



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

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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 )

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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.

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