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April 2, 2024

**ELECTRONIC FILING**

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

Re: Docket 20240026-EI; Petition for Rate Increase by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company in the above-referenced docket is the Direct Testimony of Jordan Williams and Exhibit No. JW-1.

Thank you for your assistance in connection with this matter.

(Document 20 of 32)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. Jeffrey Wahlen

cc: All parties

JJW/ne  
Attachment



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240026-EI

IN RE: PETITION FOR RATE INCREASE  
BY TAMPA ELECTRIC COMPANY

PREPARED DIRECT TESTIMONY AND EXHIBIT  
OF  
JORDAN WILLIAMS

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**OF**  
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1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2   **PREPARED DIRECT TESTIMONY**

3   **OF**

4   **JORDAN WILLIAMS**

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

7  
8   **A.**   My name is Jordan Williams. My business address is 702 North  
9           Franklin Street, Tampa, Florida 33602. I am employed by Tampa  
10          Electric Company ("Tampa Electric" or the "company") in the  
11          Regulatory Affairs Department as Director Pricing & Financial  
12          Analysis.

13  
14   **Q.**   Please describe your duties and responsibilities in that  
15          position.

16  
17   **A.**   My present responsibilities include regulatory oversight of  
18          Tampa Electric's Cost-of-Service Study ("COSS"), retail base  
19          rate design, tariff administration, Federal Open Access  
20          Tariff formula rate updates, state and federal policy and  
21          compliance; regulatory filings and representation at the  
22          Florida Public Service Commission ("FPSC" or "Commission")  
23          and the Federal Energy Regulatory Commission ("FERC")  
24          regarding rates; service programs; and compliance-related  
25          matters.

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

3  
4 A. In 2011, I received a Bachelor of Arts in Economics and a  
5 Bachelor of Science in Business Administration from Florida  
6 Southern College. In 2014, I received a Master of Arts in  
7 Economics from the University of South Florida.

8  
9 I joined Tampa Electric in 2011 as an Energy Accounting and  
10 Billing Analyst. In 2014, I joined Tampa Electric's  
11 Regulatory Affairs Department as a Forecast Analyst. In 2020,  
12 I transitioned to another Emera Inc. affiliate named Peoples  
13 Gas System Inc., formerly Peoples Gas System, as Manager,  
14 Regulatory Rates. In 2022, I rejoined Tampa Electric's  
15 Regulatory Affairs Department as Senior Manager, Pricing &  
16 Financial Analysis. In 2023, I was promoted to my current  
17 role as Director, Pricing and Financial Analysis. Each of the  
18 roles that I have held has been tied directly to COSS or  
19 rates.

20  
21 **OVERVIEW**

22 Q. What are the purposes of your prepared direct testimony in  
23 this proceeding?

24  
25 A. The first purpose of my direct testimony is to present and

1 explain Tampa Electric's filed COSS and proposed base rates  
2 and service charges that will produce the company's  
3 jurisdictional revenue requirement increase of \$296.611  
4 million. I also explain Tampa Electric's proposed  
5 miscellaneous tariff changes and a proposed new program  
6 offering.

7  
8 **Q.** Did you prepare any exhibits in support of your prepared  
9 direct testimony?

10  
11 **A.** Yes. Exhibit No. JW-1 was prepared under my direction and  
12 supervision. My exhibit consists of:

13  
14 Document No. 1 List of Minimum Filing Requirements  
15 Schedules Sponsored or Co-Sponsored  
16 By Jordan Williams

17  
18 **Q.** Are Tampa Electric's Jurisdictional Separation Study and COSS  
19 provided as part of the company's Minimum Filing Requirement  
20 ("MFR") Schedules?

21  
22 **A.** Yes. I have provided both studies in MFR Schedule E. Due to  
23 their size, the Jurisdictional Separation Study and COSS were  
24 provided as separate volumes under MFR Schedule E,  
25 respectively as Volume I and Volume II. Volume II contains

1 Tampa Electric's COSS under present and proposed rates, fully  
2 implementing the Minimum Distribution System ("MDS") cost  
3 classification methodology and the Four Coincident Peak ("4  
4 CP") cost allocation methodology. Volume III contains the  
5 FPSC required COSS using a Twelve Coincident Peak and One-  
6 Thirteenth Average Demand ("12 CP and 1/13<sup>th</sup> AD") cost  
7 allocation methodology and excludes the implementation of  
8 MDS. The COSS for Lighting is provided in Volume IV.

9  
10 **Q.** What are the primary goals reflected in Tampa Electric's  
11 proposed COSS?

12  
13 **A.** The primary goals of Tampa Electric's proposed COSS were to  
14 implement agreed upon changes to the COSS model and to fairly  
15 allocate costs. Paragraph 6d of the 2021 Stipulation and  
16 Settlement Agreement ("2021 Agreement"), approved by the FPSC  
17 in Order No. PSC-2021-0423-S-EI, requires Tampa Electric to  
18 make three changes to its proposed COSS Model for this base  
19 rate proceeding. These are:

20 (1) For retail-related costs, implement a full MDS cost  
21 classification methodology.

22 (2) For retail-related costs, implement a 4 CP cost allocation  
23 methodology.

24 (3) Substantially and materially improve the position of all  
25 above-parity customer classes toward parity, such that costs

1 are allocated and revenue is collected consistent with 4 CP  
2 and full MDS methods.

3  
4 The proposed Cost-of-Service Study meets each of the  
5 requirements and fairly allocates costs.

6  
7 **JURISDICTIONAL SEPARATION STUDY**

8 **Q.** What is a Jurisdictional Separation Study?

9  
10 **A.** A Jurisdictional Separation Study allocates costs between  
11 Tampa Electric's wholesale and retail customers or  
12 jurisdictions. While all costs are allocated, the allocation  
13 of joint costs is the focal point of the study. Joint or  
14 common costs are costs that are incurred to serve multiple  
15 customers at the same time. An example of a common cost is a  
16 generating plant that provides power to the aggregate load  
17 requirements of all customers served by the company's power  
18 system. The joint costs of the generating plant are recorded  
19 in the company's books and records in total, and the  
20 Jurisdictional Separation Study allocates the joint costs  
21 between retail and wholesale customers. Only the costs  
22 associated with retail customers are applicable in this  
23 proceeding.

24  
25 The Jurisdictional Separation Study allocates revenue, rate



1 base, and operating expense items, whether jointly or  
2 specifically assigned to a single jurisdiction, to derive the  
3 company's retail jurisdiction cost of service for the test  
4 period. Costs are first functionalized, then classified, and  
5 finally allocated between wholesale and retail jurisdictions.  
6 These allocations utilize electric loads and other factors  
7 that best represent each jurisdiction's cost responsibility  
8 to achieve this purpose. A detailed description of how costs  
9 are functionalized, classified, and allocated is provided  
10 below. The overall methodology is the same in both the  
11 Jurisdictional Separation Study and the Retail COSS, which I  
12 will discuss later.

13  
14 **Q.** Why is it necessary to prepare a Jurisdictional Separation  
15 Study for Tampa Electric?

16  
17 **A.** Since early 1991, the company has provided wholesale power  
18 sales and transmission service to some wholesale power  
19 purchasers in Florida at rates that are under the jurisdiction  
20 of the FERC. Although the company operates in two regulatory  
21 jurisdictions, its investments, revenue, and expenses are  
22 maintained on a total company basis in accordance with the  
23 Uniform System of Accounts prescribed by the FERC and the  
24 FPSC. The Jurisdictional Separation Study is designed to  
25 assign or allocate total system costs to each jurisdiction

1 for reporting purposes.

