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April 27, 2020

VIA: ELECTRONIC FILING

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

Re: In re: Petition for a Limited Proceeding to Approve Fourth SoBRA by Tampa Electric Company; Docket No. 20200064-EI;

In re: Petition of Tampa Electric Company to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets; Docket No. 20200065-EI;

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 26-6.030, F.A.C. Tampa Electric Company; Docket No. 20200067-EI; and

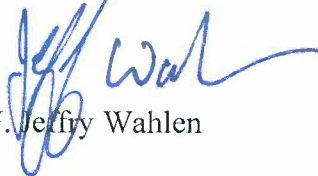
In re: Storm Protection Plan Cost Recovery Clause; Docket No. 20200092-EI

Dear Mr. Teitzman:

Attached for filing in the above four dockets is Tampa Electric Company's Agreed-To Motion to Approve the 2020 Agreement.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/bmp
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited Proceeding to Approve) Fourth SoBRA by Tampa Electric Company) _____)	Docket No. 20200064-EI
In re: Petition of Tampa Electric Company) To Eliminate Accumulated Amortization) Reserve Surplus for Intangible Software Assets) _____)	Docket No. 20200065-EI
In re: Review of 2020-2029 Storm Protection) Plan pursuant to Rule 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI Filed: April 27, 2020

Tampa Electric Company's Agreed-To
Motion to Approve 2020 Agreement

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Rule 28-106.204, Florida Administrative Code., hereby requests that the Florida Public Service Commission ("FPSC" or "Commission") approve the 2020 Agreement included with this Motion as Attachment "A" and made a part hereof, and states:

1. Tampa Electric filed its 2020-29 Storm Protection Plan ("SPP" or "Plan") in Docket No. 20200067-EI on April 10, 2020. As it was preparing its Plan, and after submitting it, the company met with the Office of Public Counsel and other consumer parties in person and by telephone to discuss ways to simplify issues associated with SPP cost recovery for Tampa Electric as well as other issues before the Commission involving Tampa Electric. More detail about how and why the 2020 Agreement was developed is contained in the recital section of the 2020 Agreement.

2. The centerpiece of the 2020 Agreement is a proposal under which Tampa Electric will reduce its base rates by an agreed-upon amount and will recover all of the costs (with limited exceptions) determined prudent by the Commission associated with activities in its SPP (O&M expenses and capital projects) through the Storm Protection Plan Cost Recovery Clause (“SPPCRC”), thereby avoiding potentially time consuming and contentious issues about which Plan costs are “incremental” and whether the company is seeking “double recovery” of certain costs. The agreed-upon base rate reduction will streamline cost recovery of certain costs associated with the activities reflected in the SPP (subject to prudence review) via the SPPCRC. It is also intended to (1) promote transparency and (2) simplify the review of costs (i.e., O&M expenses and return and depreciation expense on capital projects) the company will recover through the SPPCRC to avoid duplicative recovery of costs through the utility’s existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with Section 366.96(8).

3. The agreed-upon base rate revenue reduction amount (\$15,010,800) is specified in paragraph 11(c) of the 2020 Agreement and reflects a good faith determination of the O&M expenses associated with six activities that Tampa Electric was incurring prior to the filing of its SPP and are currently being recovered through the company’s base rates, that have been included in the company’s proposed SPP and for which (together with other incremental SPP costs) the company will seek cost recovery through the SPPCRC. The calculation of the agreed-upon amount is described more fully in the 2020 Agreement and Exhibits One and Two to the Agreement.

4. If approved by the Commission, the 2020 Agreement will establish, as to Tampa Electric, a series of stipulations that will reduce the issues to be litigated in Docket Nos. 20200067-EI (“Tampa Electric’s Storm Protection Plan”) and 20200092-TP (“Storm Protection Plan Cost

Recovery Clause”). Approving these stipulations should reduce the volume of discovery in those dockets, clarify the issues to be litigated for Tampa Electric and promote administrative and regulatory efficiency in those dockets, thereby allowing Tampa Electric, the Consumer Parties and the Commission to focus their attention and resources on the merits of the company’s SPP and the recovery of the costs associated with that Plan in 2020 and 2021 in Docket No. 20200092-EI.

