

P R O C E E D I N G S

1
2 **CHAIRMAN BROWN:** Moving on to Item 6. Good
3 morning.

4 **MS. OLLILA:** Good morning, Commissioners.
5 First I have to apologize; my name card is still up in
6 my office.

7 **CHAIRMAN BROWN:** I think we know you, Sue.

8 **MS. OLLILA:** Sue Ollila for staff. Thank you.
9 Item 6 is Tampa Electric's petition to extend
10 its economic development rider on a permanent basis.
11 The rider was introduced as a three-year pilot in the
12 rate case settlement which was approved by the
13 Commission in 2013. The rider expires the end of this
14 year. It was designed to attract new business to Tampa
15 Electric's service territory by providing certain base
16 rate discounts. The rider has requirements for minimum
17 load and new jobs.

18 Since the first customer took service in 2014,
19 the new load has resulted in approximately \$760,000 in
20 incremental base revenue. The discount amount
21 associated with that is about 130,000.

22 The representatives from Tampa Electric are
23 here to answer questions, if you have them. There have
24 been no customer contacts, and staff recommends
25 approval.

1 **CHAIRMAN BROWN:** Thank you very much, Sue.
2 Commissioners, do you have any questions?

3 I do have some questions on this item. First,
4 a question for staff about why you're recommending a
5 permanent rather than an extension of this pilot
6 program.

7 **MS. OLLILA:** The primary reason is that the --
8 in two years it has resulted in an additional \$760,000
9 of revenue, and that is a goodly amount of money even by
10 a big company's standard. At the same time, this kind
11 of program requires time on the company's part to
12 develop the contacts. Just my general understanding,
13 companies that are looking to move don't often make that
14 decision quickly.

15 **CHAIRMAN BROWN:** So you think a permanent
16 program of this -- and we have approved riders of this
17 magnitude for all of the electric utilities, minus one.

18 **MS. OLLILA:** Yes, ma'am.

19 **CHAIRMAN BROWN:** So, I mean, I understand what
20 we have done. I'm just curious about the permanent
21 nature and your decision to make it permanent. I know
22 there are only two customers that -- currently that are
23 utilizing the rider.

24 **MS. OLLILA:** Yes, that's correct, a
25 distribution center and a retail grocery chain. I think

1 in the, okay, grand scheme of things, in an overall
2 perspective, this will allow the company to go out and
3 solicit companies to move into their area with the
4 promise of discounts. Now these discounts -- it's a
5 five-year contract, and the discount starts at
6 20 percent for the first year, and by year five it is
7 zero percent.

8 **CHAIRMAN BROWN:** And obviously it's great for
9 the community. It's great for the community and there's
10 no undermining that. But, you know, obviously there's a
11 provision in here that says that the general body of
12 ratepayers could be affected in the next rate case.

13 **MS. OLLILA:** That's correct. The rule permits
14 the company to come in during a rate case proceeding to
15 ask for recovery. And staff would note that that
16 involves the number -- the amount of discounts within
17 the test year itself, and there's no way to know what
18 that might be at any time. And, of course, the decision
19 is ultimately the Commission's to determine what amount,
20 if any, should be allocated to the general body of
21 ratepayers. And Mr. Ashburn might be able to give more
22 detail on that.

23 **CHAIRMAN BROWN:** And I was going to ask him
24 right after. Thank you. And I think -- overall I think
25 this is a great idea. Obviously this whole Commission

1 has supported these type of riders, but obviously we
2 would like to ensure that the general body of ratepayers
3 aren't necessarily affected by these discounts. So
4 that's my opinion. Pardon me.

5 So I'm curious about the potential cost,
6 incremental base revenue that you could incur, which is
7 why you would like a permanent rider, also the potential
8 discount that could potentially impact the general body
9 of ratepayers in your next rate case.

10 **MR. BEASLEY:** Commissioners, good morning.
11 Jim Beasley for Tampa Electric Company. And Mr. William
12 Ashburn, Director of Pricing and Financial Analysis for
13 Tampa Electric, is here with me, and Mr. Ashburn will
14 address that.

15 **CHAIRMAN BROWN:** Good morning.

16 **MR. ASHBURN:** Good morning. One of the things
17 I often do as well is call a change of a tariff like
18 this permanent. Nothing is permanent. You know, what
19 we're asking is to take the expiration date off really
20 because it's a date at which point the tariff is no
21 longer in service, and we're asking for that expiration
22 date to end, and then it's in service until it's
23 changed, whether in a rate case or in some other matter.
24 So it's not there forever. It's just not time limited.