2

3 **Q.** Is the Jurisdictional Separation Study provided in this  
4 proceeding consistent with Tampa Electric's previous  
5 Commission filings and industry practice?

6

7 **A.** Yes. The company provided a Jurisdictional Separation Study  
8 in its last base rate proceeding, in Docket 20210034-EI, that  
9 led to an approved methodology by the FPSC. The approved  
10 methodology has been used to produce separation factors for  
11 Tampa Electric's annual projected surveillance reports and is  
12 used in MFRs for this proceeding.

13

14 **Q.** What were the major steps followed in performing the  
15 Jurisdictional Separation Study?

16

17 **A.** There are several steps. First, the company's accounting cost  
18 information provided by FERC account, shown in the MFR  
19 Schedules B, C, and D, is adjusted for the 2025 test period.  
20 The accounts are then functionalized into production,  
21 transmission, distribution, and general functions. The  
22 functionalized accounts are then classified into demand,  
23 energy, or customer cost components. After classification,  
24 the cost components are allocated between the retail and  
25 wholesale jurisdictions using allocation factors. For the

1 Jurisdictional Separation Study, the allocation factors are  
2 predominantly based on demand data during the time of the  
3 company's projected system monthly peak loads, although other  
4 factors are used that directly allocate certain costs to the  
5 specific jurisdiction for which the costs are incurred. In  
6 addition, other metrics such as energy sales and number of  
7 customers are used in the allocation process.  
8

9 **Q.** Are any wholesale power sales customers included in the 2025  
10 test year?  
11

12 **A.** No. Currently, and as forecasted for the 2025 test year, Tampa  
13 Electric is not providing long-term firm requirements  
14 electric power service to any wholesale customers.  
15

16 **Q.** Does Tampa Electric currently provide transmission service to  
17 other Open Access Transmission Tariff ("OATT") customers?  
18

19 **A.** Yes. Tampa Electric is providing long-term firm transmission  
20 service in the test year under the company's OATT to Seminole  
21 Electric Cooperative, Inc. and Duke Energy Florida, LLC.  
22

23 **Q.** Please summarize the results of the Jurisdictional Separation  
24 Study.  
25

1 **A.** In 2025, Tampa Electric's retail business represents the vast  
2 majority of the electric service provided by the company. As  
3 the results show in Volume I, Jurisdictional Separation  
4 Study, the retail business is responsible for 100 percent of  
5 production and distribution plant and 93.52 percent of  
6 transmission plant.

7

8 **COST OF SERVICE STUDY**

9 **Q.** What is a Cost-of-Service Study?

10

11 **A.** The COSS is an extension of the Jurisdictional Separation  
12 Study. The COSS applies to the company's retail costs, which  
13 are derived from Tampa Electric's Jurisdictional Separation  
14 Study. The COSS allocates and assigns costs to individual  
15 retail rate classes. These rate classes represent relatively  
16 homogeneous groups of customers having similar service  
17 requirements and usage characteristics. Allocations of costs  
18 to each rate class are based upon the results of a detailed  
19 cost analysis. The study provides class rates of return at  
20 present and proposed rates, class revenue surplus or  
21 deficiency from full cost of service, and functional unit  
22 cost information for use in rate design. Thus, the study  
23 serves as an important guide in determining the revenue  
24 requirement by rate class, as well as the specific charges  
25 for each rate schedule.

1 **Q.** What retail rate classes were used in the preparation of the  
2 Cost-of-Service Study?

3

4 **A.** Tampa Electric is not proposing any changes to its current  
5 rate class structure. Tampa Electric's current standard,  
6 time-of-day, and standby rate schedules are grouped under  
7 these major retail categories:

8 (1) Residential Service (RS)

9 (2) General Service - Non-Demand (GS)

10 (3) General Service - Demand (GSD)

11 (4) General Service - Large Demand - Primary (GSLDPR)

12 (5) General Service - Large Demand - Subtransmission (GSLDSU)

13 (6) Lighting Energy

14 (7) Lighting Facilities

15

16 **Q.** Why are Lighting rate classes separated by Lighting Energy  
17 and Lighting Facilities?

18

19 **A.** Dividing Lighting into two rate classes, Lighting Energy  
20 (power production and delivery) and Lighting Facilities  
21 (fixtures and associated items), provides better unit cost  
22 information for designing energy and facilities rates. The  
23 two services are distinct and are not always provided as a  
24 bundled service by Tampa Electric.

25

1 **Q.** After establishing the rate classes, what were the next steps  
2 in the Cost-of-Service Study process?

3  
4 **A.** Similar to the Jurisdictional Separation Study, the  
5 development of a COSS consists of three major steps:

6 (1) Functionalization

7 (2) Classification

8 (3) Allocation

9  
10 **Q.** How were Tampa Electric's retail costs functionalized?

11  
12 **A.** Tampa Electric's costs were functionalized in accordance with  
13 the Uniform System of Accounts. Costs are categorized into  
14 the broad functions of production, transmission,  
15 distribution, and general. The distribution costs were  
16 further functionalized to the primary voltage level and the  
17 secondary voltage level.

18  
19 **Q.** How were these functionalized costs then classified?

20  
21 **A.** Tampa Electric's power system costs were classified into  
22 three cost-related components:

23 (1) Demand

24 (2) Energy

25 (3) Customer

1 Demand cost is a function of the capacity of plant, which in  
2 turn depends on the maximum kW for power demanded by  
3 customers. Demand cost occurs in each of the production,  
4 transmission, and distribution levels of the system. Energy  
5 cost occurs in the production level, and it is a function of  
6 the volume of kWh consumed by customers over time. Customer  
7 costs, however, are independent of kW and kWh usage. Customer  
8 costs generally vary with the number of customers on the  
9 system. Customer costs refer to the costs incurred by Tampa  
10 Electric to provide a customer with access to its system and  
11 include metering, service lines, a portion of the system known  
12 as the Minimum Distribution System, along with customer  
13 billing and certain administrative costs.

14  
15 The classification of demand, energy, and customer cost  
16 components is based on the principle of cost causation.

17  
18 **Q.** Are all of the company's production plant facilities  
19 classified as demand-related in the COSS?

20  
21 **A.** No. There are portions of two production facilities that are  
22 classified as energy-related for purposes of allocating the  
23 FPSC jurisdictional component of these facilities on an  
24 energy basis. These facilities consist of the gasifier train  
25 equipment ("gasifier") for Polk Unit 1 and the flue gas

1 desulfurization, or scrubber, portion of the environmental  
2 equipment for Big Bend Unit 4.

3  
4 Polk 1 is an Integrated Gasified Combined Cycle ("IGCC") plant  
5 which has two main sections: (1) the power block, which  
6 produces electric power by means of gas turbines and heat  
7 recovery steam generators and (2) the gasifier, which  
8 converts feedstock coal into combustible gas. The gasifier  
9 performs a fuel conversion function that is completely  
10 associated with the provision of fuel to the unit and not the  
11 supply of capacity. The classification of the gasifier as an  
12 energy-related cost component was applied and approved in  
13 Tampa Electric's last four COSS.

14  
15 The classification of the Big Bend Unit 4 scrubber as energy-  
16 related was applied and approved in the company's last five  
17 COSS. This treatment remains appropriate because the main  
18 purpose of the plant investment is related to energy output.  
19 Since the decision to classify the scrubber investment as  
20 energy-related, additional scrubber and Selective Catalytic  
21 Reduction ("SCR") investments made by the company have been  
22 recovered through the Environmental Cost Recovery Clause  
23 ("ECRC") where they have been classified and allocated on an  
24 energy basis.

