GUNSTER

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August 22, 2024

BY E-FILING

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

Re: **Docket No. 20240099-EI - Petition for rate increase by Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida Public Utilities Company, please find the Testimony and Exhibits of John Taylor.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

(Document 11 of 18)

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA PUBLIC UTILITIES COMPANY.

DOCKET NO. 20240099-EI

DIRECT TESTIMONY

OF

JOHN D. TAYLOR

August 22, 2024

INTRODUCTION

Q. Please state your name and business address.

A. My name is John D. Taylor, and my business address is 10 Hospital Center Commons, Suite 400, Hilton Head Island, South Carolina 29926.

Q. On whose behalf are you appearing in this proceeding?

A. I am appearing on behalf of Florida Public Utilities Company. ("FPUC" or the "Company").

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

A. I am employed by Atrium Economics, LLC ("Atrium") as a Managing Partner.

Q. Have you prepared an Appendix describing your professional qualifications?

A. Yes. Appendix A to my Direct Testimony presents my professional qualifications.

Q. What was Atrium's assignment in this proceeding?

A. FPUC requested Atrium to forecast Test Year Billing Determinants, develop the required embedded class cost of service study ("COSS"), and support its rate design efforts. In this regard, I am sponsoring the COSS that allocates FPUC's electric distribution costs to its rate classes, class revenue increase apportionment, and proposed rate design. In addition, I am sponsoring several Minimum Filing Requirements ("MFR") schedules required by the Florida Public Service Commission ("FPSC" or the "Commission").

Q. Which MFR Schedules are you sponsoring?

A. Exhibit JDT-1 lists the MFRs that I am sponsoring or co-sponsoring which is replicated below.

- A-2 – Full Revenue Requirements Bill Comparison - Typical Monthly Bills
- A-3 - Summary of Tariffs

- E-1 - Cost of Service Studies
- E-2 - Explanation of Variations From Cost of Service Study
- E-3a - Cost of Service Study-Allocation of Rate Base Components to Rate Schedule
- E-3b - Cost of Service Study-Allocation of Expense Components to Rate Schedule
- E-4a - Cost of Service Study-Functionalization and Classification of Rate Base
- E-4b - Cost of Service Study-Functionalization and Classification of Expenses
- E-5 - Source and Amount of Revenues-At Present and Proposed Rates
- E-6a - Cost of Service Study-Unit Costs, Present Rates
- E-6b - Cost of Service Study-Unit Costs, Proposed Rates
- E-8 - Company-Proposed Allocation of the Rate Increase By Rate Class
- E-9 - Cost of Service-Load Data
- E-10 - Cost of Service Study-Development of Allocation Factors
- E-11 - Development of Coincident and Noncoincident Demands For Cost Study
- E-12 - Adjustment to Test Year Revenue
- E-13a - Revenue From Sale Of Electricity By Rate Schedule
- E-13b - Revenues By Rate Schedule-Service Charges (Account 451)
- E-13c - Base Revenue By Rate Schedule-Calculations
- E-13d - Revenue By Rate Schedule-Lighting Schedule Calculation
- E-15 - Projected Billing Determinants-Derivation
- F-5 - Forecasting Models
- F-6 - Forecasting Models-Sensitivity of Output to Changes in Input Data
- F-7 - Forecasting Models - Historical Data

Q. Please summarize your testimony.

A. In my testimony, I first present the forecasted Test Year Billing Determinants. I then present the COSS and discuss its results, present the revenue increase apportionment to FPUC's rate classes, and present the rate design proposals filed by FPUC in this proceeding. My testimony consists of this introduction and summary section and the following additional sections:

- Development of Billing Determinants and Associated Revenues
- Embedded Class Cost of Service Study
- Principles of Sound Rate Design
- Determination of Proposed Class Revenues
- Proposed Rate Design

I. DEVELOPMENT OF BILLING DETERMINANTS AND ASSOCIATED REVENUES

Q. Are you presenting the historical base year and forecasted test year billing determinants and test year revenues?

A. Yes. This information is provided on MFR Schedule F-7. The starting point on Schedule F-7 is the historical 2023 base period number of bills, kWh sales, and associated revenues. Then on Schedule E-12, projected bills and normalized kWh sales are presented to reflect projected values under the present rate structure to demonstrate the difference between the base year and projections. Schedule E-15 presents the derivation of the projected billing determinants, and the process is described in F-5. Finally, Schedule E-13 presents the

proposed rates and associated revenue based on the proposed rate structure.