5. Approving the 2020 Agreement will also completely resolve Docket No. 2020065-EI (Software Amortization Petition). Likewise, it will resolve for Docket No. 20200064-EI (Fourth SoBRA) a potential issue about how to calculate the \$1,475 per kWac threshold for evaluating the company’s eligibility to seek SoBRA cost recovery for the last 50 MW of solar (2021 Tranche) contemplated in paragraph 6 of the 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) that has been pending since the final hearing in Docket No. 20170260-EI. These items are addressed in Sections I and II of the 2020 Agreement. Approval of these items will promote administrative and regulatory efficiency in both dockets and reduce the issues to be litigated in Docket No. 20200064-EI.

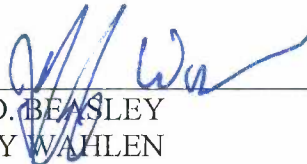
6. The Parties entered into the 2020 Agreement, each for their own reasons, but all in recognition that the cumulative total of the regulatory activity before the Commission involving Tampa Electric and the other investor owned electric utilities – now and for the rest of 2020 - is greater than normal. To maximize the administrative and regulatory efficiency benefits inherent in the 2020 Agreement for the Parties and the Commission, and the public, Tampa Electric, with the support of the Parties, requests that the Commission schedule the 2020 Agreement for consideration in all four of the above-styled dockets at an agenda conference as soon as possible.

7. The standard for approving a settlement agreement is whether it is in the public interest.¹ The 2020 Agreement is in the public interest for the reasons specified above and as specified in the agreement itself. The Parties to the 2020 Agreement agree that the 2020 Agreement is in the public interest and should be approved.

8. The undersigned counsel has consulted with counsel for the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, the Federal Executive Agencies and the West Central Florida Hospital Utility Alliance and is authorized to represent that they support and agree-to this Motion.

DATED this 27th day of April, 2020.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

¹ See Order No. PSC-2020-0084-S-EI, issued March 20, 2020, in Docket No. 20190061-EI (Petition for Approval of SolarTogether program and tariff, by Florida Power & Light Company) at 5, citing Sierra Club v. Brown, 243 So. 3d 903, 910-913 (Fla. 2018); Order No. PSC-13-0023-S-EI, issued on January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company; Order No. PSC-11-0089-S-EI, issued February 1, 2011, in Docket Nos. 080677-EI and 090130-EI, In re: Petition for increase in rates by Florida Power & Light Company and In re: 2009 depreciation and dismantlement study by Florida Power & Light Company; Order No. PSC-10-0398-S-EI, issued June 18, 2010, in Docket Nos. 090079-EI, 090144-EI, 090145-EI, and 100136-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., and In re: Petition for approval of an accounting order to record a depreciation expense credit, by Progress Energy Florida, Inc.; Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, In re: Petition for rate increase by Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 27th day of April, 2020 to the following:

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* Docket No. 20200092-EI Only

** Docket No. 20200067-EI and
Docket No. 20200092

*** Docket No. 20200092-EI Only

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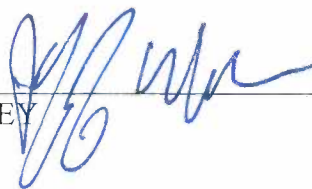
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ATTORNEY



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited Proceeding to Approve) Fourth SoBRA by Tampa Electric Company) _____)	Docket No. 20200064-EI
In re: Petition of Tampa Electric Company) To Eliminate Accumulated Amortization) Reserve Surplus for Intangible Software Assets) _____)	Docket No. 20200065-EI
In re: Review of 2020-2029 Storm Protection) Plan pursuant to Rule 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI

2020 SETTLEMENT AGREEMENT

THIS AGREEMENT is dated this 27th day of April 2020 and is by and between Tampa Electric Company (“Tampa Electric” or the “company”) and the Office of Public Counsel (“OPC” or “Citizens”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), the Federal Executive Agencies (“FEA”) and the West Central Florida Hospital Utility Alliance (“HUA”). Collectively, Tampa Electric, OPC, FIPUG, FRF, FEA and HUA shall be referred to herein as the “Parties” and the term “Party” shall be the singular form of the term “Parties.” OPC, FIPUG, FRF, FEA and HUA will be referred to herein as the “Consumer Parties.” This document shall be referred to as the “2020 Agreement.”