25



1 It should be noted that, for purposes of the Jurisdictional  
2 Separation Study, all production plant facilities are  
3 classified as demand-related, which is consistent with prior  
4 jurisdictional separation practices.

5  
6 **Q.** What cost items were classified as customer-related?

7  
8 **A.** As noted previously, customer-related costs are independent  
9 of kW and kWh consumption. They include the basic costs of  
10 service lines, meters, meter reading, billing, customer  
11 information and a portion of the primary and secondary voltage  
12 distribution system known as the Minimum Distribution System,  
13 or MDS. As agreed upon in the 2021 Agreement, Tampa Electric  
14 fully implemented MDS in its proposed COSS.

15  
16 **Q.** Please describe what is meant by a Minimum Distribution System  
17 ("MDS")?

18  
19 **A.** MDS represents the readiness to serve a customer, not the  
20 capacity needed to meet a customer's peak demand  
21 requirements. MDS is only about providing an appropriate  
22 utilization voltage at the point at which a customer connects  
23 to the distribution system, and costs are incurred to provide  
24 a customer with such access. The readiness to serve costs are  
25 independent of how much electricity a customer consumes;

1           thus, MDS costs are classified as customer-related cost  
2           components. MDS does not represent the costs of capacity  
3           necessary to meet a customer's peak load requirements, which  
4           would be classified as demand-related cost components. An MDS  
5           study separates the costs of distribution facilities into  
6           their respective customer-related and demand-related  
7           components on the basis of cost causation.

8  
9   **Q.**   How is a Minimum Distribution System Study performed?

10  
11 **A.**   Quantifying the costs of MDS is accomplished by evaluating  
12       the cost causation aspects of all distribution system  
13       equipment and facilities, including the primary and secondary  
14       lines, line transformers, and other distribution line  
15       equipment. This approach requires an understanding of the  
16       functional application of each distribution item. In so  
17       doing, some items are found to be related directly to peak  
18       load requirements (100 percent demand-related), some items  
19       are found to be independent of peak load requirements (100  
20       percent customer-related), and other items are found to be  
21       functionally associated with both readiness to serve and  
22       capacity.

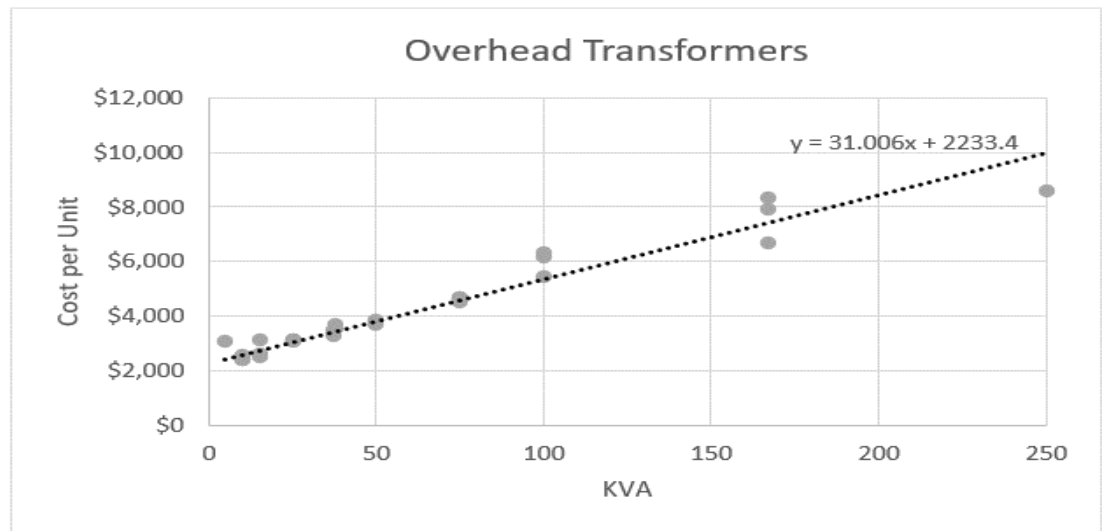
23  
24       The costs of items having attributes of both customer-related  
25       and demand-related functions must be analyzed in order to

1 separate the total item costs into these two cost components.  
2 These items include overhead line equipment, underground line  
3 equipment, poles, transformers, and other associated  
4 equipment.

5  
6 The underlying methodology of MDS is described as either the  
7 Minimum-Size Method or the Minimum-Intercept Method in the  
8 National Association of Regulatory Utility Commissioners'  
9 ("NARUC") Electric Utility Cost Allocation Manual. The  
10 Minimum-Intercept Method is also referred to as the Zero-  
11 Intercept Method.

12  
13 To accomplish this cost separation, Tampa Electric applies a  
14 zero-intercept cost analysis for each of these distribution  
15 items. The zero-intercept method is a linear regression  
16 analysis that relates a distribution item's unit costs  
17 (dependent variable) to its associated capacity values  
18 (independent variable). The regression formula includes  
19 weights (*i.e.*, the number of transformers for each kVa size)  
20 since the count of the assets may vary by size and are not a  
21 uniform distribution.

22  
23 An example of a regression analysis is illustrated below for  
24 overhead transformers.



The y-axis intercept defines the per unit customer-related cost. In the example, the y-axis intercept is at (0, 2,233.4), meaning the per unit customer-related cost is \$2,233.40. From this example, the per unit customer cost would be multiplied by the total number of overhead transformers; the result would be classified as customer-related costs. The difference between the total cost of overhead transformers and the customer-related costs of overhead transformers represents the demand-related costs of overhead transformers. The resulting customer-related costs and demand-related costs are represented as percentages, which are then applied to the embedded plant account total for overhead transformers to determine the embedded customer-related and demand-related cost components to be used in the COSS.

Separate regression analyses were conducted on overhead

transformers, underground transformers and for primary and secondary overhead conductors, underground conductors, and distribution poles to separate the total costs of these items into their respective customer and demand components.

**Q.** Please summarize the resultant classifications of distribution facilities that were derived under the MDS concept.

**A.** Below, the MDS results are summarized by voltage level and cost component.

<u>FERC Account</u>	<u>Voltage Level</u>	<u>Customer</u>	<u>Demand</u>
364 Poles	Secondary	57%	43%
	Primary	54%	46%
365 OH Lines	Secondary	73%	27%
	Primary	43%	57%
366/367 UG Lines	Secondary	16%	84%
	Primary	47%	53%
368 Transformers	Secondary	65%	35%
	Primary	72%	28%

Supporting workpapers for the MDS analysis are provided in MFR Schedule E - Rate Schedules, Class Cost-of-Service Studies, Volume II.

1 Q. How were the MDS study results incorporated in the COSS?

2

3 A. As agreed upon in the 2021 Agreement, Tampa Electric fully  
4 implemented and incorporated the results of the MDS study  
5 into the COSS. This means the distribution costs deemed  
6 customer-related as a result of the MDS study were aggregated  
7 with customer-related costs like meter reading, billing, and  
8 customer services. The aggregated customer-related costs were  
9 used to derive Tampa Electric's proposed fixed daily customer  
10 charges.

11

12 Q. Aside from MDS-related equipment and facilities, how are the  
13 other distribution system equipment and facilities  
14 classified?