Q. How are the forecasted test year revenues developed for each rate class?

A. Forecasted Test Year revenue is an estimate of the revenue based on forecasted billing determinants and the rates in place when filing for a rate change. It is developed by multiplying forecasted billing determinants for each rate class, comprised of total annual kWh and bill counts (customer counts x 12) to the current rates. The billing determinants used to produce the Forecasted Test Year revenue are also used to estimate the revenue from proposed rates.

Q. Please describe how the forecast of annual kWh was completed?

A. The process contained three steps:

1 - Collection and Preparation of Data: The Company provided historical monthly billing data (kWh) and customer count data by customer class for the Northeast ("NE") and Northwest ("NW") service territories, from January 2015 to April 2024. The customer classes used in the analysis were Residential, Commercial Small, and Commercial. From this data, Use Per Customer ("UPC") was calculated for each customer class and service territory. The Company also provided historical daily Heating Degree Day ("HDD") and Cooling Degree Day ("CDD") data for Jacksonville and Tallahassee weather stations; Jacksonville corresponding the NE service territory and Tallahassee corresponding to the NW service territory. This data was aggregated into monthly HDD and CDD to correspond with the monthly billed, customers count, and calculated UPC data. Further, a ten-year average of monthly HDD and CDD was calculated to represent ten-year Normal levels for HDD and CDD.

2 - Historical Regression Analysis: Multiple Linear Regression analysis was performed to

explain UPC for each customer class and service territory as a function of a constant term, a trend term, HDD and CDD for the concurrent month (i.e., Jan UPC and Jan HDD and CDD), and HDD and CDD for the prior month. Prior month HDD and CDD are used to reflect the lag between when energy (kWh) is used and when the customer is billed. For example, kWh usage on a customer bill issued in mid-January (based on a meter read in mid-January) will contain usage from mid-December to mid-January, and largely determined by weather from mid-December to mid-January; hence the inclusion of the billed month HDD and CDD, and the lagged month HDD and CDD.

The general form of the regressions to explain UPC is:

$$UPC_t = \textbf{Constant} + \beta_1 \times Trend + \beta_2 \times HDD_t + \beta_3 \times HDD_{t-1} + \beta_4 \times CDD_t + \beta_5 \times CDD_{t-1}$$

Where:

UPC_t is Use-Per-Customer for the month 't', e.g., January.

HDD_t and CDD_t are for the month 't', e.g., January.

HDD_{t-1} and CDD_{t-1} are for the prior month, 't-1', e.g., December.

The **Constant**, β_1, β_2, β_3, β_4, β_5 are estimated regression coefficients.

The results of the historical regression analyses and data used are reported in MFR F-7.

3 – Projection of Use Per Customer for Normal Weather: The results from the regression analysis, along with the calculated ten-year Normal for HDD and CDD, is used to forecast monthly Normal UPC from May 2024 to December 2025, based on Normal levels of

HDD and CDD.

Q. How were these results used to develop the forecasted billing determinants?

A. The projections of normal UPC developed from the regression analysis, and normal HDD and CDD, were multiplied by Company-provided customer count forecasts to calculate projected Normal usage in kWh. Company forecasts of the number of customers were developed using a time trend based on 2020 to 2023 data and adjusted by a forecast of the number of customers by class and service territory developed by the Company.

Q. Were the projections reviewed for reasonability by FPUC?

A. Yes. After the projections were completed, they were reviewed by FPUC personnel familiar with customer growth and usage trends in their service territory. In addition to the regression analysis developed by Atrium, FPUC personnel developed forecasts for their largest customers within the Commercial Large and Industrial classes to account for any changes in load expected for these customers. This is a common method for forecasts as large customers are typically not very weather-sensitive and have operational changes that may impact future usage for which only Company personnel may be familiar. Also, given the small number of Commercial Large and Industrial customers, regression analysis becomes less reliable and so a more qualitative approach to forecasting usage is appropriate.

