13 of your  
5 rebuttal testimony, correct?

6 A Yes, that's correct.

7 Q And you ask yourself whether or not you agree  
8 with Witness Kollen's recommendation and then respond,  
9 no, but go on to explain. Would that be a correct  
10 characterization of your testimony?

11 A Yes. I explain why I don't agree with his  
12 recommendation.

13 Q Okay. And would that no -- let me ask you  
14 this way. You don't disagree that there should be some  
15 sort of rational and specific decision criteria,  
16 correct?

17 A Yes. As stated in my answer, I do say the  
18 commission should apply rational and specific decision  
19 criteria.

20 Q Okay. However, you argue that Witness Kollens  
21 applies an overly broad interpretation of Rule 25-6.030  
22 to the SPP rule, is that correct?

23 A Yes, that's correct, because Witness Kollens  
24 was asking for the Commission to apply that consistently  
25 across all four utilities in this proceeding, which I

1 believe is outside the scope of what's in the rule.

2 Q Okay. Do you have a copy of the statute and  
3 rules with you?

4 A Yes, I do.

5 Q Okay. I'm going to refer to those for the  
6 next couple of questions, so have a copy of it. Let me  
7 refer you specifically to copy of the statute section  
8 for 366.96. Do you have a copy of that with you?

9 A Yes, I do.

10 Q Okay. And can you look at paragraph four of  
11 the statute? Would you agree that that section says, in  
12 its review of each transmission and distribution storm  
13 protection plan filed pursuant to this section, the  
14 Commission shall consider? And then it lists a bunch of  
15 the criteria underneath that?

16 A Yes, I agree with that.

17 Q In looking at criteria 4A, would you agree  
18 that it requires the Commission to consider the extent  
19 to which the plan is expected to reduce restoration  
20 costs and outage times associated with extreme weather  
21 events and enhancing reliability, including whether the  
22 plan prioritizes areas of lower reliability and  
23 performance?

24 A Yes.

25 Q Okay. And can you look at subsection C of the

1 same paragraph 4?

2 A Yes.

3 Q Would you agree that this requires the  
4 Commission to consider the estimated cost and benefits  
5 to the utility and its customers of making the  
6 improvements employed in the plan?

7 A Yes.

8 Q Okay. And would you agree that the statute in  
9 paragraph 4A and C clearly instruct the Commission  
10 consider the extent to which the plans are expected to  
11 reduce restoration costs and outage times, as well as  
12 the estimated cost and benefits associated with each of  
13 the plan -- with each plan?

14 A Sorry. Could you repeat that again?

15 Q Sure. Would you agree that the statute  
16 requires in paragraph 4A and C, that the Commission  
17 consider the extent to which the plans are expected to  
18 reduce restoration cost and outage times, as well as  
19 estimate -- as well as the estimated cost and benefits  
20 associated with each of the plans?

21 A Yes, that's within the statute.

22 Q Okay. Now, would you agree that costs are  
23 measured in dollars?

24 A Yes.

25 Q Okay. And would you agree that reductions in

1           **cost are a dollar measurement?**

2           A     Yes.

3           **Q     And would you also agree that reductions in**  
4           **restoration costs are a benefit?**

5           A     Yes, I would agree that that is a benefit to  
6           the customer.

7           **Q     Okay. And am I correct that the Commission**  
8           **developed Rule 25-6.003 in response to Section 366.96,**  
9           **Florida Statutes?**

10           MS. KEATING: Mr. Chairman, this is wandering  
11           a little bit beyond Mr. Waruszewski's testimony.  
12           He doesn't really -- participant in the rulemaking.

13           CHAIRMAN FAY: Ms. Christensen, I think he can  
14           answer as to the actual text of it. As to the  
15           creation of it I'm --

16           MS. CHRISTENSEN: Okay. Well, I will move on  
17           to the next question.

18           BY MS. CHRISTENSEN:

19           **Q     Would you agree that rule -- do you have a**  
20           **copy of the rule in front of you?**

21           A     Yes, I do.

22           **Q     I'd like to refer you to section (3)(d)(1).**  
23           **Would you agree that that requires the company to**  
24           **provide a description of how each proposed storm**  
25           **protection program is designed to enhance the utilities'**

1 existing transmission and distribution facilities,  
2 including an estimate of the resulting reduction and  
3 outage times and restoration costs?

