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March 4, 2019

VIA: ELECTRONIC FILING

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

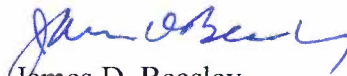
Re: Petition for approval of a small meter opt-out tariff, by Tampa Electric Company;
FPSC Docket No. 20190024-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's supplemental response to Staff's First Data Request, Request No. 11 (Bates stamp pages 22A through 22G).

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment
cc: Henry Merryday (w/ attachment)

Tampa Electric Company - Non-Standard Meter Rider (NSMR) Cost Analysis

	2019	2020	2021	2022	2023
Expenses (One-Time per Participant)					
<u>One-time Costs to Establish NSMR</u>					
1	Customer Service @ 10 mins/customer	\$5.28			
2	Billing to perform analysis to reroute meter @ 45 mins/customer	\$27.00			
3	Planner Dispatcher to reroute meter @ 5 mins/customer	\$4.05			
4	Meter Field Rep to exchange meter @ 40 mins/customer	\$29.15			
5	Vehicle to exchange meter @ 40 mins/customer	\$2.76			
	IT developer to complete initial setup for Opt-Out / customer	\$28.03			

Customer Care Specialist will take calls for opt-out participants, explain tariff details, and set up account, handle initial questions/issues to support re-route.
 Billing Specialist to analyze, plan and approach to re-route meters. Move meters to new route and validate billing is correct.
 Planner/Dispatcher to move meter into new route upon direction from Billing Specialist.
 Meter Field Rep to travel to customer premise, remove existing meter and replace with opt-out meter, close work orders.
 Use of a Pickup 1/4 ton 4x2 vehicle to change out meter

IT Development work to support initial Customer sign-up for the Opt-Out Program. (cost / customer)

Sum of rows (1) through (6)

Total One-Time Charge \$96.27

Development of Monthly Rates

1	Current Rates				
	Monthly Rate per meter	\$20.64	\$20.64	\$20.64	\$20.64
2	Current Participants				
	NSMR	680	1,360	1,620	1,620
3	Annual Revenue				
	NSMR	\$168,448	\$336,896	\$401,302	\$401,302
	Total Annual Revenue	\$168,448	\$336,896	\$401,302	\$401,302

Monthly rate to capture meter reading expenses and 100% of IT System Costs at NPV=0

Estimated cumulative number of NSMR Customers

(12 months) * (# of participants) * (Monthly Rate)

Expenses Recovered via Monthly Rate (Initial Development plus On-going)

1	<u>On-Going Monthly Cost to Support NSMR</u>				
2	Monthly Meter Readings * 12 * # of NSMR Customers	\$116,606	\$233,213	\$277,798	\$277,798
3	Customer IT System Change to provide NSMR tariff (100%)	\$407,966	\$0	\$0	\$0
	Total Expenses (2019-2023, including IT System Change)	\$407,966	\$233,213	\$277,798	\$277,798
4	Net Income	(\$407,966)	\$103,683	\$123,505	\$123,505
5	Taxes @ 25.345%	(\$103,399)	\$26,278	\$31,302	\$31,302
6	After Tax Income	(\$304,567)	\$77,405	\$92,203	\$92,203
7	5-Year Net Present Value @ 8.15% WACC	(\$0.00)			

Total Monthly meter reading costs * 12 months * # of participants

\$0 IT Cost for System Implementation (100% of total)

Total Revenue minus Total Expenses

Net Income times 25.345%

Net Income - Taxes

Target Rate to Achieve \$0 NPV:

\$20.64 Total Monthly Charge per Participant

TAMPA ELECTRIC COMPANY
End of Period - Capital Structure
FPSC Adjusted Basis
Dec 2017

	System Per		Retail Per		Pro Rata		Specific		Adjusted		Cap		Low-Point		Mid-Point		High-Point	
	Books		Books		Adjustments		Adjustments		Retail		Ratio		Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$2,586,157,995		\$2,586,157,995		(\$264,192,159)		(\$1,140)		\$2,321,964,696		41.53%		9.25%	3.84%	10.25%	4.26%	11.25%	4.67%
Long Term Debt	1,896,323,372		1,896,323,372		(193,721,253)		(835)		1,702,601,284		30.45%		5.11%	1.56%	5.11%	1.56%	5.11%	1.56%
Short Term Debt *	300,000,000		300,000,000		(30,164,378)		(4,724,488)		265,111,135		4.74%		1.91%	0.09%	1.91%	0.09%	1.91%	0.09%
Customer Deposits																		
Active	103,903,389		103,903,389		(10,614,429)				93,288,960		1.67%		2.43%	0.04%	2.43%	0.04%	2.43%	0.04%
Inactive																		
Investment Tax Credits **	21,891,750		21,891,750		(2,236,278)		(1,092)		19,654,380		0.35%		7.50%	0.03%	8.07%	0.03%	8.65%	0.03%
Deferred Income Taxes	1,326,595,867		1,326,595,867		(135,280,161)		(2,354,422)		1,188,961,284		21.26%							
Total	\$6,234,872,373		\$6,234,872,373		(\$636,208,658)		(\$7,081,976)		\$5,591,581,739		100.00%			5.56%		5.98%		6.39%

