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September 24, 2019

VIA: ELECTRONIC FILING

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

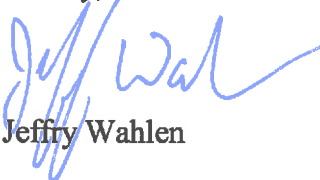
Re: Petition by Tampa Electric Company for a limited proceeding to approve Third SoBRA effective January 1, 2020; Docket No. 20190136-EI

Dear Mr. Teitzman:

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. Jeffry Wahlen

JJW/pp
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa Electric Company) DOCKET NO. 20190136-EI
 for a limited proceeding to approve Third SoBRA)
 effective January 1, 2020.) FILED: September 24, 2019
 _____)

**PREHEARING STATEMENT OF
 TAMPA ELECTRIC COMPANY**

A. APPEARANCES:

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

B. WITNESSES:

Witness	Subject Matter	Issues #
Direct		
Mark D. Ward	Explanation of the company's plans to build solar photovoltaic generating facilities; description of Third SoBRA projects; demonstration that the projected installed costs for the Third SoBRA projects are below the installed cost cap in the 2017 Agreement	1, 2, 3, 4, 6
Jose A. Aponte	Description of 2017 Agreement; Calculation of Revenue Requirement for Third SoBRA; Cost Effectiveness of the two projects in the Third SoBRA	1, 2, 4, 6
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 Third SoBRA	1, 5, 6

C. **EXHIBITS:**

Witness	Proffered By	Exhibit #	Description
Direct			
Jose A. Aponte	Tampa Electric Company	JAA-1	Demand and Energy Forecast; Fuel Forecast; Revenue Requirements for Third SoBRA; Revenue Requirements for Third SoBRA with LMR Land as Purchase; Cost-effectiveness Tests for Third SoBRA
William R. Ashburn	Tampa Electric Company	WRA-1	Development of Third SoBRA Base Revenue Increase by Rate Class; Base Revenue by Rate Schedule; Rollup Base Revenue by Rate Class; Typical Bills Reflecting Third SoBRA Base Revenue Increase; Determination of Fuel Recovery Factor for Third SoBRA; Redlined Tariffs Reflecting Third SoBRA Base Revenue Increase; Clean Tariffs Reflecting Third SoBRA Base Revenue Increase
Mark D. Ward	Tampa Electric Company	MDW-1	Wimauma Solar Project Specifications and Projected Costs; Little Manatee River Solar Project Specifications and Projected Costs

D. STATEMENT OF BASIC POSITION

Tampa Electric's Statement of Basic Position:

The Commission should approve the two proposed projects which comprise Tampa Electric's Third SoBRA pursuant to the 2017 Agreement approved by the Commission in Order No. PSC-2017-0456-S-EI. The two projects in the company's Third 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, as reflected in the testimony of witness Ward. The Commission should also approve the annual revenue requirement of \$26,596,000 for the two projects comprising the Third SoBRA, as reflected in witness Aponte's Direct Testimony, as well as the base rate increases needed to collect the estimated annual revenue requirement for the two solar projects in the Third SoBRA, as reflected in the testimony of witness Ashburn.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Are the 2020 SoBRA projects proposed by TECO eligible for treatment pursuant to paragraph 6 of the 2017 Agreement?

TECO: Yes. Both of the 2020 SoBRA projects totaling 149.3 MW proposed by TECO meet all of the eligibility requirements for treatment pursuant to paragraph 6 of the 2017 Agreement. Subparagraph 6(b) of the 2017 agreement authorizes Tampa Electric to seek recovery of up to 150 MW of new solar generation to be in service on or before January 1, 2020 through a SoBRA. Tampa Electric witness Ward's Direct Testimony describes in detail the characteristics of the two projects which

qualify them for cost recovery via the company's Third SoBRA, as well as their projected in-service dates and installed cost per kW_{ac}. Tampa Electric witness Aponte uses the projected installed project costs to calculate the annual revenue requirement for the Third SoBRA. Further, Tampa Electric witness Ashburn uses the annual revenue requirement described in witness Aponte's testimony to develop the proposed customer rates for the Third SoBRA. All of these efforts were performed consistent with the requirements of paragraph 6 of the 2017 Agreement. (Witnesses: Aponte, Ward, Ashburn)

ISSUE 2: Are the 2020 SoBRA projects proposed by TECO cost effective pursuant to subparagraph 6(g) of the 2017 Agreement?