15

16 A. Distribution assets that are classified as 100 percent  
17 demand-related costs include voltage regulators and  
18 capacitors. This equipment is installed on the primary  
19 voltage lines and is utilized to maintain circuit voltages  
20 within an acceptable operating range during heavy loading  
21 conditions. If there was no load current flowing on the  
22 energized system, line voltage would not sag, and voltage  
23 regulation equipment would not be required. Thus, these  
24 devices are classified as demand-related costs.

25

1 Distribution assets that are independent of load are  
2 classified as 100 percent customer-related costs. These  
3 assets include reclosers, sectionalizers, and fused cutouts.  
4 The aforementioned equipment is installed on the primary  
5 voltage lines and functions together to provide distribution  
6 system protection under fault (short circuit) conditions.  
7 These devices work in a coordinated fashion to isolate a fault  
8 location and maintain a voltage connection to as many  
9 customers as possible during the fault event. Without their  
10 intended intervention during a fault, line conductors and  
11 equipment would be damaged from the fault current flows that  
12 occur and many, if not all, customers on the affected circuit  
13 could experience a major power outage. The protection  
14 equipment functions the same with or without load connected  
15 to the energized circuit because it responds to the severe  
16 overcurrent situation caused by a fault, which is why these  
17 assets are classified as customer-related costs.

18  
19 In addition, arresters are installed on primary lines to abate  
20 damaging overvoltage conditions that occur during electrical  
21 storms. These arresters function the same with or without  
22 load connected to the circuit, which is why they are  
23 classified as customer-related costs.

24  
25 While cutouts and arresters are utilized for line protection,

1 they are also applied to provide protection from overcurrent  
2 and overvoltage conditions for specific equipment, *e.g.*, each  
3 overhead transformer. Cutouts and arresters used for this  
4 purpose are classified in the same manner as the assets they  
5 protect.

6  
7 **Q.** After costs were functionalized and classified, how were they  
8 allocated?

9  
10 **A.** After determining the functionalization and classification of  
11 costs based upon causation principles, the methodologies for  
12 cost apportionment to classes were determined by Tampa  
13 Electric. The resulting methodologies produce allocation  
14 factors, which were then used to apportion the demand, energy,  
15 and customer cost responsibilities to the rate classes. The  
16 derivation of the allocation factors used in the 2025 COSS  
17 are shown in MFR Schedule E-10.

18  
19 **Q.** What are the primary considerations when allocating demand  
20 costs?

21  
22 **A.** The primary considerations in allocating demand costs include  
23 (1) customers' demand usage characteristics and their related  
24 responsibility for system coincident peaks ("CP") and non-  
25 coincident peaks ("NCP"); (2) the design and configuration of



1 production, transmission, and distribution facilities; and  
2 (3) unique customer service or reliability requirements and  
3 system operating data. These considerations provide guidance  
4 in determining what components should be used to derive the  
5 demand allocation factors for each of the functional levels  
6 of the power system. Coincident peak demands, non-coincident  
7 peak demands, customer peak (maximum) demands, and  
8 percentages of energy have been used to best represent those  
9 considerations.

10  
11 **Q.** Please explain CP, NCP, and customer peak demand.

12  
13 **A.** CP demand reflects the contribution to the total system  
14 monthly peak demand for each of the rate classes. For example,  
15 at the hour of the system peak in a particular month, the CP  
16 demand for the residential class would be that class's  
17 proportion of that hour's system peak demand.

18  
19 NCP demand reflects the monthly peak demand of a rate class  
20 on its own, regardless of when the system peak occurs. For  
21 example, while the system may peak in the late afternoon, a  
22 class may peak during a nighttime hour. The class NCP would  
23 then be its demand during the nighttime hour.

24  
25 For each rate class, the customer peak demand is the maximum

1 aggregation of all individual customers' monthly maximum  
2 demands, regardless of when they occur.

3  
4 Each of these different measures of demand captures the unique  
5 load diversity characteristics of customers' usage throughout  
6 the power system. To produce a cost-causation based  
7 allocation of the cost elements at each functional level of  
8 the system, these different measurements of demand are  
9 applied objectively in accordance with the load diversity  
10 characteristics exhibited at each of those levels. The CP  
11 demand reflects a high load diversity, which is prevalent at  
12 the generators and the transmission voltage portion of the  
13 system. The NCP demand reflects a medium load diversity, which  
14 is prevalent at the primary distribution voltage level. The  
15 customer peak demand reflects a low load diversity, which is  
16 prevalent at the secondary distribution voltage level.

17  
18 **Q.** Please describe the company's proposed cost allocation  
19 methodology for its demand-related production facilities  
20 costs.

21  
22 **A.** As agreed upon in the 2021 Agreement, Tampa Electric proposes  
23 to use a 4 CP methodology to allocate the demand-related  
24 production costs. The proposed 4 CP methodology allocates  
25 costs to rate classes based on the rate classes' projected

1 average contribution to the system peak during the test year  
2 period months of January, June, July, and August. The selected  
3 months were agreed upon in the 2021 Agreement. The derivation  
4 of the 4 CP allocation methodology, alongside the other  
5 allocation factors, is in MFR Schedule E-10.

6  
7 **Q.** Please describe the company's proposed cost allocation  
8 methodology for its demand-related transmission facilities  
9 costs.

10  
11 **A.** As agreed upon in the 2021 Agreement, Tampa Electric proposes  
12 to use a 4 CP methodology to allocate the demand-related  
13 transmission costs. The proposed 4 CP methodology allocates  
14 costs to rate classes based on the rate classes' projected  
15 average contribution to the system peak during the test year  
16 period months of January, June, July, and August. The selected  
17 months were agreed upon in the 2021 Agreement. The derivation  
18 of the 4 CP allocation methodology, alongside the other  
19 allocation factors, is in MFR Schedule E-10.

20  
21 **Q.** Please explain why Tampa Electric is proposing that its  
22 demand-related production and demand-related transmission  
23 costs be allocated to rate classes using a 4 CP methodology.

24  
25 **A.** First, as I previously mentioned, use of the 4 CP methodology

1 was a requirement of the 2021 Agreement. Second, the 4 CP  
2 methodology is an accepted cost allocation methodology for  
3 several reasons. The parties to the 2021 Agreement identified  
4 some of these reasons in response to Staff's data requests in  
5 Tampa Electric's last base rate case. These included:

6 (1) The 4 CP methodology reflects cost causation in relation  
7 to Tampa Electric's peak demands. Tampa Electric's peaks are  
8 primarily a function of energy consumption associated with  
9 weather. There is a strong correlation between weather and  
10 residential and small commercial energy consumption. When it  
11 is hot, those rate classes tend to consume more energy through  
12 cooling, and when it is cold, those rate classes tend to  
13 consume more energy through heating. Tampa Electric's large  
14 commercial and industrial customers tend to be high load  
15 factor customers and are not as strongly correlated with  
16 weather, so their energy consumption stays fairly consistent  
17 throughout the year. Since the residential and small  
18 commercial rate classes are highly correlated with weather,  
19 they are the rate classes that cause Tampa Electric's peaks,  
20 so they are allocated costs based on cost causation.

21 (2) Tampa Electric's transition away from large, baseload,  
22 coal-fired generating units to cleaner generating resources  
23 like solar has diminished the importance of shoulder months  
24 for operational planning and cost attribution purposes.

25 (3) The 4 CP methodology can serve as a catalyst for economic

1 development, as it could make manufacturers and other large  
2 employers in Tampa Electric's service area more competitive  
3 than competing regions.

4  
5 **Q.** Please describe the company's proposed cost allocation  
6 methodology for demand-related distribution costs.

