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Public Service Commission

October 11, 2017

Ms. Paula Brown, Manager
Regulatory Coordination
Tampa Electric Company
P.O. Box 111
Tampa, FL 33602

STAFF'S FIRST DATA REQUEST (Nos. 1- 27)
via email

Re: Docket No. 20170210-EI - Petition by Tampa Electric Company for a limited proceeding to approve 2017 Amended and Restated Stipulation and Settlement Agreement and Docket No. 20160160-EI - Petition by Tampa Electric Company for approval of Energy Transaction Optimization Mechanism

Dear Ms. Brown:

By this letter, Commission staff requests that Tampa Electric Company (TECO or Company) provides responses to the following data requests.

1. Please provide the assumptions used in calculating and the results of the three DSM cost-effectiveness models supporting the proposed program credits provided in Paragraph 3(e).

2. If Paragraph 3(e) is approved, what impact will this have on the 2019 factors requested by the company in Docket No. 20180002-EG? Please explain.

3. If the proposed Settlement is approved, does the company anticipate any additional impacts to the Energy Conservation Cost Recovery clause, including any material impacts to the clause factors? Please explain.

4. Paragraph 3(e) states:
The level of these credits will not change during the Term and will remain in effect after the expiration of the Term until changed, if at all, by a future unanimous agreement of the Parties approved by a Final Order of the Commission or a Final Order of the Commission issued as a result of a future general base rate proceeding.
Does this preclude the Commission from considering the cost-effectiveness of these programs and/or changing the credits in a future DSM proceeding? Please explain.

5. Has TECO begun the process of soliciting bids/proposals for the various SoBRA Tranches? If yes, please provide a detailed narrative explaining the process to date,

including deadlines for entities to submit their bids/proposals to TECO. Also, please provide a copy of TECO's request for bids/proposals.

6. Has TECO acquired any land or land rights associated with the various SoBRA Tranches? If yes, please provide details of the acquisition(s) and associated documentation.

7. Does TECO believe that joint ownership is feasible for any of the various SoBRA Tranches?

8. Has TECO explored any joint ownership options for acquiring Solar PV capacity? If yes, please explain in detail.

9. In Paragraph 6(c) of the proposed Settlement Agreement, it states "A SoBRA Tranche may consist of a single project or include multiple individual solar projects, which may be located throughout the Company's retail service territory." Is this language intended to limit the Company to only pursuing options that are located within its retail service territory? If so, why?

10. Please provide a breakdown of estimated operating costs associated with the various SoBRA Tranches to be included in base rate revenue requirements.

11. Refer to Paragraph 6(d), which addresses the debt rate utilized to calculate the revenue requirements associated with the SoBRA projects.

    a. Please explain exactly what the Company defines as "prospective long-term debt issuances."

    b. Does this reflect a projected cost rate or an actual cost rate?

    c. Please explain how the incremental cost rate for long-term debt will be calculated.

12. Refer to Paragraph 6(l) on page 18, which addresses the investment tax credits on a normalized basis associated with the SoBRA projects.

    a. Please explain how the investment tax credits will be adjusted on a normalized basis.

    b. What cost rate will be used for the investment tax credits?

c. What capital components (common equity, long-term debt, and short-term debt) will be included in the calculation of the cost rate for the investment tax credits?

13. Please provide a resource plan that includes the solar projects and one without the solar projects for the term of the settlement. For each unit identified, please provide all features of the unit including but not limited to: MW, installed cost/MW, Fuel Type and Unit Type.

14. Please refer to Paragraph 6(b). Please provide an estimate of both the Incremental Annualized SoBRA Revenue Requirements and Cumulative Annualized SoBRA Revenue Requirements when using a \$1,475kW_{ac} cost cap assuming full capacity buildout and 2% variance.

15. Please refer to Paragraph 6(c).
    a. Please explain whether TECO could buy an existing in-service solar farm and meet the terms of the settlement.

    b. If so, please explain if this existing in-service solar farm would be subject to the \$1,500kW_{ac} cost cap.

    c. If not, would additional construction on an existing in-service solar farm satisfy the terms of the settlement and would that site then be subject to the \$1,500kW_{ac} cost cap?

16. Please refer to Paragraph 6(m).
    a. Please provide the estimated rate impact annually of the solar projects for a 1000/kwh-mo residential customer using the \$1,500 kW_{ac} cost cap.

    b. Please provide the same rate impact when using a \$1,475 kW_{ac} cost.

17. For all planned solar generation, please detail the depreciation life and actual life of each individual unit if available.

18. Please refer to Paragraph 6(j).
    a. If TECO does not construct the Maximum Incremental SoBRA MW in one year of the settlement term, can the construction be completed in another year and cost recovery still be available for TECO? For example, if TECO were to not construct any approved solar tranches in 2020, could TECO construct the 2020 unused capacity in 2021 and still recover cost? Please explain.

b. If so, would these costs be limited to the Maximum Incremental Annualized SoBRA Revenue Requirements, the Maximum Cumulative Annualized SoBRA Revenue Requirements mentioned in Paragraph 6(b), or both.