Q. How was the usage forecasted for the Commercial Large and Industrial classes?

A. A review of current usage was completed and meetings were conducted with major account representatives to ascertain if any major changes are occurring in these customers' operations. Through this review, it was discovered that a large commercial customer will be offline and not taking service during, and as such, the forecast was adjusted to account

for this change.

II. EMBEDDED CLASS COST OF SERVICE STUDY

Q. What is the general purpose and use of a COSS in regulatory proceedings?

A. The purpose of a COSS is to allocate the electric distribution utility's overall adjusted test year costs to the various classes of service in a manner that reflects the relative costs of providing service to each class. Conducting a COSS represents an attempt to analyze to what degree each group of customers causes the utility to incur costs to provide service. Finally, COSS provides different contributions to the development of economically efficient rates and the cost responsibility by rate class. This is accomplished through analyzing costs and assigning each rate class its proportionate share of the utility's total revenues and costs within the test year. The results of these studies can be utilized to determine the relative cost of service for each rate class, help determine the individual class revenue responsibility, and provide guidance with rate design. Using the cost information per unit of demand, customer, and energy/commodity developed in the COSS to understand and quantify the allocated costs in each rate class is a useful step in the rate design process to guide the development of rates.

Q. Are there factors that influence an electric utility's overall cost allocation framework when performing a COSS?

A. Yes. First, the fundamental and underlying philosophy applicable to all cost studies pertains to the concept of cost causation to allocate costs to customer groups. Cost causation addresses the question - which customer or group of customers causes the utility to incur particular costs? To answer this question, it is necessary to establish a linkage

between a utility's customers and the particular costs incurred by the utility in serving those customers. The factors which can influence the cost allocation methods used to perform a COSS include: (1) the physical configuration of the utility's electric system; (2) the availability of data within the utility; and (3) the state regulatory policies and requirements applicable to the utility. It is important to understand these considerations because they influence the overall context of a utility's cost of service study and indicate where efforts should be focused to conduct a more detailed analysis of the utility's electric system.

Q. Please describe the cost of service model utilized to develop the COSS?

A. Atrium's Excel-based cost of service model was used, and the results are presented into the Minimum Filing Requirements (MFR) Excel workbook,[1] within the MFR E Schedules. It consists of several pages utilized to allocate various components of the Company's revenue requirements relying on Atrium's Excel model's built-in formulas and logic. MFR E-1 Schedule summarizes the results of these allocations showing the current rate of return for each rate class and the revenue requirement at an equal rate of return.

Q. Is the COSS filed in this proceeding aligned with the previous cost of service study filed by the Company in its prior rate case proceeding?

A. In preparation for this filing, Atrium reviewed the Company's previous rate case filing and replicated the methods employed in that filing for the allocation of costs.

[1] The information required by Commission Form PSC 1026 (12/20), entitled "Minimum Filing Requirements for Investor Owned Electric Utilities," which is incorporated into rule 25-6.043,F.A.C., and is available at https://www.flrules.org/gateway/ruleno.asp?id=25-6.043

Q. What was the source of the cost data analyzed in the Cost of Service Model?

A. All cost of service data was extracted from the Company's total cost of service (i.e., total revenue requirement) and schedules in this filing. Where more detailed information was required to perform various analyses related to certain plant and expense elements, the data were derived from the historical books and records of the Company and information provided by Company personnel. For instance, the weighted customer allocation factor for meters used was developed based on the average cost of providing a meter for each rate class.