Recitals

2017 Agreement

A. Tampa Electric is operating under its 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved by the Florida Public Service Commission

ATTACHMENT A

(“FPSC” or “Commission”).¹ Among other things, paragraph 6 of the company’s 2017 Agreement contains a provision that authorizes the company to recover the costs of certain qualifying solar generating projects through a solar base rate adjustment mechanism (“SoBRA”) based on projected costs and estimated in-service dates, with true-ups for both. It also contains provisions addressing depreciation [paragraph 8], customer rates [paragraph 3(a)], other cost recovery [paragraph 4], storm damage [paragraph 5] and changes in federal and state income tax rates [paragraph 9].

B. The Commission has approved three SoBRAs for Tampa Electric totaling 550 MW of solar capacity. The First SoBRA was approved by Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI. The Second SoBRA was approved by Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI. The Third SoBRA was approved by Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 20190136-EI. The Commission has also approved two base rate reductions for Tampa Electric to reflect changes to federal and state corporate income tax rates (Docket Nos. 20180045-EI and 20190203-EI) and approved cost recovery for four named storms by Tampa Electric without a base rate increase or storm surcharge appearing on customers’ bills (Docket No. 20170271-EI) — all pursuant to the 2017 Agreement. The 2017 Agreement has promoted regulatory certainty and efficiency and has proven to be in the public interest.

Fourth SoBRA
and First and Second SoBRA True-Up

C. On February 27, 2020, Tampa Electric filed a notice with the Commission advising the Commission and Consumer Parties to the 2017 Agreement that it has met the requirements to

¹ The Commission approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

qualify to petition for approval of its Fourth SoBRA totaling 45.7 MW with an effective date of January 1, 2021. The Commission opened Docket No. 20200064-EI for use when the company files its final SoBRA petition.

D. Tampa Electric will soon be filing a petition to true-up its First and Second SoBRAs. The company will request approval of tariff changes that reflect the actual annual revenue requirements for the seven projects in the First and Second SoBRAs and permission to implement those changes effective with the first billing cycle for January 1, 2021, or another date to be decided by the Commission. The company will also request that the FPSC approve the company's proposed revenue true-up — a credit to customers — and to allow the company to apply the credit amount to customers through the Capacity Cost Recovery Clause for 2021. The Office of Public Counsel plans to intervene in that proceeding.

Software Amortization Petition

E. On February 28, 2020, Tampa Electric filed a petition (Docket No. 20200065-EI) seeking FPSC permission to eliminate an approximately \$16 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. OPC filed a notice of intervention in that docket on March 24, 2020. The Commission acknowledged OPC's intervention by Order No. PSC-2020-0091-PCO-EI, issued on March 27, 2020.

Storm Protection Plan and Cost Recovery Clause

F. In 2019, the Florida Legislature enacted section 366.96, Florida Statutes, entitled "Storm protection plan cost recovery." Section 366.96(3) requires Tampa Electric and the other public electric utilities to file a transmission and distribution storm protection plan ("SPP") at least every three years that covers the immediate 10-year planning period, and explain the systematic

approach they will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. The Commission must determine whether it is in the public interest to approve, approve with modification, or deny each utility's transmission and distribution storm protection plan no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule. The new statute also creates a storm protection plan cost recovery clause ("SPPCRC") to promote the timely recovery of costs incurred by a utility pursuant to its Storm Protection Plan. Rules 25-6.030 and 25-6.031, Florida Administrative Code, were adopted by the Commission to implement section 366.96.

G. Rule 25-6.030 requires each utility to file a SPP at least every three years with the Commission, and specifies the required elements of the utility's SPP. Subsection 25-6.030(3)(h) requires a Plan to include "an estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility's typical residential, commercial, and industrial customers." Pursuant to the Order Establishing Procedure for the SPP Dockets, each public electric utility, including Tampa Electric, must file a SPP by April 10, 2020.

H. Rule 25-6.031 governs the new SPPCRC created by section 366.93, Florida Statutes. Subsection 6(b) of that rule states: "Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism."

I. The FPSC established Docket No. 20200067-EI for the filing and approval of Tampa Electric's SPP. It also opened Docket No. 20200092-EI for the consideration of issues related to SPP costs through the SPPCRC. Tampa Electric anticipates filing its petition for storm protection plan cost recovery in Docket No. 20200092-EI (SPPCRC), as required by the Docket Schedule, in late July 2020.