TECO: Yes. Paragraph 6 of the 2017 Settlement Agreement was intended by the parties to give Tampa Electric an opportunity to build 550 MW of cost-effective solar generation (plus an additional 50 MW if certain requirements are met) over a period of time. The total capacity was divided into three tranches (with an optional fourth) and staged or allocated to future time periods to accommodate orderly construction and to phase in and moderate the rate impact to retail customers. During the negotiations, the company disclosed its plans to purchase the solar modules for the entire 600 MW and then finalized the purchase in 2017. Although the specifics of the cost-effectiveness test contemplated in the 2017 Settlement Agreement are not spelled out in paragraph 6, the way in which the company has apportioned solar capacity value and value of other deferred capacity in its cumulative present value revenue requirement ("CPVRR") calculation is consistent with the way the parties

discussed the solar additions in paragraph 6 of the 2017 Settlement Agreement and will have no precedential value beyond Tampa Electric's solar base rate adjustments and the 2017 Settlement Agreement. The cost-effectiveness test in this case is unique to Tampa Electric.

Based on the company's plans to build at least 550 MW of solar and as described in the testimony of witness Aponte and discovery responses provided in this docket, the two projects covered by the Third SoBRA lower the company's projected system CPVRR as compared to such CPVRR without the solar projects; therefore, the projects covered by the Third SoBRA satisfy the cost-effectiveness test in the 2017 Agreement. Without objection from Tampa Electric, the parties and the Commission have reserved or may reserve their rights to take appropriate action if at least 550 MW is not built out. (Witnesses: Aponte, Ward)

ISSUE 3: Are the projected installed costs of each of the 2020 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 two projects are as follows:

<u>Project Name</u>	<u>Projected Installed Cost (per kW_{ac})</u>
Wimauma Solar	\$1,479
LMR Solar	\$1,410

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: What are the estimated annual revenue requirements associated with TECO's 2020 SoBRA projects?

TECO: The estimated annual revenue requirement associated with Tampa Electric's 2020 SoBRA projects is \$26,596,000, including the incentive specified in the 2017 Agreement. This amount is calculated by Tampa Electric witness Aponte using the projected installed costs of the two projects in Tampa Electric witness Ward's Direct Testimony and in accordance with the revenue requirement cost recovery provisions of the 2017 Agreement. (Witnesses: Aponte, Ward)

ISSUE 5: What are the appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2020 SoBRA?

TECO: The appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2020 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 6: Should the Commission approve the tariffs for TECO reflecting the base rate increases for the 2020 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 2020 projects comprising the company's Third SoBRA. (Witnesses: Aponte, Ward, Ashburn)

ISSUE 7: 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 one pending confidentiality request in this docket, filed June 28, 2019.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

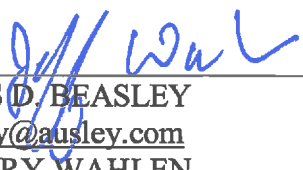
Tampa Electric has no objections to any witness's qualifications as an expert in this proceeding.

J. COMPLIANCE WITH ORDER NO. PSC-2019-0295-PCO-EI - ORDER ESTABLISHING PROCEDURE

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

DATED this 24th day of September 2019.

Respectfully submitted,

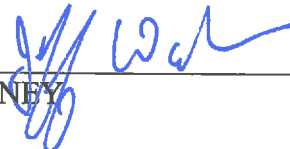


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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

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 24th day of September 2019 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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