Q. How are the FPUC rate classes structured for purposes of conducting the Cost of Service Model?

A. It should be noted that the Company's Standby rate has been removed. This change is covered in the testimony of Company Witness Haffecke. The COSS model contains the following classes:

- RS – Residential
- GS – General Service
- GSD – General Service Demand
- GSLD – General Service Large Demand
- GSLD1 – General Service – Industrial
- LS – Lighting Service

Q. Please describe the content of MFR E Schedules, which summarizes the results of the COSS?

A. The difference between the computed revenue requirement and the revenue that would be derived without making any rate changes equals the Company's Net Operating Income deficiency, as shown on Schedule E-1. The Rate of Return is determined by subtracting the revenue derived from each rate class from the expenses attributable to each rate class and then dividing the result by the rate base attributed to each rate class. Schedule E-1

within the PSC provided contains three pages. E-1 Page 2 contains the rate of return projected to be otherwise realized by rate class, absent a rate increase in the results for the projected test year. Page 2 also shows the rate of return resulting from each rate class providing an equal rate of return, commonly referred to as parity. Page 3 of this Schedule shows the Company's proposed revenue targets by rate class, further described in Section IV below. Lastly, MFR Schedule E-13 contains the Company's proposed revenue targets by rate class, the proposed customer charge rates, and proposed volumetric rates.

Q. Please summarize the results of COSS.

A. Table below presents a summary of the results of the COSS that can be reviewed in detail within MFR Schedule E-1. The COSS shows an overall revenue deficiency to the Company of $12,593,450 million.

Table 1 - Summary Results of the Company's COSS

Customer Classes	Current Revenues	Cost to Serve	Class Revenue (Deficiency)/ Excess	% Change to Cost to Serve	Current Rate of Return
RS	$ 13,663,622	$ 21,409,426	$ (7,745,805)	56.69%	-0.9%
GS	3,005,981	4,235,782	(1,229,802)	40.91%	1.7%
GSD	4,090,524	6,607,287	(2,516,763)	61.53%	1.2%
GSLD	1,305,459	2,388,031	(1,082,571)	82.93%	0.1%
GSLDI	620,814	669,405	(48,591)	7.83%	7.6%
LS	1,689,189	1,494,612	194,577	-11.52%	12.1%
Total Base Revenue	**$ 24,375,589**	**$ 36,804,544**	**$ (12,428,955)**	**50.99%**	**0.7%**
Other Revenues	978,357	1,142,852	(164,495)	16.81%	
Total System	**$ 25,353,946**	**$ 37,947,396**	**$ (12,593,450)**	**49.67%**	**0.7%**

Table presents the revenue deficiency/(surplus) for each rate class and the class rate of return on the net rate base at present rates. Regarding rate class revenue levels, Table shows that all classes except Lighting Services are being charged rates that recover less than their indicated costs of service.

III. PRINCIPLES OF SOUND RATE DESIGN

Q. Please identify the rate design principles utilized in developing the Company's rate design proposals.

A. Several rate design principles find broad acceptance in the recognized literature on utility ratemaking and regulatory policy. These principles include:

1) Cost of Service;
2) Efficiency;
3) Value of Service;
4) Stability/Gradualism;
5) Non-Discrimination;
6) Administrative Simplicity; and
7) Balanced Budget.

These rate design principles draw heavily upon the "Attributes of a Sound Rate Structure" developed by James C. Bonbright in Principles of Public Utility Rates; Columbia University Press (1961).

Q. Can the objectives inherent in these principles compete with each other at times?

A. Yes, these principles can compete with each other, and this tension requires further judgment to strike the right balance between the principles. Detailed evaluation of rate design recommendations must recognize the potential and actual tension between these principles. Indeed, Bonbright discusses this tension in detail. Rate design recommendations must deal effectively with such tension. There are tensions between cost and value of service principles and efficiency and simplicity. There are potential conflicts between simplicity and non-discrimination; and between the value of service and non-discrimination. Other potential conflicts arise where utilities face unique circumstances that must be considered as part of the rate design process.

Q. How are these principles translated into the design of rates?

A. The overall rate design process, which included the design of a consolidated rate structure, the apportionment of the revenues to be recovered among rate classes, and the determination of rate structures within rate classes, consists of finding a reasonable balance between the above-described criteria or guidelines that relate to the design of utility rates. Economic, regulatory, historical, and social factors all enter the process. In other words, both quantitative and qualitative information is evaluated before reaching a final rate design determination. Out of necessity, the rate design process must, in part, be influenced by good judgment.