7  
8 **A.** Tampa Electric proposes to allocate demand-related  
9 distribution costs in the same manner as in the company's  
10 previous rate proceeding in Docket No. 20210034-EI. This  
11 allocation relies on a mixture of rate class NCP and customer  
12 maximum demands.

13  
14 **Q.** Please provide a summary of Tampa Electric's proposed COSS in  
15 this proceeding.

16  
17 **A.** In accordance with the 2021 Agreement, Tampa Electric  
18 successfully modified its Cost-of-Service Model to:

19 (1) Use the full MDS classification methodology

20 (2) Use the 4 CP allocation methodology

21 (3) Substantially and materially improve the position of all  
22 above-parity customer classes toward parity

23  
24 **BASE REVENUE AND SERVICE CHARGES**

25 **Q.** Did Tampa Electric prepare a forecast of base revenues from

1 the sale of electricity for 2025? If so, how was the forecast  
2 of base revenue derived?

3

4 **A.** Yes. The 2025 base revenue from the sale of electricity  
5 forecast for present and proposed rates is summarized in MFR  
6 Schedule E-8 and calculated in detail in MFR Schedules E-13c  
7 and E-13d. I applied the rates currently in effect to the  
8 forecasted billing determinants that I received from Tampa  
9 Electric witness Lori Cifuentes to derive projected total  
10 annual base revenues for the 2025 test year.

11

12 **Q.** What is the projected retail billed electric revenue for 2025?

13

14 **A.** The projected retail billed electric revenue shown in MFR  
15 Schedule E-8 for 2025 is \$1,480,725,000 under present rates  
16 and \$1,774,352,000 under proposed rates, an increase of  
17 \$293,627,000.

18

19 **Q.** Did Tampa Electric prepare a forecast of service charge  
20 revenues? If so, how was the forecast of service charge  
21 revenues derived?

22

23 **A.** Yes. The 2025 projected service charge revenues for present  
24 and proposed rates are presented in MFR Schedule E-13b. Tampa  
25 Electric conducted a Time-and-Motion Study to determine the

1 costs associated with Service Charges which are presented in  
2 MFR Schedule E-7. Tampa Electric is proposing a gradual  
3 increase to its current service charges, shown in MFR Schedule  
4 E-13b. MFR Schedule E-8 shows an increase of \$2,976,000 in  
5 service charge-related revenues.

6  
7 **Q.** What changes are being proposed to the company's service  
8 charges?

9  
10 **A.** Tampa Electric is only proposing to change the charge amount  
11 for its service charges. The company is not proposing to add  
12 or remove any service offerings.

13  
14 **Q.** What is the total amount of additional base revenue from the  
15 sale of electricity and service charges that are produced by  
16 the company's proposed rate design?

17  
18 **A.** Including unbilled revenue, MFR Schedule E-8 demonstrates the  
19 total increase is \$296.611 million, which is equivalent to  
20 MFR Schedule A-1.

21  
22 **RATE DESIGN PROPOSED CHANGE**

23 **Q.** What are good ratemaking practices?

24  
25 **A.** James C. Bonbright is one of the most, if not the most,

1 respected names in utility ratemaking; he is the author of  
2 Principles of Public Utility Rates, which laid the foundation  
3 for public utility pricing theories, policies, and the  
4 economic concepts supporting rate design. Bonbright's  
5 principles for rates are summarized as:

6  
7 Rates should have the attributes of simplicity,  
8 understandability, public acceptability, and stability. Rate  
9 design should effectively yield the total revenue  
10 requirements and the apportionment of costs should be fair to  
11 avoid any undue discrimination. Additionally, rate design  
12 should promote the efficient use of energy.

13  
14 **Q.** Is Tampa Electric proposing to make any changes to its current  
15 rate schedule structure?

16  
17 **A.** Yes. Tampa Electric proposes changing the company's Time-of-  
18 Day periods for each of its optional Time-of-Day rate  
19 schedules. Tampa Electric is proposing to add a Super Off-  
20 Peak period and to remove the seasonality of its Time-of-Day  
21 periods. Tampa Electric proposes changing its Time-of-Day  
22 periods from:



1	<b><u>Peak Hours:</u></b>	<b><u>April 1 - October 31</u></b>	<b><u>November 1 - March 31</u></b>
2	(Monday- Friday)	12:00 Noon - 9:00 PM	6:00 AM - 10:00 AM
3			and
4			6:00 PM - 10:00 PM
5			
6	<b><u>Off-Peak Hours:</u></b>	All other weekday hours, and all hours on	
7		Saturdays, Sundays, New Year's Day, Memorial	
8		Day, Independence Day, Labor Day, Thanksgiving	
9		Day and Christmas Day shall be off-peak.	
10	to:		
11			
12	<b><u>Category</u></b>	<b><u>January 1 - December 31</u></b>	<b><u>Days of the Week</u></b>
13	Super Off-Peak	10:00 AM - 5:00 PM	Monday - Sunday
14			
15	Off-Peak	12:00 AM - 6:00 AM	Monday - Friday
16		and	
17		9:00 PM - 12:00 AM	
18			
19	Off-Peak	12:00 AM - 10:00 AM	Saturday - Sunday
20		and	and
21		5:00 PM - 12:00 AM	Defined Holidays
22			
23	Peak	6:00 AM - 10:00 AM	Monday - Friday
24		and	
25		5:00 PM - 9:00 PM	

1 Defined Holidays: New Year's Day, Memorial Day, Independence Day,  
2 Labor Day, Thanksgiving Day and Christmas Day.

3  
4 **Q.** Why is Tampa Electric changing the company's Time-of-Day  
5 periods to add a Super Off-Peak period?

6  
7 **A.** Tampa Electric has not changed the time periods for the  
8 optional Time-of-Day rate schedules since the 1980s. With the  
9 company's recent and continued investment in renewable  
10 generation assets, Tampa Electric's hourly cost profile has  
11 changed. Tampa Electric is proposing this new structure to  
12 better align with the company's hourly cost profile.

13  
14 **Q.** How did Tampa Electric derive its proposed base rates for its  
15 optional Time-of-Day rate schedules?

16  
17 **A.** Tampa Electric used a marginal cost methodology to help  
18 determine its time periods and the rate differentials. Tampa  
19 Electric ensured that the rates were revenue neutral to 2024  
20 base rates. Tampa Electric then applied the rate  
21 differentials and scaled the 2024 revenue neutral rates to  
22 2025 requirements based upon the company's projected billing  
23 determinants and projected revenue requirement during the  
24 test year. This means that the average customer on a Time-  
25 of-Day rate schedule would not experience an increase or

1 decrease to their bill because of the time-period change; the  
2 increase to a customer's bill is a function of Tampa  
3 Electric's need to increase base rates.

4  
5 **Q.** Does the proposed change align with Bonbright's principles  
6 for rates?

7  
8 **A.** Yes. Tampa Electric recognizes there are seasonal components  
9 to its peaks. However, Tampa Electric is proposing to  
10 eliminate the seasonal change in its pricing periods to  
11 achieve simplicity and understandability. Tampa Electric  
12 believes that removing the seasonal time-period change makes  
13 it easier for customers to set their operations without the  
14 need to alter their operation schedule due to the month of  
15 the year. The rate structure change was designed with revenue  
16 neutrality in mind, meaning neutral bills should equate to  
17 public acceptance and stability. Fairness and cost  
18 apportionment are demonstrated in Tampa Electric's COSS.  
19 Revenue recovery is demonstrated in MFR Schedule E-13c.  
20 Additionally, by design, Time-of-Day rate structures promote  
21 the efficient use of energy by incentivizing customers to  
22 consume energy at times when it is cost-effective to do so.  
23 It also provides customers the opportunity to change their  
24 behavior to reduce their bills.