4 A Yes.

5 Q In looking at subparagraph (3)(d)(3), that  
6 requires that the Commission -- I'm sorry. What?

7 CHAIRMAN FAY: Yes. Ms. Keating -- hold on  
8 one second; Ms. Keating has an objection.

9 MS. CHRISTENSEN: Sure.

10 MS. KEATING: Mr. Waruszewski didn't even talk  
11 about the rule.

12 MS. CHRISTENSEN: He made -- his testimony, he  
13 directly criticizes Mr. Kollen's interpretation of  
14 the rule, and he specifically says that he believes  
15 that Mr. Kollens' overly -- over-broadly  
16 interpreted the rule. So I'm trying to explore and  
17 set out the parameters of the rules, provisions  
18 that Mr. Kollen was talking about.

19 CHAIRMAN FAY: Ms. Keating, I'm going to allow  
20 it -- I'm going to try to pronounce your last name  
21 because I don't want to mess it up -- but  
22 essentially, if you can speak within your expertise  
23 to what's on the page based on Ms. Christensen's  
24 questions, but beyond that interpretation, you're  
25 not required to provide some sort of legal

1 analysis.

2 THE WITNESS: Okay.

3 BY MS. CHRISTENSEN:

4 Q Okay. Let me repeat the question then.

5 Looking at subparagraph (3)(d)(3), you would agree that  
6 that describes and requires that a company provide a  
7 cost estimate including capital and operating expenses,  
8 correct?

9 A Yes, that is correct.

10 Q And if you look at (3)(d), sub 4, that also  
11 requires that there's a comparison of the costs  
12 identified in subparagraph. (3)(d)(3) and the benefits  
13 identified in subparagraph (3)(d)(1). Is that correct?

14 A Yes, that is correct.

15 Q Okay. Would you also agree that the benefits  
16 that are described in subsection (3)(d)(1) would include  
17 resulting reduction in outage times and restoration  
18 costs?

19 A Yes, I would agree that those are -- could be  
20 considered benefits, but those are not the only benefits  
21 that could be thought of for that.

22 Q Okay. Fair enough. FPUC -- are you aware of  
23 whether or not FPUC provided an estimate of the  
24 resulting reductions and outage times and restoration  
25 costs in its SPP?

1 MS. KEATING: Mr. Chairman, the only portion  
2 of Mr. Waruszewski's testimony that is in the  
3 record for this proceeding is through page three.  
4 And this line of questioning far exceeds that  
5 question, that Q&A.

6 MS. CHRISTENSEN: I can move on to the next  
7 question.

8 CHAIRMAN FAY: Okay. Ms. Christensen, do you  
9 have any questions for the proffered testimony?

10 MS. CHRISTENSEN: I will have a few. I'm just  
11 going to finish up with questions relating to the  
12 rule.

13 CHAIRMAN FAY: Okay. I'm just -- the only  
14 reason I ask, in case our court reporter needs a  
15 break.

16 MS. CHRISTENSEN: Sure. I don't think it'll  
17 be that long. I only have a few more pages, but  
18 I'm certainly at the discretion of your -- Chairman  
19 or the court reporter.

20 CHAIRMAN FAY: Okay. Let's go ahead unless  
21 you -- okay. Go ahead, Ms. Christensen.

22 MS. CHRISTENSEN: Thank you.

23 CHAIRMAN FAY: Certainly.

24 BY MS. CHRISTENSEN:

25 Q What has not been stricken in your testimony,

1           you have not discussed cost or benefits as described in  
2           Rule 25-6.030, do you?

3           A       Right. This portion of the testimony is not  
4           speaking to the benefits or costs.

5           Q       Okay. Would you agree that to make a  
6           comparison you need to compare like things with like  
7           things?

8           A       I agree that that is a way to make a  
9           comparison, yes.

10          Q       And, for example, would you agree that it  
11          would be appropriate to compare dollars to dollars to  
12          get a valid comparison?

13          A       Yes, I would agree that is a way to make a  
14          comparison.

15          Q       Okay. And would you also agree that  
16          comparison of dollar benefits to dollar costs could be  
17          an appropriate decision criteria?

18          A       Can you repeat the question?

19          Q       Yes. Would you agree that comparison of  
20          dollar benefits to dollar costs could be an important  
21          decision criteria?

22          A       Agree that the Commission could use that as a  
23          decision criteria, but looking in the rule, there's  
24          nothing in it that states that the benefits have to be  
25          provided in a quantitative manner.



1           Q     Okay.  Would you agree that such comparison  
2     would inform the company and the Commission as to the  
3     relative value based on the dollar benefit, the dollar  
4     cost comparison for each program?