25 But the issue with the time limitedness of it

1 is when we're talking to customers who are potentially
2 thinking of coming to the Tampa area or our service
3 area, often that conversation takes years. And it's not
4 because it's a conversation with us that takes years,
5 but they have many other matters that they have to deal
6 with when they're considering moving, particularly
7 building a large plant. They may be dealing with tax
8 abatement issues, they may be talking about how can we
9 get access to the port on reasonable terms, distribution
10 matters, all those kind of things. And those kind of
11 things take a long time, not to mention the least is to
12 find an appropriate site and get that secured.

13 So we're often talking to them early and
14 offering them some sort of a discount maybe under the
15 EDR, but it may be two or three years before they've
16 resolved all their other issues and then are able to
17 take advantage of it. So having a time limited nature
18 on it that ends at the end of this year means we really
19 can't talk to them and promise that that discount that
20 we're offering will be there in two or three years when
21 they finally are able to secure their location. So
22 taking off that date is very important, particularly in
23 long-lived, protracted negotiations, to get somebody to
24 move.

25 **CHAIRMAN BROWN:** Thank you for that aspect.

1 **MR. ASHBURN:** Yes.

2 **CHAIRMAN BROWN:** That helps.

3 **MR. ASHBURN:** Yes.

4 **CHAIRMAN BROWN:** And I absolutely appreciate
5 it as a lawyer too.

6 **MR. ASHBURN:** Right.

7 **CHAIRMAN BROWN:** But the second part of the
8 question --

9 **MR. ASHBURN:** Yes.

10 **CHAIRMAN BROWN:** -- is the potential
11 incremental base revenue that you can receive from
12 the -- obviously you're courting several folks under
13 this rider.

14 **MR. ASHBURN:** Right.

15 **CHAIRMAN BROWN:** And also the discount.

16 **MR. ASHBURN:** Uh-huh.

17 **CHAIRMAN BROWN:** I know it starts out and then
18 it tailors off after five years to zero.

19 **MR. ASHBURN:** That's correct. Right.

20 **CHAIRMAN BROWN:** So do you have some potential
21 nonconfidential estimates?

22 **MR. ASHBURN:** So it would be -- well, it's --
23 I think, as she mentioned, as of a certain date when we
24 gave the number it was about \$130,000 or so. Right?
25 And then over each year that's going to go down until we

1 add another customer, depending on how large they are.
2 And the amount of money will depend, of course, on how
3 big the load is that's being offered this discount.

4 We have no intention of accumulating that
5 money over five, ten years until the next rate case and
6 then asking for all of that. We're simply saying that
7 at the time of the next rate case, whatever the
8 discounts being offered under the EDR is part of the
9 test year that we would potentially come and say, "Look,
10 these are beneficial." We'll have to prove it to you
11 and show how it's -- we were prudent in doing it and
12 that it's a benefit to ratepayers, and then ask for your
13 accommodation that we get recovery of it. But at that
14 point, that's up to you to decide based on a sharing or
15 whatever mechanism makes sense.

16 **CHAIRMAN BROWN:** Thank you for that
17 clarification. I knew that, but I appreciate that. So
18 what is the potential growth under this rider?

19 **MR. ASHBURN:** Well, it's very hard to predict.
20 As you heard, we had two. We're negotiating with
21 several at the moment. Some of them are smaller and
22 some of them are very large. The very large ones, you
23 may not be surprised to know, take a long time to get
24 resolved because usually it's about some large
25 manufacturer or something.

1 **CHAIRMAN BROWN:** So you have the 25-employee
2 threshold.

3 **MR. ASHBURN:** Yes. Yeah. Within -- yeah.
4 They start at the 20 percent, and then each year it goes
5 down 5 percent, so it ends up at zero at the end, at the
6 fifth year. So it would -- if they should show up in
7 the next year or two, that would increase the amount
8 that's subject to that potential recovery, but I can't
9 tell you what the number is because I don't know when
10 they are or are not going to sign up. These ones right
11 now will run out in about two or three years.

12 **CHAIRMAN BROWN:** Thank you.

13 Commissioners, any other questions?

14 **COMMISSIONER GRAHAM:** Move staff.

15 **CHAIRMAN BROWN:** Is there a second?

16 **COMMISSIONER EDGAR:** Second.

17 **CHAIRMAN BROWN:** Okay. It's been moved and
18 seconded. All those in favor, say aye.

19 (Affirmative vote.)

20 Opposed? The motion passes on all issues.

21 Thank you for being here and answering the questions.

22 Thank you.

23 (Agenda item concluded.)

1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

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

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

18 DATED THIS 12th day of May, 2016.

19
20
21
22
23
24
25


LINDA BOLES, CRR, RPR
FPSC Official Hearings Reporter
(850) 413-6734