* Daily Weighted Average
** Cost Rates Calculated Per IRS Ruling

	New Tax	Old Tax
Gross-up	1.339495	1.628002
Equity	0.0570625	0.069353
Debt	0.0172	0.0172
Total	7.43%	8.66%

Tampa Electric Company

Metering Services - Ongoing
1,620 : Estimated # NSMR Customers

Topic Area	Topic Details	Rate	Hours to Complete	Unit Cost	Frequency	# of Events Annually	Annual Cost	Assumptions/Questions
Monthly Meter Reading	Manual meter reads each month includes average travel time between NSMR customers and time to exit vehicle, locate meter, probe meter, and return to vehicle.	\$ 35.24	0.33	\$ 11.75	Monthly per NSMR Customer	19,440	\$ 228,334.46	Hourly rate for work performed by Account Service Rep II.
Monthly Meter Reading - Vehicle	Account Service Rep II employee vehicle costs for duration of monthly meter reading throughout the route, per customer	\$ 4.13	0.33	\$ 1.38	Monthly per NSMR Customer	19,440	\$ 26,787.89	Assumes employee uses Pickup 1/4 Ton 4x2
Off-cycle Meter Reading	Manual off-cycle meter reads. Necessary due to inability to perform Remote Order Fulfillment services for non-standard meters (bill complaints, move in/move out, re-reads)	\$ 35.24	0.75	\$ 26.43	Annually for 2.6% of NSMR Customers	768	\$ 20,296.40	Assumes 2.6% of NSMR customers have off-cycle reads/year.
Off-cycle Meter Reading - Vehicle	Account Service Rep II employee vehicle costs for duration of off-cycle meter reading	\$ 4.13	0.75	\$ 3.10	Annually for 2.6% of NSMR Customers	768	\$ 2,381.15	Assumes employee uses Pickup 1/4 Ton 4x2
							\$ 277,799.89	Annual Total
							\$23,149.99	Total Monthly costs
							\$14.29	Costs per NSMR Customer per Month

Tampa Electric Company

IT System Costs
1,620 : Estimated # NSMR Customers

Topic Area	Topic Details	Total Cost	Assumptions/Questions
IT Resource Costs	IT costs to update Customer System (CSS) with account flags for non-communicating meter, work order tracking, and billing/bill annotation functionalities.	\$ 407,966.00	Based on a blend of resources completing all system updates. Development of System: 80% external resources and 20% internal resources. Plus 15% overhead to support PM, Training, Change & QA/Testing completed by internal resources. No Contingency included.
		\$ 407,966.00	Total IT System Costs

Estimated NSMR Participants Tampa Electric Company

Estimated NSMR	Customer Counts	0.20%
TEC	810,000	1,620

	2018	2019	2020	2021	2022
AMI Meters Installed	70,000	270,000	340,000	130,000	-
Cumulative Total AMI	70,000	340,000	680,000	810,000	810,000

Tampa Electric Company

Labor Rates
 REDACTED

	Customer Service Professional	Billing Specialist	Meter Field Rep (Union)	Planner Dispatcher (re-route - field)	Account Service Rep II (Union)	IT Developer (Contractor)
Annual Job Value						
Hours Per Year						
Hourly Rate						
<u>Burdens</u>						
Payroll Tax (8%)						
Loader Rate (Pension & Benefits)						
Incentives						
Total Burden Rate						
Total Hourly	31.68 \$	36.00 \$	43.72 \$	48.66 \$	35.24 \$	

Annual Job Value
 Hours Per Year
 Hourly Rate
Burdens
 Payroll Tax (8%)
 Loader Rate (Pension & Benefits)
 Incentives
 Total Burden Rate

Monthly Average Fleet Charges
Based on 2019 Fleet Assessment data

Tampa Electric Company

	Average of Ownership \$	Average of Labor \$	Average of Parts \$	Average of Fuel \$	Average of Comm \$	Average of Other	Average of Total Charges	Monthly Avg Hourly Rate
Pickup 1/4 Ton 4x2	185.38	236.05	87.56	134.04	16.19	2.21	661.43	4.13
Cost Type from Fleet Assmnt	<i>Depreciation Outside Services Insurance</i>	<i>Labor</i>	<i>Material</i>	<i>Fuel</i>	<i>Facilities</i>	<i>Utilities Emp Exp Postage Misc/Other</i>		