5           A     I think I addressed this in my stricken  
6     testimony.

7           MS. KEATING:  Yeah.  Mr. Chairman, we're --  
8     again, I hate to be that lawyer but --

9           MS. CHRISTENSEN:  Well, the problem is there's  
10    portions of the unstricken testimony, and I'm  
11    trying to flesh out what he means by overly broad  
12    interpretation of the rule.  And he makes an  
13    agreement that there should be some sort of  
14    specific criteria applied, and I'm trying to flesh  
15    out what he means by specific criteria.

16          THE WITNESS:  So I do agree with you, Ms.  
17    Christensen, that interpretation is fair there,  
18    because the testimony does talk about the broad  
19    interpretation of that rule.  It just sounds like  
20    you're trying to get to the same sort of result  
21    from a number of different angles.  And so is there  
22    a way to simplify it?  I mean, I think he's -- the  
23    scope of his testimony here that's unstricken is  
24    fairly limited, and it seems like you're really  
25    trying to get to his own interpretation of this

1           beyond, you know, what somebody essentially as an  
2           expert could provide. As we say, not a lawyer.

3           MS. CHRISTENSEN: Well, let me -- I have a few  
4           more questions along this line, but let me see if I  
5           can just ask one or two more and move on from that.

6           CHAIRMAN FAY: Okay.

7           BY MS. CHRISTENSEN:

8           **Q        Would you agree that a dollar-to-dollar**  
9           **comparison would demonstrate that the programs are**  
10          **prudent and the cost of the programs are reasonable?**

11          A        Yes, I would agree that if you're able to  
12          quantify the cost and have a meaningful quantification  
13          of the benefits, you can make a comparison.

14          **Q        And let me ask you this: You would agree that**  
15          **the -- I'm going to just move on from there. But would**  
16          **you agree that the cost of the SPP programs must both be**  
17          **a prudent and reasonable?**

18          MS. KEATING: Mr. Chairman.

19          CHAIRMAN FAY: Ms. Keating, I understand your  
20          objections. I think the witness is capable of  
21          providing his interpretation. And if he doesn't  
22          feel that he can do so beyond his expertise, then  
23          he doesn't have to answer to the question, but the  
24          scope of the issue is relevant to the testimony.

25          THE WITNESS: Can you repeat the question?

1 MS. KEATING: I might suggest, though, that  
2 the question goes into the stricken portions of his  
3 testimony.

4 CHAIRMAN FAY: I'm comfortable with that --

5 MS. KEATING: The response --

6 CHAIRMAN FAY: Ms. Christensen, you do -- you  
7 have a little more to work with, it's not a lot,  
8 but if you want to wait to ask that in the stricken  
9 testimony, it might be more appropriate since he  
10 speaks to the SPP more often. I'm going to allow  
11 him to answer the question now if you'd like, but I  
12 just -- I think -- to Ms. Keaton's point, we're  
13 going to move into proffered, we're going to be  
14 running into the same issue as to -- the amount of  
15 his testimony is extremely limited, and so the  
16 scope of what we're going to ask on cross will be  
17 limited, but if you feel it's still appropriate to  
18 ask -- comfortable with him answering it.

19 MS. CHRISTENSEN: Let me ask this one question  
20 and see if this doesn't get to more of his  
21 criticism of applying a rational and specific  
22 decision criteria.

23 BY MS. CHRISTENSEN:

24 Q The selection ranking and magnitude of the  
25 proposed programs and projects, do you believe a dollar



1           **you trying to make with that testimony?**

2           A       The point I was trying to make was that the  
3           Commission should look at each utility individually when  
4           evaluating the criteria. I was not disputing that there  
5           is criteria listed in the statute, but that the  
6           Commission should consider that each utility has unique  
7           service areas and operational needs and customer size,  
8           and the Commission should take that into account when  
9           evaluating each plan separately, and that there's not a  
10          one-size-fits-all approach.

11          MS. KEATING: Thank you, Mr. Waruszewski. No  
12          more redirect.

13          CHAIRMAN FAY: Ms. Christensen's very upset  
14          she didn't get to object.

15          All right. With that, we have Exhibit 54,  
16          which we have moved into the record. We will now  
17          move on to the portion of proffered testimony, Ms.  
18          Keating.

19          MS. KEATING: Thank you, Mr. Chairman. And I  
20          hope to get this right because I've been talking  
21          about -- I'm probably going to get it wrong, but --

22          CHAIRMAN FAY: I just noticed that Miami  
23          Hurricanes cup of yours on your desk, so my  
24          demeanor is going to shift quickly here.

25          MS. KEATING: It's my husband's. FPUC would

1           like to proffer, for the proffered record, the  
2           original rebuttal testimony of Mr. Waruszewski that  
3           was filed on June 21st.