25

1 Q. Is Tampa Electric proposing any other changes to the company's  
2 rate schedule structure?

3

4 A. No.

5

6 **PROPOSED (TARGET) CLASS REVENUES**

7 Q. Please describe the procedure used to determine what portion  
8 of the company's proposed (target) base rate increase was  
9 assigned to each rate class.

10

11 A. The basis for determining the proposed (target) base rate  
12 revenue increase to be assigned to each rate class is the  
13 company's proposed COSS, which has been provided under MFR  
14 Schedule E Vol II. The first step in the procedure is the  
15 determination of the company's revenue deficiency. From  
16 there, service charge revenues and other operating revenues  
17 are applied to offset the base rate revenue deficiency. The  
18 company proposes to collect the remaining balance via base  
19 rate increases and is produced out of the company's proposed  
20 COSS. As described earlier in my testimony, the proposed COSS  
21 assigns and allocates costs to each rate class based on a  
22 detailed analysis of cost causation. I then attempted to meet  
23 each rate class's targeted class revenue by adjusting the  
24 rate schedules' base rates.

25

1 **Q.** Is Tampa Electric proposing any changes to the company's LS-  
2 1 base rates?

3  
4 **A.** No.

5  
6 **Q.** Was Tampa Electric able to design proposed rates for each  
7 rate class to produce each class's targeted revenues and  
8 reflect the requested increase?

9  
10 **A.** Yes. MFR Schedule E-5 summarizes the targeted revenues by  
11 rate class. MFR Schedule E-8 reflects that rate setting is  
12 consistent with Tampa Electric's revenue deficiency shown in  
13 MFR Schedule A-1.

14  
15 **Q.** As required by the 2021 Agreement, did Tampa Electric  
16 substantially and materially improve the position of all  
17 above-parity customer classes toward parity, such that costs  
18 are allocated and revenue is collected consistent with 4 CP  
19 and full MDS methods?

20  
21 **A.** Yes. Tampa Electric's proposed COSS fully implemented MDS and  
22 used the agreed upon 4 CP allocation methodology.  
23 Additionally, MFR Schedule E-8 demonstrates all above-parity  
24 customer classes were substantially and materially moved  
25 towards parity.

1 **Q.** What is meant by parity?

2

3 **A.** "Parity" is the comparison of the rate of return of a class  
4 to the system average rate of return. The term is used  
5 interchangeably with the term "rate of return index." Since  
6 parity is calculated by dividing the rate of return for a  
7 particular class by the system average rate of return, a class  
8 with parity of 100 percent would be earning the same rate of  
9 return as the system average, and a class with parity below  
10 100 percent would be earning less than the system average.  
11 Parity is useful when determining the development of class  
12 revenue targets associated with the proposed base rate  
13 revenue increase. As reflected in MFR Schedule E-8, each rate  
14 class is reasonably close to parity. An index ratio of 1.00  
15 indicates rates are set exactly on the cost of service. A  
16 ratio of less than 1.00 indicates that class is served below  
17 cost, and a class ratio of more than 1.00 indicates that class  
18 is served above cost.

19

20 **Q.** Why is each rate class's parity not equal to 1.00 under the  
21 proposed rate designs?

22

23 **A.** Tampa Electric's COSS indicates its Lighting rate classes are  
24 earning above the system rate of return and should therefore  
25 be entitled to a revenue reduction. The Commission has

1 previously provided guidance that no class should receive a  
2 decrease. To adhere to this guidance, Tampa Electric proposes  
3 to keep Lighting's target class revenue flat, which will  
4 substantially and materially improve Lighting's parity  
5 position. However, without a decrease to Lighting's class  
6 revenue, a parity of 1.00 is not achievable at this time. The  
7 revenue reduction the COSS indicated for Lighting was spread  
8 to other rate classes.

9  
10 **Q.** Where can the company's proposed rate design be viewed in  
11 greater detail?

12  
13 **A.** MFR Schedule E-13a shows proposed base rate increases  
14 wholistically. MFR Schedule E-13c shows proposed base rate  
15 increases at the granular rate structure and rate schedule  
16 level. MFR Schedule E-13d shows proposed lighting facilities  
17 base revenue increases at the granular rate code level. MFR  
18 Schedule E-13b shows proposed service charges revenue  
19 increases.

20  
21 **Q.** Where can bill impacts of the proposed base revenue increases  
22 be viewed?

23  
24 **A.** The typical monthly bill impacts can be viewed in MFR Schedule  
25 A-2. The base rate differentials can be viewed in MFR Schedule

1  
2  
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25

A-3.

**Q.** How do Tampa Electric’s proposed rates impact the typical residential bill?

**A.** MFR Schedule A-2 reflects the proposed increase, assuming the clause and mechanism rates in effect on January 1, 2024, to the typical 1,000 kWh residential bill. The proposed increase is 12.2 percent. However, referring to the FPSC’s March 2024 data comparing typical bills, Tampa Electric would still have the 2<sup>nd</sup> lowest typical residential bill amongst the Investor-Owned Utilities (“IOU”) in Florida and our 2025 typical residential bill will be slightly lower than in 2023.

**Florida Investor-Owned Electric Utilities Total Cost for 1,000 Kilowatt Hours - Residential Service**  
**March 2024**

	Florida Power & Light Co.	Florida Power & Light Company (former Gulf Power)	Duke Energy Florida <sup>(1)</sup>	Tampa Electric Company <sup>(2)</sup>	Florida Public Utilities Company
Base Rate Charges	\$80.72	\$80.72	\$83.91	\$107.01	\$40.68
Fuel and Purchased Power Cost Recovery Clause	\$34.19	\$34.19	\$49.47	\$35.36	\$102.59
Energy Conservation Cost Recovery Clause	\$1.24	\$1.24	\$3.30	\$2.15	\$1.44
Environmental Cost Recovery Clause	\$3.32	\$3.32	\$0.46	\$0.89	N/A
Capacity Cost Recovery Clause	\$1.70	\$1.70	\$9.46	\$0.62	N/A
Storm Damage Cost Surcharge	\$6.65	\$6.65	\$5.09	\$0.00	\$12.80
Storm Protection Plan Cost Recovery	\$5.57	\$5.57	\$5.10	\$6.58	\$4.32
Asset Securitization Charge	N/A	N/A	\$2.36	N/A	N/A
Transition Rider/Credit	-\$1.19	\$12.64	N/A	N/A	N/A
Clean Energy Transition Mechanism	N/A	N/A	N/A	\$4.30	N/A
Gross Receipts Tax and Regulatory Assessment Fee	\$3.49	\$3.86	\$4.20	\$4.02	\$4.15
<b>Total</b>	<b><u>\$135.69</u></b>	<b><u>\$149.89</u></b>	<b><u>\$163.35</u></b>	<b><u>\$160.93</u></b>	<b><u>\$165.98</u></b>

(1) Duke's 2024 base rates for December - February bill is \$92.08; for the March - November bill is \$81.19. Weighted average: ((92.08x3)+(81.19x9))/12 = \$83.91  
(2) Proposed 2025 base rates with 2024 clause rates



1 Q. How do Tampa Electric's proposed rates impact the typical  
2 small commercial bill?

3

4 A. For a 1,200 kWh typical bill, the proposed increase, assuming  
5 the clause and mechanism rates in effect on January 1, 2024,  
6 will be \$0.23 or 0.1 percent; Tampa Electric's proposed  
7 typical small commercial bill will be about 10% lower than in  
8 2023. Below shows a comparison to other IOUs in Florida.