Overall Regulatory Activity

J. The cumulative total of the regulatory activity described above, together with the other annual clause proceedings and other dockets pending at the FPSC, is greater than normal and led Tampa Electric, OPC, and the other Consumer Parties to discuss ways to resolve some or all of the potentially time-consuming issues in the dockets listed above by agreement or stipulation in a manner that promotes regulatory economy and administrative efficiency and that serves the public interest. This 2020 Agreement is the product of those discussions and is being filed for approval in the above-styled four Dockets to resolve some or all of the issues in those dockets as discussed further below.

K. The Parties have entered into this 2020 Agreement in compromise of positions taken in accord with their rights and interests under chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties to this 2020 Agreement, each Party has agreed to concessions to the others with the expectation, intent, and understanding such that all provisions of the 2020 Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties. The Parties agree that this 2020 Agreement is in the public interest and should be approved.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this 2020 Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Terms

I. Docket No. 20200064-EI: Petition to Approve Fourth SoBRA

The Parties agree and stipulate as follows:

1. OPC has taken the position that, for the company to meet the cost cap trigger for the 2021 Tranche specified in paragraph 6 of the 2017 Agreement (“Fourth SoBRA”), a two-part test applies, namely: the average cost of the projects in the First SoBRA must be less than or equal to \$1,475 per kWac and, in addition, the average cost of the projects in the Second SoBRA must be less than or equal to \$1,475 per kWac.

2. The company believes that for the company to meet the cost cap trigger for the Fourth SoBRA, a one-step test applies, namely: the average cost of the projects in the First and Second SoBRAs, taken together, must be at or below \$1,475 per kWac.

3. To the extent the costs of the actual First and Second SoBRA projects as determined in the company’s First and Second SoBRA True-Up docket make this difference an issue in Docket No. 20200064-EI, the Parties stipulate that the one-step test as described in paragraph 2 above shall be used to assess eligibility of the Fourth SoBRA for recovery under the SoBRA mechanism.

4. Nothing in this agreement shall limit any party to Docket No. 20200064-EI from taking any position, offering any evidence or advocating as it desires in Docket No. 20200064-EI, except as specified in paragraph 3.

II. Docket No. 20200065-EI: Intangible Software Amortization Surplus.

The Parties agree and stipulate as follows:

5. The surplus in the company’s accumulated amortization reserve for Intangible Software in Account 303.15 as of December 31, 2019, was \$15,971,292.

6. Granting the relief requested by Tampa Electric in Docket No. 20200065-EI (“Software Amortization Petition”) will not violate the 2017 Agreement or require the 2017 Amendment to be amended.

7. The relief requested by Tampa Electric in Docket No. 20200065-EI shall be granted.

8. Tampa Electric shall eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020.

9. Tampa Electric shall record the approximately \$16.0 million credit to amortization expense ratably over 12 months beginning retroactively in January 2020.

III. Storm Protection Plan, Cost Recovery Clause and Base Rate True-Up

The Parties agree and stipulate as follows:

10. Project-level Detail. Except for the four Programs specified below, Tampa Electric has included project-level detail for all Projects for 2020 in its initial Storm Protection Plan filed on April 10, 2020, for approval by the FPSC. It will provide project-level detail for all Projects it is planning for 2021 to the Consumer Parties on or before April 23, 2020. It will also include project-level detail for Projects it is planning for 2020 and 2021 when it files its petition for cost recovery through the SPPCRC. The Parties agree that the following three Programs do not have project components: (1) Vegetation Management, (2) Infrastructure Inspections and (3) Legacy Storm Hardening Plan Initiatives,² so project level detail is not needed or required for these three

² The term “Legacy Storm Hardening Plan Initiatives” refers to seven initiatives contained in the company’s last approved storm hardening plan that it has included in its SPP as one program with that name. The seven programs are Geographic Information System, Post-Storm Data Collection, Outage Data – Overhead and Underground Systems, Increase Coordination with Local Governments, Collaborative Research, Disaster Preparedness and Recovery Plan and Distribution Pole Replacement, and are described in Section 6.8 of the company’s SPP.

Programs for 2020 and 2021. The Parties further agree that the company's Extreme Weather Hardening Study³ does not have project components for at least 2020 and 2021; therefore, project level detail is not needed or required for this program in 2020 and 2021.