IV. DETERMINATION OF PROPOSED CLASS REVENUES

Q. Please describe the approach to apportion FPUC's proposed revenue increase to its rate classes.

A. The apportionment of revenues among rate classes consists of deriving a reasonable balance between various criteria or guidelines related to the design of utility rates. The various criteria that were considered in the process included: (1) class contribution to present revenue levels, (2) customer impact considerations, and (3) cost of service.

Q. Did you consider various class revenue options in conjunction with your evaluation and determination of FPUC's interclass revenue proposal?

A. Yes. Using FPUC's proposed revenue increase and the results of the COSS, Atrium evaluated a few options for the assignment of that increase among its customer classes and, in conjunction with FPUC personnel and management, ultimately decided upon one of those options as the preferred method. The first option evaluated was to set revenues to the cost to serve for each rate class resulting from the methods employed in the COSS, as

shown in MFR E-1 Lines 51 and 52. However, this fully cost-based option was not the preferred solution, as there were large increases required for some of the rate classes. For instance, moving the Residential rate class to their cost to serve would require a $7.7M increase to their current revenues of $14.2M, representing a 54.5% increase in base distribution margin. A second option considered was assigning the increase in revenues to FPUC's proposed customer classes based on an equal percentage basis of its current electric sales revenues. In other words, every rate class would receive the same percentage increase. A third option was utilized using a targeted system multiplier at Equal Rates of Return where GS, GSD, GSLD were set to 1.35 times the system increase, GSLD1 and Lighting were set to 0.54 times the system increase and the remaining increase was apportioned to the Residential class which resulted in a 0.86 times the system increase multiplier. The result of this approach is reflected on MFR Schedule E-1 and in Table below. Table summarizes the proposed revenue change for each rate class and the percent change in total revenues resulting from the above-described process.

Table 2 – Proposed Revenues by Rate Division

Customer Classes	Current Revenues	Proposed Revenue	Proposed Revenue Change	Proposed Percentage Change	Proposed Rate of Return
RS	$ 13,663,622	$ 19,678,209	$ (6,014,587)	44.02%	4.9%
GS	3,005,981	$ 5,073,484	(2,067,503)	68.78%	11.3%
GSD	4,090,524	$ 6,903,973	(2,813,449)	68.78%	7.7%
GSLD	1,305,459	$ 2,203,350	(897,891)	68.78%	5.5%
GSLDI	620,814	$ 791,612	(170,798)	27.51%	9.9%
LS	1,689,189	2,153,917	(464,727)	27.51%	16.5%
Total Base Revenue	**$ 24,375,589**	**$ 36,804,544**	**$ (12,428,955)**	**50.99%**	**6.9%**
Other Revenues	978,357	1,142,852	164,495		
Total System	**$ 25,353,946**	**$ 37,947,396**	**$ (12,593,450)**	**49.67%**	**6.9%**

V. PROPOSED RATE DESIGN

Q. Please summarize the proposed rate design.

A. For all classes except the General Service class, each rate component was increased at the same percentage increase as the class was receiving from the revenue apportionment. For the General Service class the customer charge was increase at approximately half of the class increase with the remaining increase recovered in the volumetric charges. Consequently, the method resulted in the Residential customer charge being set below the customer unit costs within the COSS. Had we strictly used the COSS model results, the monthly Customer Charge for Residential would be $30.16; instead, we propose a $24.40 per month customer charge (see MFR Schedule E-6b for unit costs and E-13c for the proposed customer charges).

Q. Have you provided a schedule detailing the proposed rates and corresponding revenues?

A. Yes. MFR Schedule E-13c contains the proposed customer charges and volumetric charges and the corresponding revenues generated for each of the rate classes.

