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September 17, 2018

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

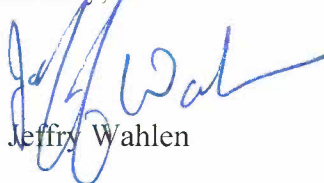
Re: Petition by Tampa Electric Company for a limited proceeding to approve Second SoBRA effective January 1, 2019; FPSC Docket No. 20180133-EI

Dear Ms. Stauffer:

Attached for filing in the above docket is Tampa Electric Company's Prehearing Statement.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/pp
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding to)
 approve second solar base rate adjustment)
 (SoBRA), effective January 1, 2019.)
 _____)

DOCKET NO. 20180133-EI
 FILED: September 17, 2018

**PREHEARING STATEMENT OF
 TAMPA ELECTRIC COMPANY**

A. APPEARANCES:

JAMES D. BEASLEY
 J. JEFFRY WAHLEN
 Ausley McMullen
 Post Office Box 391
 Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

Witness	Subject Matter	Issues #
Direct		
R. James Rocha	Description of 2017 Agreement; Calculation of Revenue Requirement for Second SoBRA; Cost Effectiveness of the five projects in the Second SoBRA	1, 2, 5, 7
William R. Ashburn	Cost of service and rate design for a SoBRA; sponsorship and explanation of the proposed rates and tariffs for the company's Second SoBRA	1, 6, 7
Mark D. Ward	Explanation of Second SoBRA projects; demonstration that the projected installed costs for the Second SoBRA projects are below the installed cost cap in the 2017 Agreement	1, 2, 3, 4, 5, 7

C. EXHIBITS:

Witness	Proffered By	Exhibit #	Description
Direct			
R. James Rocha	Tampa Electric Company	RJR-1	Demand and Energy Forecasts; Fuel Price Forecast; Revenue Requirements for Second SoBRA; Cost-effectiveness Tests for Second SoBRA
William R. Ashburn	Tampa Electric Company	WRA-1	Development of Second SoBRA Base Revenue Increase by Rate Class; Base Revenue by Rate Schedule; Rollup Base Revenue by Rate Class; Typical Bills Reflecting Second SoBRA Base Revenue Increase; Determination of Fuel Recovery Factor for Second SoBRA; Redlined Tariffs Reflecting Second SoBRA Base Revenue Increase; Clean Tariffs Reflecting Second SoBRA Base Revenue Increase
Mark D. Ward	Tampa Electric Company	MDW-1	Lithia Solar Project Specifications and Projected Costs; Grange Hall Solar Project Specifications and Projected Costs; Peace Creek Solar Project Specifications and Projected Costs; Bonnie Mine Project Specifications and Projected Costs; Lake Hancock Project Specifications and Projected Costs

D. STATEMENT OF BASIC POSITION

Tampa Electric’s Statement of Basic Position:

The Commission should approve the five proposed projects which comprise Tampa Electric’s Second SoBRA pursuant to the 2017 Agreement approved by the Commission in Order No. PSC-2017-0456-S-EI. The five projects in the company’s Second SoBRA satisfy the cost-effectiveness test specified in the 2017 Agreement. The projected installed cost of each project is under the \$1,500 per kW_{ac} installed cost cap established in such order, and taken together the projected installed cost of the seven projects in the 2018 and 2019 SoBRA Tranches falls below the \$1,475 per kW_{ac} installed cost threshold specified in subparagraph 6(c) of the 2017 Agreement, as reflected in the testimony of witness Ward.

The Commission should also approve the annual revenue requirement of \$46,045,000 for the five projects comprising the Second SoBRA, as reflected in witness Rocha’s Direct Testimony, as well as the base rate increases needed to collect the estimated annual revenue requirement for the five solar projects in the Second SoBRA, as reflected in the testimony of witness Ashburn.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Are the 2019 SoBRA projects proposed by TECO each eligible in their entirety for treatment pursuant to paragraph 6 of the 2017 Agreement?

TECO: Yes. The 2019 SoBRA projects totaling 260.3 MW proposed by TECO each meet in their entirety all of the eligibility requirements for treatment pursuant to paragraph 6 of the 2017 Agreement. 250 MW of this total is the base amount of

capacity specified in paragraph 6(b) of the 2017 Agreement. 5.3 MW is allowable in the Second SoBRA as unused capacity carried forward from the First SoBRA. The remaining 5 MW is the 2% variance specified in paragraph 6(c) of the 2017 Agreement and is allowable because building all 49 MW of the Lake Hancock project capacity, but including only 32 MW of that capacity in the Second SoBRA, accommodates efficient planning and construction of the Lake Hancock project that includes the projected delivery of greater fuel savings from the entire project. Tampa Electric witness Ward's Direct Testimony describes in detail the characteristics of the five projects which qualify them for cost recovery via the company's Second SoBRA, as well as their projected in-service dates and installed cost per kW_{ac}. Tampa Electric witness Rocha uses the projected installed project costs to calculate the annual revenue requirement for the Second SoBRA. Further, Tampa Electric witness Ashburn uses the annual revenue requirement described in witness Rocha's testimony to develop the proposed customer rates for the Second SoBRA. All of these efforts were performed consistent with the requirements of paragraph 6 of the 2017 Agreement. (Witnesses: Rocha, Ward, Ashburn)

ISSUE 2: Are the 2019 SoBRA projects proposed by TECO cost effective pursuant to subparagraph 6(g) of the 2017 Agreement?