4           CHAIRMAN FAY: Okay. Just the stricken  
5           portions of that testimony?

6           MS. KEATING: Yes.

7           CHAIRMAN FAY: Okay. Show that proffered.

8           (Whereupon, prefiled rebuttal proffered  
9           testimony of Robert C. Waruszewski was inserted.)

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1                                    **Before the Florida Public Service Commission**

2                                    Docket No. 20220049-EI

3                                    In re: Petition for Review of Storm Protection Plan

4                                    Rebuttal Testimony of Robert Chester Waruszewski

5                                    On Behalf of

6                                    Florida Public Utilities Company

7                                    Date of Filing: June 21, 2022 [Corrected by Errata: August 2, 2022]

8    **I.    Background**

9    **Q.    Please state your name and business address.**

10   A.    My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite  
11        100, Dover, Delaware 19901.

12   **Q.    By whom are you employed and in what capacity?**

13   A.    I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South.

14   **Q.    Briefly state your education background and employment experience.**

15   A.    I received a Bachelor of Science Degree in mathematics and economics from St.  
16        Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior  
17        accounting clerk for the Bank of New York Mellon, assisting in the preparation of  
18        audits as well as gathering local tax data for the bank's employees before joining  
19        Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department.  
20        There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior  
21        Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating  
22        in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates  
23        and Regulatory Analyst, where I was responsible for assisting in budget preparation

1 and compiling regulatory filings for the Company's Pennsylvania and West Virginia  
2 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January  
3 2022, I joined Chesapeake Utilities Corporation where my responsibilities include  
4 monthly filing of the Purchase Gas Adjustment (PGA), and other regulatory filings  
5 and analysis.

6 **Q. Have you testified before this or any other Commission?**

7 A. Yes, I provided testimony in FPUC's PGA True-Up filing at Docket No. 20220003-  
8 GU. In addition, I have testified before the Pennsylvania Public Utility Commission  
9 in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas  
10 of Pennsylvania rate proceedings. In addition, I have testified before the Public Service  
11 Commission of Maryland on several occasions on behalf of Columbia Gas of  
12 Maryland.

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

14 A. No, I did not.

15 **II. Purpose of Testimony**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to rebut various conclusions contained in the direct  
18 testimony of the Office of Public Counsel's ("OPC") witness Lane Kollen pertaining  
19 to the analysis of new programs proposed by FPUC in its Storm Protection Plan  
20 ("SPP") petition.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes, I am sponsoring Exhibit RCW-1, which is a revised schedule submitted to remove  
23 the VA transformer project from FPUC's SPP revenue requirement.



1 **Q. Do you agree with Witness Kollen's recommendations and assessments?**

2 A. I do agree with some, but certainly not all of Witness Kollen's recommendations. In  
3 this testimony, I will address the key items that I disagree with, as well as certain points  
4 upon which I agree with Witness Kollen. To be clear, however, for any other  
5 particulars of Witness Kollen's testimony that I do not specifically address, such  
6 absence from this testimony should not be construed to mean that I either agree or  
7 disagree with Witness Kollen.

8 **Q. On page 9, lines 1 – 8, of his direct testimony, Witness Kollen recommends that**  
9 **“The Commission should apply rational and specific decision criteria to the**  
10 **selection, ranking, and magnitude of the proposed programs and projects and**  
11 **apply those decision criteria consistently to all four utilities in these proceedings.”**  
12 **Do you agree with this recommendation?**

13 A. No. Mr. Kollen applies an overly broad interpretation of 26-6.030 Florida  
14 Administrative Code (“F.A.C”). The Commission should, of course, apply rational  
15 and specific decision criteria, but the criteria should also recognize that each utility  
16 operates in its own unique service area and has different operational needs. For  
17 example, FPUC's service territory and customer base is much smaller and more rural  
18 than the other utilities in this proceeding. Thus, FPUC has unique needs not  
19 experienced by the other utilities. While Section 366.96(4), Fla. Stat. provides the  
20 four items for the Commission to consider when evaluating the storm protection plan,  
21 the Commission should have the discretion of how this applies to each utility and avoid  
22 a one size fits all approach.