9

10

Florida Investor-Owned Electric Utilities Sample Bill Calculations - Commercial and Industrial Service														
Effective March 1, 2024														
Utility/Rate Class	kW	kWh	Base Rate Charge	Fuel and Purchased Power Charge	Energy Conservation Charge	Environmental Cost Recovery Charge	Capacity Cost Recovery Charge	Storm Cost Restoration Surcharge	Storm Protection Plan Charge	Asset Securitization Charge (DEF)	Transition Rider/Credit (FPL)	Clean Energy Transition Mechanism (TECO)	Gross Receipts Tax and Regulatory Assessment Fee	Total
<b>Florida Power &amp; Light (FPL)</b>														
GS-1	-	1,200	\$100	\$45	\$1	\$4	\$2	\$ 7	\$6	N/A	(\$1)	N/A	\$4	\$167
<b>FPL Northwest FL (Formerly Gulf Power)</b>														
GS-1	-	1,200	\$100	\$45	\$1	\$4	\$2	\$7	\$0	N/A	\$17	N/A	\$5	\$180
<b>Duke Energy Florida (DEF)</b>														
GS-1*	-	1,200	\$104	\$63	\$3	\$1	\$10	\$ 5	\$6	\$2	N/A	N/A	\$5	\$200
<b>Tampa Electric Company (TECO) <sup>(1)</sup></b>														
GS	-	1,200	\$120	\$46	\$2	\$1	\$1	\$ -	\$9	N/A	N/A	\$5	\$5	\$189
<b>Florida Public Utilities Company (FPUC)</b>														
GS	-	1,200	\$63	\$128	\$2	N/A	N/A	\$17	N/A	N/A	N/A	N/A	\$5	\$215

Gross Receipts Tax for FPL and DEF includes Regulatory Assessment Fee. For TECO and FPUC, Regulatory Assessment Fee is included in base rates and clauses.  
\*Closed to new customers as of 1/1/22  
(1) Tampa Electric proposed 2025 rates

18

19

20 **CREDITS**

21 Q. Is Tampa Electric proposing to change the company's standby  
22 generator credit, commercial demand response credit, or the  
23 Contracted Credit Value?

24

25 A. No.

1 **MISCELLANEOUS PROPOSED TARIFF CHANGES**

2 **Q.** Is Tampa Electric proposing to make any miscellaneous tariff  
3 changes?

4  
5 **A.** Yes. Tampa Electric is proposing to make several changes to  
6 its tariff to provide additional clarity and to make it easier  
7 for customers to do business with us, when and how they want  
8 to.

9  
10 **Q.** Why is Tampa Electric proposing to change the company's tariff  
11 language regarding general liability?

12  
13 **A.** Tampa Electric is proposing to provide greater clarity  
14 regarding customer responsibilities and company  
15 responsibilities.

16  
17 **Q.** Why is Tampa Electric proposing to change the company's tariff  
18 language regarding the company's Budget Billing program?

19  
20 **A.** Tampa Electric's current Budget Billing program is backward-  
21 looking, meaning a participant's monthly payment is based on  
22 historical consumption and rates. As a result, the program  
23 works well when a participant's consumption and the company's  
24 rates remain relatively stable. Changes in consumption or the  
25 company's rates, however, can result in high deferred

1 balances. In recent years, fuel price volatility, storm  
2 restoration costs, and base rate adjustments have caused  
3 problems for the backward-looking program. In this  
4 proceeding, Tampa Electric proposes changes to the Budget  
5 Billing program to allow the company to make adjustments to  
6 a customer's monthly payment to reflect any known changes in  
7 either consumption or rates, such as a change in fuel charges  
8 or changes at the customer's premise (e.g., pool installation  
9 or electric vehicle installation). The company will perform  
10 periodic reviews quarterly. The proposed changes will help  
11 smooth out any increases or decreases to the predetermined  
12 and company-calculated monthly payment amounts, and thereby  
13 enhance bill stability, which is the reason for the program's  
14 existence.

15  
16 **Q.** Why is Tampa Electric proposing to change the company's tariff  
17 language regarding the company's Economic Development Rider?

18  
19 **A.** Tampa Electric wants to remain competitive in attracting new  
20 business to its service area. The company recognizes,  
21 however, that companies are becoming more efficient in their  
22 electric consumption and labor usage. As a result, Tampa  
23 Electric proposes lowering the kW and labor thresholds for  
24 eligibility for the Rider, while providing a dollar  
25 investment threshold gives Tampa Electric opportunity to

1 compete for business for the betterment of the local economy  
2 and customers that Tampa Electric serves.

3  
4 **Q.** Why is Tampa Electric proposing to change the company's tariff  
5 language regarding Contribution in Aid of Construction  
6 ("CIAC")?

7  
8 **A.** Tampa Electric has historically collected CIAC prior to  
9 commencing construction, a practice which protects the  
10 general body of rate payers from the risk of nonpayment. In  
11 some circumstances, however, it is not practical or possible  
12 to collect upfront payment. This is usually the case for  
13 governmental customers, who also generally have a lower risk  
14 of nonpayment. In fact, requiring governmental customers to  
15 pay CIAC upfront can sometimes be harmful. In one instance,  
16 a governmental customer had to pay over \$15,000 a month to  
17 manually pump residential septic systems because the  
18 governmental payment processing schedule did not align with  
19 Tampa Electric's tariff requirements. In another instance,  
20 Tampa Electric almost lost a large governmental Lighting  
21 contract because of the need to collect payment upfront, which  
22 did not align with the customer's standard way of doing  
23 business. To address these and similar situations, Tampa  
24 Electric proposes a modification to its tariff that would  
25 allow customers to enter into alternative payment

1 arrangements for Contributions in Aid of Construction. This  
2 would make it easier for customers to do business with Tampa  
3 Electric.

4  
5 If this tariff change is approved, the company would put  
6 procedures in place to monitor and mitigate risk associated  
7 with alternative payment arrangements to the general body of  
8 ratepayers. First, the company will establish a four-Director  
9 committee to review any requests for alternative payment  
10 arrangements, with great emphasis being placed on customers  
11 who are able to provide a purchase order. A purchase order  
12 mitigates risk because it is a legally binding offer by the  
13 Government to buy supplies or services. Second, the company  
14 will generate a monthly report monitoring outstanding  
15 payments that will be reviewed by the Directors and by  
16 assigned team members. These team members will be tasked with  
17 ensuring any outstanding Contribution in Aid of Construction  
18 payments are collected.

19  
20 **Q.** Why is Tampa Electric proposing to change the company's tariff  
21 language regarding deposits?

22  
23 **A.** Tampa Electric would like the authority to refund deposits  
24 back to agencies which may have paid the required deposit for  
25 a customer. Under Tampa Electric's current tariff, deposits

1 are to be refunded to customers. However, there are instances  
2 when an agency pays the deposit for a customer. When the  
3 customer moves out, the agency would like that money back  
4 rather than the deposit being refunded directly to the  
5 customer.

6  
7 **Q.** Why is Tampa Electric requesting changes to the Bright Choices  
8 Outdoor Lighting Agreement?