TECO: Yes. As explained by Tampa Electric witness Rocha, the five projects covered by the Second SoBRA lower the company's projected system cumulative present value of revenue requirement ("CPVRR") as compared to such CPVRR without

the solar projects; therefore, the projects covered by the Second SoBRA satisfy the cost-effectiveness test in the 2017 Agreement. (Witnesses: Rocha, Ward)

ISSUE 3: Are the projected installed costs of each of the 2019 SoBRA projects proposed by TECO less than or equal to the Installed Cost Cap of \$1,500 per kW_{ac} pursuant to subparagraph 6(d) of the 2017 Agreement?

TECO: Yes. As explained by Tampa Electric witness Ward, the projected installed costs of the five projects are as follows:

<u>Project Name</u>	<u>Projected Installed Cost (per kW_{ac})</u>
Lithia Solar	\$1,494
Grange Hall Solar	\$1,437
Peace Creek Solar	\$1,492
Bonnie Mine Solar	\$1,464
Lake Hancock Solar	\$1,494

These installed costs are lower than the \$1,500 per kW_{ac} Installed Cost Cap pursuant to subparagraph 6(d) of the 2017 Agreement. (Witness: Ward)

ISSUE 4: Is the projected average capital cost of the 2018 and 2019 SoBRA projects proposed by TECO less than or equal to \$1,475 per kW_{ac} pursuant to subparagraph 6(c) of the 2017 Agreement?

TECO: Yes. The projected average capital cost of the 2018 and 2019 SoBRA projects is less than or equal to \$1,475 per kW_{ac} pursuant to subparagraph 6(c) of the 2017 Agreement. (Witness: Ward)

ISSUE 5: What are the estimated annual revenue requirements associated with TECO's 2019 SoBRA projects?

TECO: The estimated annual revenue requirement including incentive associated with Tampa Electric's 2019 SoBRA projects is \$46,045,000 including the incentive specified in the 2017 Agreement. This amount is calculated by Tampa Electric witness Rocha using the projected installed costs of the five projects in Tampa Electric witness Ward's Direct Testimony and in accordance with the revenue requirement cost recovery provisions of the 2017 Agreement. (Witnesses: Rocha, Ward)

ISSUE 6: What are the appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2019 SoBRA?

TECO: The appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2019 SoBRA are those reflected in the redlined and clean tariffs set forth as Documents Nos. 6 and 7 of witness Ashburn's Exhibit No. ___ (WRA-1), which are incorporated herein by reference. (Witness: Ashburn)

ISSUE 7: Should the Commission approve the tariffs for TECO reflecting the base rate increases for the 2019 projects determined to be appropriate in these proceedings?

TECO: Yes. For all the reasons provided in the company's Petition, and in the supporting 2017 Agreement, complete with amended tariff sheets and the other appendices filed with the company's Petition, the Commission should approve the revised tariffs for Tampa Electric reflecting the base rate increases for the 2019 projects comprising the company's Second SoBRA. (Witnesses: Rocha, Ward, Ashburn)

ISSUE 8: Should the docket be closed?

TECO: Yes. Once all issues in this docket are resolved, the docket should be closed.

F. STIPULATED ISSUES

Tampa Electric is not aware of any stipulated issues as of this date.

G. PENDING MOTIONS

Tampa Electric has no pending Motions as of this date.

H. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

Tampa Electric currently has six pending confidentiality requests in this docket, filed June 29, August 1, August 23, and September 13, 2018.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

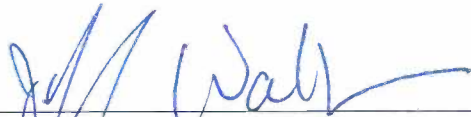
Tampa Electric has no objections to any witness's qualifications as an expert in this proceeding.

J. COMPLIANCE WITH ORDER NO. PSC-2018-0388-PCO-EI - ORDER ESTABLISHING PROCEDURE

Tampa Electric has complied with all requirements of the Order Establishing Procedure entered in this docket.

DATED this 17th day of September 2018.

Respectfully submitted,

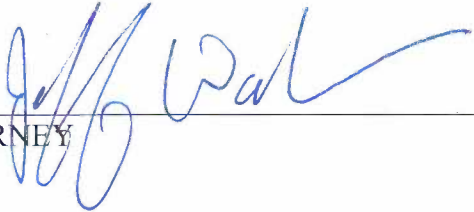


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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 17th day of September 2018 to the following:

<p>Kurt Schrader Walter Trierweiler Senior Attorney Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 kschrade@psc.state.fl.us wtrierwe@psc.state.fl.us</p> <p>J. R. Kelly/Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us</p>	<p>Jon C. Moyle, Jr. Karen Putnal Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com kputnal@moylelaw.com</p> <p style="text-align: center;"> _____ ATTORNEY</p>
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