1 ~~Q. On page 9, lines 16-22, Witness Kollen asserts that, through the implementation~~  
2 ~~of the various Storm Protection Programs and projects, the utilities will achieve~~  
3 ~~cost savings through avoided costs and that these savings should be passed on to~~  
4 ~~customers either through a reduction to base rates or the SPPCRC. Do you agree~~  
5 ~~with this recommendation?~~

6 ~~A. While I agree with Witness Kollen that the completion of the proposed SPP projects~~  
7 ~~will result in cost savings for customers in the long run, there is no way to quantify~~  
8 ~~from a monetary perspective the savings that will be achieved through this process. As~~  
9 ~~a result, there should not be an adjustment to base rates to reflect future savings as they~~  
10 ~~are unknown at this time. While the Company expects future restoration costs from~~  
11 ~~severe storms to be lower by completing these storm projection programs and~~  
12 ~~enhancing system reliability, there is no reasonable way to quantify the savings~~  
13 ~~amount, since the restoration costs related to a severe storm are related to the timing~~  
14 ~~and damage of the storm in the future.~~

15 ~~Nonetheless, FPUC believes that customers will ultimately benefit from the proposed~~  
16 ~~SPP projects, both in terms of reduced outages and reduced restoration costs, which~~  
17 ~~will be realized by the customers through enhanced reliability, as well as reduced~~  
18 ~~storm damage and restoration costs that could be expected to be passed on to customers~~  
19 ~~following a storm through a surcharge or other mechanism. FPUC believes that the~~  
20 ~~proactive approach of its SPP, which contemplates upgrading the system~~  
21 ~~incrementally over a span of time prior to a severe storm occurrence is a more cost-~~  
22 ~~effective way of maintaining the reliability of the electrical system than having to~~

1 replace a significant portion of the system in a rapid manner after a severe storm event  
2 occurs.

3

4 ~~Q. Do you agree with Witness Kollen's recommendation on page 10 of his direct~~  
5 ~~testimony that the Commission reject all proposed projects that do not have a~~  
6 ~~benefit-to-cost ratio of 100%?~~

7 ~~A. No. My understanding of the definition of the SPP, as found in Section (2)(a) of 25-~~  
8 ~~6.030 F.A.C. is that projects included in the SPP are to enhance FPUC's infrastructure~~  
9 ~~for the purpose of reducing restoration costs and outage times and to improve the~~  
10 ~~Company's overall service reliability in the event of a storm. However, Mr. Kollen~~  
11 ~~appears to add an additional requirement to the evaluation of each project, a benefit~~  
12 ~~ratio of 100%. It is not immediately clear how Mr. Kollen came up with a benefit ratio~~  
13 ~~of 100%, nor how that is to be applied in the instance of projects in the SPP. If a~~  
14 ~~customer of FPUC experiences reduced restoration costs and shorter outage times as~~  
15 ~~a result of the projects contained in the SPP, then, I would expect that most customers~~  
16 ~~would perceive that result to be 100% better than sitting in the dark in the Florida heat~~  
17 ~~waiting on restoration following an extreme weather event.~~

18 ~~Q. How should the Commission evaluate the prudence of the proposed projects?~~

19 ~~The Company does not believe a quantification of estimated benefits vs costs of~~  
20 ~~enhanced storm protection is a meaningful guide on its own to assessing the prudence~~  
21 ~~of a project, in part because the benefits to be achieved are wide ranging and not easily~~  
22 ~~quantified. As stated in the statute, the estimated costs and benefits of making~~  
23 ~~improvements to the system are criteria the Commission is to consider, along with~~

1 reduced restoration costs and outage times, feasibility, reasonability and practicality  
2 of storm protection, as well as the estimated rate impact on customers. These criteria  
3 clearly provide a sufficient basis for the Commission to assess FPUC's SPP while also  
4 recognizing the Commission's regulatory expertise and its discretion to apply its  
5 assessment in the appropriate context.

6 ~~Q. On page 11, lines 1 and 2 of his direct testimony, Witness Kollen recommends~~  
7 ~~that costs associated with vegetation management and pole inspections be moved~~  
8 ~~from base rates to SPPCRC to ensure that costs are not double-recovered. Do you~~  
9 ~~agree with this recommendation?~~

10 ~~A. Yes, this is ultimately the Company's long-term intent, which the Company would~~  
11 ~~anticipate addressing in its next base rate proceeding. In the interim, the Company~~  
12 ~~agrees that there should be no "double recovery" of costs and therefore has only~~  
13 ~~contemplated recovery of incremental amounts associated with certain items for which~~  
14 ~~a portion is already recovered through base rates.~~

15 ~~Q. Do you agree with Witness Kollen's statement on Pages 22 and 23 of his direct~~  
16 ~~testimony that the Company incorrectly included costs incurred prior to the~~  
17 ~~approval of the SPP in its SPP revenue requirement?~~