19. Please refer to Paragraph 6(c).
    a. Please explain the relationship between a 2% variance in revenue requirements and a 5 MW variance for 2019 SoBRA Tranche.

    b. Please explain if the 2% and 5 MW variance only applies to 2018 and 2019 SoBRA Tranches.

    c. Please explain if the 2% variance applies to the $1,500kW_{ac}$ cost cap as well.

20. Referring to Paragraph 6(i)(i) of the settlement, please explain the basis for only allocating 40 percent of the revenue requirement to the lighting class.

21. Referring to Paragraph 6(i)(ii) of the settlement, please discuss the impact on low- vs high-load factor demand customers resulting from the proposed SOBRA increases to demand charges.

22. Please refer to Paragraph 8(b).

    a. Please provide all the information and company's plan, known at this stage, regarding the expected retirements of the coal-fired generating assets or other assets of the magnitude that would ordinarily or otherwise require a capital recovery schedule.

    b. When does the company expect to begin the retirement of its AMR meters, and how many years does TECO expect it will require to complete the AMR- to- AMI meter replacement?

    c. What is the expected unrecovered net investment amount, in dollars, associated with the AMR meter retirement each year during the term of the 2017 Amended and Restated Stipulation and Settlement Agreement?

    d. What will be the estimated percentage of the total investment booked to depreciation Account 37000 – Meters that is expected to be affected by the AMR to AMI meter replacement each year for the period of 2017 - 2021?

    e. In reference to Rule 25-6.0436(7)(a), F.A.C., and the following excerpt of the Commission's previous order regarding the timely establishment of capital recovery schedules cited below,[1] please explain how the approach of deferring the establishment of the capital recovery schedules described in Paragraph 8(b) would benefit TECO's customers.

> Ratepayers should pay their fair share of costs associated with plant which they are receiving service. Unrecovered amounts associated with non-existent plan do not benefit ratepayers. [...] recovery of the identified unrecovered costs associated with planned near-term retirements over a period that matches the remaining period the related assets will provide service ensures intergenerational equity.

23. Please refer to Paragraph 8(c) of the 2017 Amended and Restated Stipulation and Settlement Agreement. In consideration of Rule 25-6.0436(4)(d), F.A.C., what is meant by the phrase "[t]he depreciation and dismantlement study period shall match the test year in the company's MFRs...?"

24. Refer to Paragraph 11(a), which states that Tampa Electric will not enter into new financial natural gas hedging contracts through December 31, 2022.

    a. Please identify the volume of natural gas for delivery in 2018 that will be purchased under previously-executed hedging contracts.

    b. Please identify the volume of natural gas for delivery in 2019 that will be purchased under previously-executed hedging contracts.

    c. Please identify the volume of natural gas for delivery in 2020 that will be purchased under previously-executed hedging contracts.

    d. Please identify the month and year when all previously-executed hedging contracts will be fulfilled.

    e. Please explain why the end-date of the 2017 Settlement (12/31/21) is different than the end-date of Paragraph 11(a), which is 12/31/22.

25. Refer to Paragraph 11(c), addressing sales from solar assets.

    a. Please define the term "separated sales," providing examples.

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[1] Order No. PSC-10-0153-FOF-EI, issued March 17, 2010, in Docket Nos. 080677-EI and 090130-EI, *In re: Petition for increase in rates by Florida Power & Light Company, and 2009 depreciation and dismantlement study by Florida Power & Light Company*, pages 21-23.

b. Please define the term "stratified sales," providing examples.

c. Describe how the sales addressed in Paragraph 11(c) are currently recorded in the Company's books and records. As appropriate, identify the specific monthly schedules that are used for this purpose.

d. Assuming the Company's Petition is approved, describe the changes, if any, in how the sales addressed in Paragraph 11(c) would be recorded in the Company's books and records during the Term.

e. Hypothetically, if the Company made a "separated/stratified sale" for 100,000 kWh of energy, will the Company's books and records indicate the generating asset(s) and/or fuel type used to produce the kWh for that sale? Please explain your response.

f. Upon the expiration of the Term, is it the Company's intent to begin making "separated/stratified sales from energy generated by solar assets being recovered through a SoBRA?" Please explain your response.

26. Refer to Paragraph 11(d), which addresses crediting the fuel clause when certain sales are made.

    a. Please define the term "non-separated wholesale energy sales," providing examples.

    b. Describe how the sales addressed in Paragraph 11(d) are currently recorded in the Company's books and records. As appropriate, identify the specific monthly schedules that are used for this purpose.

    c. Assuming the Company's Petition is approved, describe the changes, if any, in how the sales addressed in Paragraph 11(d) would be recorded in the Company's books and records during the Term.

27. Please refer to Paragraphs 10 and 11(e). Please explain if solar renewable energy credits are sold would the profits from this sale be accounted for in the $4.5MM/year to $8.0MM/year range determined by the Asset Optimization/Incentive Mechanism program.

Please file all responses electronically no later than Monday, October 16, 2017, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850)413-6848 if you have any questions.

Sincerely,

William B. McNulty

Bill McNulty
Public Utility Supervisor

WBM/wbm

cc: Office of Commission Clerk
Billy Stiles, Tampa Electric Company
James Beasley, Ausley McMullen Law Firm
Parties to Docket Nos. 20130040-EI, 20160160-EI, 20170001-EI, 20170002-EI, and 20170210-EI