Q. What are the corresponding bill comparisons for FPUC's customers served under its existing rate schedules?

A. As required by MFR Schedule E-13c, the Company's prepared bill impacts for each of the Company's rate classes.

Q. What is the Company's proposal relating to the various charges associated with the Lighting Service class?

A. The Company has been replacing all historical lighting technologies (high pressure sodium, metal halide, and mercury vapor) with LED fixtures and plans to complete this transition during the second half of 2024. As such, historical lighting technology fixtures have been mapped to the company's LED lighting rates and the Company has projected its

test year revenues based on the transition of all historical lighting technology fixtures to LED fixtures. The rate design for lighting was completed by increasing the current LED fixture rates by the same percentage increase as the class was receiving from the revenue apportionment. The proposed rates for the LED lighting service are shown on MFR Schedule E-13d.

Q. Does this conclude your prefiled direct testimony?

A. Yes.

ATRIUM ECONOMICS
CENTERED ON ENERGY

John D. Taylor

Managing Partner

Mr. Taylor has experience with a wide range of costing, ratemaking, and regulatory activities for gas and electric utilities. He has testified numerous times on these and other issues for clients across North America. He has extensive experience with costing and pricing rates and services, regulatory planning and strategy development, revenue recovery and tracking mechanisms, merger and acquisitions analysis, new product and service development, affiliate transaction reviews, line extension policies, market assessments, litigation support, and organizational and operations reviews. He has testified on numerous occasions as an expert witness on costing and ratemaking related issues on behalf of utilities before federal, state, and provincial regulatory bodies and has extensive experience in evaluating and implementing innovative ratemaking approaches and rate design concepts.

He has also testified on return on equity, electric vehicle and battery storage programs, time-of-use rates, and the appropriate use of statistical analysis during audit testing. Mr. Taylor has led engagements relating to gas supply planning and the review of midstream transportation and storage capacity resources. He has worked as the market monitor for New England ISO's capacity market, supported the negotiation of PPAs, and supported feasibility and prudence studies of generation investments. He has also been involved in selling generating assets and distribution companies, supporting due diligence efforts, financial analyses, and regulatory approval processes.

EDUCATION

M.A., Economics, American University

B.A., Environmental Economics, University of North Carolina at Asheville

YEARS EXPERIENCE

19

RELEVANT EXPERTISE

Utility Costing and Pricing, Expert Witness Testimony, Transaction Facilitation, Revenue Requirements, Statistics, Valuation, Market Studies, Rate Case Management, New Product and Service Development, Strategic Business Planning, Marketing and Sales

Mr. Taylor received a master's degree in Economics from American University and holds a bachelor's degree in Environmental Economics from the University of North Carolina at Asheville.

His consulting career includes Managing Partner with Atrium Economics, LLC; Principal Consultant – Advisory & Planning with Black & Veatch Management Consulting, LLC; Senior Project Manager & Principal of Concentric Energy Advisors, Inc.; and CEO of Nova Data Testing, Inc. Mr. Taylor started his career working on Capitol Hill working with NGOs that were seeking Public Private Partnerships with the Federal Government, World Bank, and International Monetary Fund to pursue various projects in developing countries.

EXPERT WITNESS TESTIMONY PRESENTATION

United States

- California – Superior Court of California
- Delaware Public Service Commission
- Florida Public Service Commission
- Federal Energy Regulatory Commission
- Illinois Commerce Commission
- Indiana Utility Regulatory Commission
- Maine Public Service Commission
- Maryland Public Service Commission
- Massachusetts Department of Public Utilities
- Minnesota Public Utilities Commission
- New Hampshire Public Utilities Commission
- North Carolina Utilities Commission
- Oregon Public Utility Commission
- Ohio Public Utility Commission
- Pennsylvania Public Utility Commission
- South Carolina Public Service Commission
- Virginia State Corporation Commission
- Washington Utilities and Transportation Commission
- Public Service Commission of West Virginia

Canada

- Alberta Utilities Commission
- British Columbia Utilities Commission
- Ontario Energy Board

REPRESENTATIVE EXPERIENCE

Rate Design and Regulatory Proceedings

Mr. Taylor has worked on dozens of electric and gas rate cases including the development of revenue requirements, class cost of service studies, and projects related to utility rate design issues. Specifically, he has:

- Lead expert and witness for class costs of service studies across North America and worked on dozens of other class cost of service and rate design projects for other lead witnesses.
- Developed WNA and Decoupling mechanisms for utilities including back casting results and supporting expert witness testimony and exhibits.
- Developed revenue requirement model to comply with a new performance-based formula ratemaking process for a Midwest electric utility.
- Supported the developed of time of use rates, demand rates, economic development rates, load retention rates, and line extension policies.
- Analyzed and summarized allocation methodology for a shared services company.
- Assessed the reasonableness of costs through various benchmarking efforts.
- Led the effort to collect and organize plant addition documentation for six Midwest utilities associated with the state commission's audit of rate base.
- Supported lead-lag analyses and testimonies.
- Analyzed customer usage profiles to support reclassification of rate classes for a gas utility.
- Helped conduct a marginal cost analysis to support rate design testimony.

Litigation Support and Expert Testimony

Mr. Taylor has testified in several cases on class cost of service studies and statistical audit methods. He has also supported numerous other expert testimonies. Specifically, he has:

- Filed testimony as an expert witness on allocated class cost of service studies for both electric and gas utilities.
- Filed testimony as an expert witness on the application of statistical analysis.
- Filed testimony before FERC on the rate of return for an Annual Transmission Revenue Requirement and participated in FERC settlement conferences.
- Part of two-person expert witness team that provided an expert report to the British Columbia Utilities Commission on the use of facilities for transportation balancing services for Fortis BC.
- Part of two-person expert witness team that provided an expert report on affiliate transactions and capitalized overhead allocations for Hydro One on three separate occasions.
- Sole expert for expert report on affiliate allocations for Alectra utilities, the second largest publicly owned electric utility in North America. This was conducted shortly after the merger of four distinct utilities.
- Sole expert for expert report on the allocation of overhead costs between transmission and distribution businesses for EPCOR.

Transaction Experience

Mr. Taylor has been involved with several generating asset transactions supporting both buy side and sell side analysis and due diligence. His work has included:

- Worked as buy side advisor for a large water utility in the mid-Atlantic region including supporting the review of revenue requirements, rates, and forecasts.
- Helped facilitate and manage processes for a nuclear plant auction by processing Q&A, collecting relevant documentation and managing the virtual data room for auction participants.
- Supported the auction process for steam and chilled water distribution and generation assets in the Midwest.
- Supported the development of a financial model to ascertain the net present value of several competing wholesale power purchase agreements and guided the client with a decision matrix for the qualitative aspects of the offers.
- Provided research on comparable transactions, previous mergers and acquisitions, and potential transaction opportunities for several clients.

Financial Analysis and Market Research

Other financial analysis and market research Mr. Taylor has conducted include:

- Estimated the rate impact and costs associated with moving California energy market to 100% renewable.
- Assessed the consequences of a divestiture on the cost of service model for a New England gas distribution company.
- Developed LNG market studies for two separate utilities and two separate competitive market participants.
- Modeling alternative mechanisms for the allocation of overhead costs to a nuclear plant.

Witness John Taylor's Sponsored MFR's

SCHEDULE	TITLE	WITNESS
	EXECUTIVE SUMMARY	
A-2	Full Revenue Requirements Bill Comparison - Typical Monthly Bills	Taylor
A-3	Summary of Tariffs	Taylor
E-1	Cost of Service Studies	Taylor
E-2	Explanation of Variations From Cost of Service Study	Taylor
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E-13d	Revenue By Rate Schedule-Lighting Schedule Calculation	Taylor
E-15	Projected Billing Determinants-Derivation	Taylor
F-5	Forecasting Models	Taylor, Haffecke, Napier
F-6	Forecasting Models-Sensitivity of Output to Changes in Input Data	Taylor
F-7	Forecasting Models - Historical Data	Taylor

Docket No. 20240099-EI
Florida Public Utilities

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing filing has been served by Electronic Mail this 22nd day of August, 2024, upon the following:

Walter Trierweiler, Public Counsel
Office of the Public Counsel
c/o The Florida Legislature
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Tallahassee, FL 32399-1400
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By: _____
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