18 ~~A. The Company agrees with Mr. Kollen that the 75m VA transformer project was~~  
19 ~~erroneously included in the revenue requirement and had revised the revenue~~  
20 ~~requirement to remove this project, since it already had been placed in service prior to~~  
21 ~~2022. This revision was provided in Attachment B to OPC's Second Set of~~  
22 ~~Interrogatories and is provided as Exhibit RCW-1 to my rebuttal testimony. However,~~  
23 ~~the Company believes that the estimated engineering and planning costs for 2022 SPP~~

1 ~~projects are appropriate to include within the SPP revenue requirement. These~~  
2 ~~estimated engineering and planning costs would be incurred subsequent to the April~~  
3 ~~11, 2022, filing of FPUC's SPP, and are therefore eligible for recovery under Rule 25-~~  
4 ~~6.031(6)(a), Florida Administrative Code.~~

5 ~~Q. Do you agree with Witness Kollen's assertion on page 23, line 3, that FPUC~~  
6 ~~improperly included depreciation expense on CWIP?~~

7 ~~A. The original schedule was designed as a high-level investment and did not reflect~~  
8 ~~details related to CWIP within the overall calculation. The Company agrees that CWIP~~  
9 ~~should not be included as a part of depreciation expense and has not included CWIP~~  
10 ~~in the computation of depreciation expense in the recently submitted 2022 E and 2023~~  
11 ~~P schedules at Docket No. 20220010-EI.~~

12 ~~Q. Do you agree with Witness Kollen's statement on page 23, line 4, that FPUC~~  
13 ~~improperly included property tax expense on CWIP?~~

14 ~~A. In the Company's original filing, it was assumed that CWIP projects would be closed~~  
15 ~~out annually, and therefore, there would not be CWIP balances. In the Company's~~  
16 ~~2022 E and 2023 P schedules submitted in Docket No. 20220010-EI, which contain a~~  
17 ~~more detailed calculation of the SPP costs and revenue requirement, the Company has~~  
18 ~~not reflected property tax expense on CWIP.~~

19 ~~Q. Do you agree with Witness Kollen's statement on page 23, lines 5-12 that FPUC~~  
20 ~~has overstated its costs for SPP by including vegetation management?~~

21 ~~A. No. The original schedule was designed as a high-level estimate of total investments~~  
22 ~~related to storm protection. As stated earlier in my testimony, it is not the Company's~~

1           ~~intent to double recover any costs related to vegetation management, but only the~~  
2           ~~incremental costs related to this program that are not already included in base rates.~~

3     ~~Q. Do you agree with Witness Kollen's recommendation on pages 25 and 26 of his~~  
4           ~~direct testimony to exclude CWIP from rate base and defer it as either AFUDC~~  
5           ~~or a miscellaneous deferred debit?~~

6     ~~A. While the Company believes this is outside the scope of this proceeding and should be~~  
7           ~~handled in the SPPCRC proceeding, the Company is not opposed to excluding CWIP~~  
8           ~~from rate base and deferring it until the plant is placed in service.~~

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

10    **A. Yes.**

1                   CHAIRMAN FAY: With that, Ms. Christensen,  
2                   you're welcome to start cross.

3   EXAMINATION

4                   BY MS. CHRISTENSEN:

5                   Q     Thank you. I have just a few questions  
6                   regarding the stricken portion of the testimony. On  
7                   page five of your rebuttal testimony, lines -- I think  
8                   it's 10 through 13, you criticize Mr. Kollen's use of  
9                   100-percent cost-benefit ratio, is that correct?

10                  A     Yes, that is correct.

11                  Q     Okay. Are you aware that the Commission has  
12                  used a rate impact measure in DSM proceedings, which  
13                  measures total cost of a program versus the benefits,  
14                  including the avoided cost at 100-percent  
15                  cost-to-benefit ratio?

16                  A     I'm not aware.

17                  Q     Okay. If and when the company is authorized  
18                  to expand its vegetation management activities, will it  
19                  or should it achieve savings in blue sky maintenance and  
20                  also reduction in outage costs?

21                  A     I'm sorry. Can you point to me where you're  
22                  referring, the question?

23                  Q     You talk about vegetation management on page  
24                  six of your testimony.

25                  A     Okay.

1           Q     And my question is -- goes to if there's  
2     savings from your vegetation management activities that  
3     can be achieved for normal maintenance activities -- let  
4     me just ask the question again.

5                     If and when the company is authorized to  
6     expand its vegetation management activities, will it --  
7     will it or should it achieve savings in its regular  
8     maintenance and also in the reductions to outage costs?