9  
10 **A.** Tampa Electric is requesting to correct a clerical error. The  
11 Bright Choices Outdoor Lighting Agreement was intended to be  
12 available for LS-1 and LS-2 rate schedules. Tampa Electric is  
13 requesting to allow the company to fill in the blank with  
14 either "LS-1" or "LS-2", based on the type of assets the  
15 customer desires.

16  
17 **Q.** Why is Tampa Electric requesting changes to its LS-2 Monthly  
18 Rental Factors?

19  
20 **A.** Tampa Electric's LS-2 customized lighting tariff opened to  
21 customers in 2022. The LS-2 tariff currently requires  
22 customers to sign a 20-year agreement. The monthly charge is  
23 derived from the In Place Value of the customer specific  
24 lighting facilities being multiplied by a monthly rate (or  
25 "rental factor"). The current monthly rental factor is

1 created using the net present value of an asset over a 20-  
2 year period, meaning the value of the asset will be recovered  
3 through the charge over a 20-year period. Over the last two  
4 years of offering LS-2 service, the company has learned that  
5 customers are interested in more flexibility regarding the  
6 term of the agreement. To address this customer preference,  
7 Tampa Electric is proposing to modify the tariff to allow the  
8 company and the customer to agree on terms between 1 and 25  
9 years, rather than the current, static 20-year period. The  
10 proposed Rental Factor matrix has rental factors from 1 to 25  
11 years. The model's outputs are consistent with how a 20-year  
12 fixed charge rate is determined; the monthly rental factor is  
13 simply calculated for each other term-year length as well.  
14 Increasing the term length range does not create additional  
15 risk for the general body of rate payers as the rental factors  
16 are designed to recover the costs of the asset over the term  
17 length. Tampa Electric's Early Termination Fee further  
18 protects the general body of rate payers by charging  
19 participating customers for the remaining balance of the  
20 asset should they choose to end the agreement early.

21  
22 **Q.** Why is Tampa Electric proposing to change its LS-1 wattage  
23 variance from +/- ten percent to +/- twenty-five percent?  
24

25 **A.** LED technology is continuing to develop, and the manufactured

1 products continue to become more efficient, reducing the  
2 wattage while increasing the lumen output. This rapid  
3 development, coupled with lack of standardization, becomes an  
4 obstacle when calculating the energy consumption of  
5 interchangeable fixtures. Tampa Electric attempted to  
6 minimize the impact to customers by incorporating a +/- ten  
7 percent variance into the wattage used in calculating the  
8 monthly energy consumption of each fixture for billing  
9 purposes. This range has proven to be too narrow, which is  
10 why Tampa Electric is requesting a +/- twenty-five percent  
11 variance.

12  
13 **Q.** Why is Tampa Electric proposing to change its tariff language  
14 regarding the Standard Offer Contract?

15  
16 **A.** Tampa Electric is proposing to align the Standard Offer  
17 Contract with its proposed Time of Day periods.

18  
19 **Q.** Why is Tampa Electric proposing to change its tariff language  
20 regarding Vaults?

21  
22 **A.** Tampa Electric is planning to streamline its current process.  
23 Tampa Electric's tariff requires a separate vault contract  
24 that offers the same protections as the tariff. Tampa Electric  
25 believes this to be unnecessary as the tariff is a contract



1 between the company and its customers. Therefore, Tampa  
2 Electric is requesting to do away with a separate vault  
3 agreement.

4  
5 **PROPOSED NEW PROGRAM OFFERINGS**

6 **Q.** Is Tampa Electric proposing any new programs?

7  
8 **A.** Yes. Tampa Electric is proposing a senior citizen low-income  
9 program ("Senior Care Program").

10  
11 **Q.** What is the proposed Senior Care Program?

12  
13 **A.** The Senior Care Program is a proposed program that offers a  
14 fixed \$10 monthly bill credit to Tampa Electric's low-income  
15 customers sixty-five and older.

16  
17 **Q.** How does someone qualify for the proposed Senior Care Program?

18  
19 **A.** To qualify for the proposed Senior Care Program, a Tampa  
20 Electric customer of record must provide a copy of their State  
21 of Florida Agency of Healthcare Administration's Medicaid  
22 Program enrollment letter ("Medicaid Eligibility Letter"), or  
23 an alternative form of proof of enrollment acceptable to the  
24 company, and proof of their date of birth. Since Medicaid is  
25 only open to low-income Florida residents, enrollment in

1 Medicaid serves as proof of low-income status. Using the  
2 Medicaid Eligibility Letter and Medicaid income thresholds as  
3 eligibility criteria for the Senior Care Program avoids the  
4 need for Tampa Electric to income-qualify customers in-house.  
5 Tampa Electric can use its existing Doc Upload system to  
6 receive Medicaid enrollment letters and proof of birthdate,  
7 if necessary.

8  
9 **Q.** Why is the company proposing that a customer must be 65 years  
10 old or older to qualify?

11  
12 **A.** Tampa Electric needed an accurate metric for the potentially  
13 eligible population to forecast the number of potential  
14 participants and design the program. U.S. Census Bureau data  
15 is available for the percentage of the population in  
16 Hillsborough County that is 65 years old or older. Other  
17 senior citizen age data was not available; therefore, Tampa  
18 Electric is proposing the minimum age requirement be 65 as  
19 Tampa Electric is reliant upon available data for  
20 projections.

21  
22 **Q.** How did Tampa Electric forecast the number of customers who  
23 would be eligible for the program?

24  
25 **A.** Tampa Electric used the company's test-year projected

1 residential customers multiplied by the percentage of people  
2 in Hillsborough County who receive Medicaid multiplied by the  
3 percentage of people in Hillsborough County who are 65 years  
4 or older. Tampa Electric used the best available data from  
5 FLHealthCharts for Medicaid data and the U.S. Census Bureau  
6 for senior citizen data.

7  
8 **Q.** How is Tampa Electric proposing to fund the Senior Care  
9 Program?

10  
11 **A.** Tampa Electric is proposing to fund the program via base  
12 rates. MFR Schedule E-13c demonstrates the proposed program  
13 funding.

14  
15 **SUMMARY**

16 **Q.** Please summarize your prepared direct testimony.

17  
18 **A.** In line with the cost-of-service goals previously stated, the  
19 company successfully modified the COSS model to fully  
20 implement MDS and 4 CP, alongside moving all-above parity  
21 rate classes substantially and materially closer to parity.  
22 This resulted in fair and practical results to support the  
23 rate design process.

24  
25 The support for, and design of, the proposed rates in the

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case as presented in the MFRs and proposed tariffs meets the company's primary goals. The proposed rate design aligns with Bonbright's principles for rates.

The proposed changes to Tampa Electric's tariff offer greater clarity and flexibility to customers.

**Q.** Does this conclude your prepared direct testimony?

**A.** Yes it does.

EXHIBIT

OF

JORDAN WILLIAMS

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LIST OF MINIMUM FILING REQUIREMENT SCHEDULES  
SPONSORED OR CO-SPONSORED BY JORDAN WILLIAMS

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A-02	Full Revenue Requirements Bill Comparison - Typical Monthly Bills
A-03	Summary Of Tariffs
A-04	Interim Revenue Requirements Increase Requested
A-05	Interim Revenue Requirements Bill Comparison - Typical Monthly Bills
B-01	Adjusted Rate Base
B-02	Rate Base Adjustments
B-06	Jurisdictional Separation Factors-Rate Base
B-13	Construction Work In Progress
B-15	Property Held For Future Use-13 Month Average
B-17	Working Capital-13-Month Average
C-01	Adjusted Jurisdictional Net Operating Income
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F-08	Assumptions