9           A     Sorry. Can you ask the question again?

10          Q     Yeah. Would you expect that if you expand the  
11     vegetation management program that you're going to have  
12     some cost savings related to regular vegetation  
13     management, as well as reductions in outage restoration  
14     times?

15          A     I'm not sure. That's out of my area of  
16     expertise.

17          Q     Okay. Fair enough. Would you agree that  
18     vegetation management should be moved from base rates to  
19     the SPP in the next base rate case to avoid double  
20     recovery?

21          A     The company is currently contemplating doing  
22     that in the next base rate case.

23          Q     Okay. The company's actual property tax  
24     expense is calculated based on the January 1st  
25     evaluation each year, is that correct?



1           A     I'm not sure.

2           Q     Do you know anything regarding the tax  
3     **evaluation?**

4           A     I have a high-level understanding of what was  
5     used.

6           Q     Okay. Would you agree that CWIP should not be  
7     **included as part of depreciation?**

8           A     Yes. As stated in my rebuttal, in the  
9     stricken portion of my rebuttal testimony, the company  
10    does agree that CWIP shouldn't be included as part of a  
11    depreciation expense.

12                   MS. CHRISTENSEN: I have no further questions  
13    at this time. Thank you.

14                   MR. IMIG: Staff has no questions.

15                   MR. TRIERWEILER: It does have a question.

16                   CHAIRMAN FAY: Mr. Trierweiler.

17                   MR. TRIERWEILER: Trying to dodge me.

18                                   EXAMINATION

19    BY MR. TRIERWEILER:

20           Q     **Yeah. Mr. Waruszewski, can you please look at**  
21    **the statute? I'd like to direct you to -- this is**  
22    **366.96, and I want you to go to (2) and (c). Would you**  
23    **agree that it says, transmission and distribution storm**  
24    **protection plan costs means the reasonable and prudent**  
25    **costs to implement an approved transmission and**

1           **distribution storm protection plan?**

2           A     Yes.

3           **Q     In what proceeding are the reasonable and**  
4           **prudent costs evaluated for an approved SPP?**

5           MS. CHRISTENSEN:  Objection.  Beyond the scope  
6           of my cross questions.

7           CHAIRMAN FAY:  Mr. Trierweiler, so we're  
8           specifically on the stricken testimony at this  
9           point.  I'm just trying to get at what your  
10          questions are -- what's the result of your  
11          questions?

12          MR. TRIERWEILER:  I actually felt that OPC's  
13          testimony on the non-stricken portion -- or the  
14          stricken portion strayed into this arena and  
15          blurred that line between the two programs, and the  
16          use of the words from the statute, reasonable and  
17          prudent.  And I just thought we'd try to clear it  
18          up.

19          CHAIRMAN FAY:  I got you.  So I do think it's  
20          appropriate for him to provide clarity if he wants,  
21          but as far as which clause applies to what, I --  
22          you're welcome to answer that, but --

23          THE WITNESS:  I'm sorry.  Could you repeat the  
24          question?

25          BY MR. TRIERWEILER:

1           Q     Sure.  In what proceeding are the reasonable  
2     and prudent costs evaluated for an improved SPP, storm  
3     protection plan?

4           A     Be in the SPP CRC.

5           MR. TRIERWEILER:  Thank you.  Nothing further.

6           CHAIRMAN FAY:  Okay.  Commissioners.

7           All right.  With that, Ms. Keating, what you  
8     say?

9           MS. KEATING:  No redirect.

10          CHAIRMAN FAY:  Okay.  No redirect.  Enter the  
11     exhibit -- with that, Ms. Keating, you can excuse  
12     your witness.

13          MS. KEATING:  Mr. Waruszewski, you may go.

14          THE WITNESS:  Thank you.

15          (Witness excused.)

16          CHAIRMAN FAY:  All right.  Commissioners, we  
17     will -- well, let me make sure that we don't have  
18     any additional matters before we go into the issue  
19     of briefs.

20          Mr. Trierweiler, do you have anything that we  
21     need to check off our list before we go into  
22     discussions of filing deadlines and briefs?

23          MR. TRIERWEILER:  We do not have any other  
24     matters at this time.

25          CHAIRMAN FAY:  Okay.  And I'm presuming that

1           briefs will want to be filed in this case?

2           MR. REHWINKEL: Yes. Mr. Chairman, before we  
3           get to what you're about to address, can I ask what  
4           the expected due date for transcripts will be?

5           CHAIRMAN FAY: Oh, of the transcripts? I  
6           don't -- to be honest, really, I'm not sure we can  
7           answer that right now.

8           MS. HELTON: Mr. Chairman, there's been a  
9           family emergency for Ms. Krick, who is the primary  
10          court reporter. So let me see -- if we can reach  
11          out to her and find out -- not today, we will get  
12          back to everybody as soon as possible and maybe  
13          I -- I guess when are briefs do?

14          CHAIRMAN FAY: The request would obviously be  
15          to expedite them, but based on her situation, I  
16          just don't think we can give you some confirmation  
17          as to the ability to do that or not.

18          MR. REHWINKEL: Okay. And I'm not trying to  
19          rush that. I just -- it bears on when we can get  
20          briefs done. That's all I wanted to --

21          CHAIRMAN FAY: I understand. Yeah. And I'll  
22          make sure our staff lets the parties know as soon  
23          as we do receive that message. Hopefully, it's  
24          nothing more serious than today involved, but if it  
25          is, we'll make sure we provide you that

1 information.

2 Okay. With that, Mr. Trierweiler, go ahead.

3 MR. TRIERWEILER: Staff notes that briefs are  
4 due on September 1st, 2022 and shall not exceed 40  
5 pages.

6 CHAIRMAN FAY: Okay. I was going to say, are  
7 there any additional matters? Mr. Rehwinkel.

8 MR. REHWINKEL: Well, I would ask if I could  
9 be heard on the due date for briefs. You know, I  
10 know when you set briefs, there is an 180-day  
11 ceiling on this case, and we understand that.  
12 There are -- the September 1st is a due date for  
13 testimony in the clause, and the Public Counsel is  
14 responsible for and will file testimony in all four  
15 dockets. There is testimony due the week -- the  
16 Friday before in the Florida City Gas case and  
17 the -- so our concern is -- what we'd like to ask  
18 is there any additional time that we can get, to  
19 file briefs into the next week?

20 CHAIRMAN FAY: Yeah. Mr. Rehwinkel, I would  
21 like staff to opine on this because I know they  
22 have their own scheduling and logistics on their  
23 end that they would have to navigate to get things  
24 turned around for an extension of a week. The  
25 question would be would we run up into any other

1 deadlines. I just know are -- once we get into  
2 September, it's so packed with everything, but if  
3 feasible -- just give us one minute, Mr. Rehwinkel.

4 MR. REHWINKEL: Right. And I fully understand  
5 that. I know we're all jammed up there.

6 CHAIRMAN FAY: Yeah. I'm just looking at that  
7 first week, too, thinking.

8 MS. HELTON: Mr. Chairman, can we propose  
9 this? If we can keep -- well, let me ask you this,  
10 Mr. Rehwinkel, if transcripts can remain expedited,  
11 are you still good with the September 1 date, or do  
12 you still need more time?

13 MR. REHWINKEL: We would -- we would ask -- we  
14 would be happy with even going to the day after  
15 Labor Day, which is the 6th. Just -- you know, I  
16 would ask if we could get to that.

17 MS. HELTON: Ms. King has said that's the date  
18 that we could work with, Mr. Chairman. So  
19 notwithstanding whether transcripts are able to  
20 still remain expedited or not, briefs would be due  
21 on September 6th. It sounds like staff would be  
22 good with that.

23 CHAIRMAN FAY: Ms. Helton, I would just like  
24 the record reflect that. Mr. Rehwinkel wants that,  
25 the day after Labor Day, and that's not something

1           that I am recommending, but I would like to see if  
2           there's any objections from --

3           MS. HELTON: Well, folks could still file  
4           before then.

5           CHAIRMAN FAY: They could file early. I don't  
6           disagree with that. It would just allow some extra  
7           time for the parties that need that. Are there any  
8           objections to that? Okay.

9           MR. MOYLE: I don't have any good objection.

10          CHAIRMAN FAY: Okay. Fair enough.

11          MR. REHWINKEL: It's a built-in incentive to  
12          do it before.

13          CHAIRMAN FAY: I would it's an incentive. So,  
14          with that, then just editing what Mr. Trierweiler  
15          said, we would set that deadline for September 6th,  
16          and barring expedited or not transcripts, that will  
17          be the deadline for the briefs. We have the  
18          40-page limit.

19          Are there anything else from the parties that  
20          we need to address at this time?

21          Anything else from staff?

22          MR. TRIERWEILER: No, sir.

23          CHAIRMAN FAY: Okay. With that, this meeting  
24          is adjourned. Thank you.

25          (Proceedings concluded.)

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## CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12th day of August, 2022.



DANA W. REEVES  
NOTARY PUBLIC  
COMMISSION #GG970595  
EXPIRES MARCH 22, 2024