11. Operations and Maintenance Expenses. Tampa Electric will seek recovery of incremental Operations and Maintenance (O&M) expenses related to its proposed SPP programs in the following manner:

(a) Rather than recovering incremental SPP O&M expenses (i.e., SPP O&M costs that are over and above the O&M costs already recovered through base rates) through the SPPCRC, the company will seek to recover all of the O&M expenses associated with activities in its SPP through the SPPCRC (except as otherwise provided herein) and will reduce its base rates on a one-time basis by an agreed-upon amount. The agreed-upon, one-time base rate reduction amount is specified in paragraph 11(c), below, and reflects a good faith determination of the annual O&M expenses associated with six activities ("Six Activities")⁴ that were being incurred prior to the filing of the company's SPP⁵, are currently being recovered through the company's base rates,

³ As explained in section 6.4 of its SPP, the company's Substation Extreme Weather Hardening Program is designed to harden existing substations to minimize outages, reduce restoration times and enhance emergency response during extreme weather events. Hardening Projects within this Program could involve the installation of extreme weather protection barriers; installation of flood or storm surge prevention barriers; additions, modifications or relocation of substation equipment; modification to the designs of the company's substations; or other approaches identified to protect against extreme weather damage in or around the company's substations.

⁴ The six activities are Planned Distribution Vegetation Management, Planned Transmission Vegetation Management, Transmission Vegetation Management – ROW Maintenance, Infrastructure Inspections, Distribution and Transmission Wood Pole Inspections and Transmission Asset Upgrades. The first three are now included in the company's proposed Vegetation Management SPP program. The next two have been included in the company's proposed SPP Infrastructure Inspection program. Transmission Asset Upgrades is included in the company's proposed SPP in a program by that name.

⁵ There are two additional activities (Targeted Critical Facilities/Flood Damage Mitigation and Targeted Distribution Overhead Feeder Hardening) that are included in the company's SPP and shown on Exhibit One; however, the company did not incur O&M expenses for these activities in 2017, 2018 and 2019 and the agreed-to base rate reduction in paragraph 11(c) does not include O&M expenses for these activities. The costs associated with a third category of activity included in the SPP — Joint Use Pole Attachments Audits — are borne by the entities that attach to the company's poles, so the net expense to Tampa Electric for that activity is zero and did not factor into the calculation of the agreed-to base rate reduction.

have been included in the company's proposed SPP and for which the company will seek cost recovery through the SPPCRC. The purpose of the one-time, agreed-upon base reduction is to streamline cost recovery for the expenses associated with the Six Activities, so that all O&M expenses associated with the activities reflected in the SPP will be recoverable (subject to prudence review) via the SPPCRC, except as otherwise provided herein. The intent of this base rate true-up is to promote transparency and to ensure that the O&M expenses the company will recover through the SPPCRC do not include O&M expenses recovered through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with section 366.96(8).

(b) The specified amount of base revenue reduction described above will be accomplished through one-time reductions to base rates using the cost allocation and rate design principles reflected in paragraph 3 of the 2013 Stipulation among the Parties as modified by paragraph 3 of the 2017 Agreement, and those same cost allocation and rate design principles shall be used to develop the cost recovery factors/rates that will be used for SPP cost recovery in the SPPCRC beginning in 2020 and annually thereafter as provided in paragraph 3(g) of the 2017 Agreement. The one-time base rate reductions will become effective contemporaneous with the beginning of cost recovery via the SPPCRC and remain in effect until the next Commission-approved change in the company's general base rates (i.e., in the company's next general base rate case). The company will file the revised tariffs necessary to implement the one-time base rate reduction specified herein for Commission approval in Docket No. 20200092-EI within a reasonable time following approval of this 2020 Agreement and on a schedule such that the necessary customer notices can be given and the proposed base rate reduction can become effective contemporaneous with the effective date of cost recovery by the company under the SPPCRC.

(c) For each category of O&M expense for which cost recovery will be moved from base rates to SPPCRC (i.e., the Six Activities), the specified amount of base revenue reduction should be calculated as the company's average actual O&M expense for the most recent two years and grossed up for the regulatory assessment fee which is not reflected as a separate line-item on customers' bills. Based on the company's current plan to seek cost recovery under the SPPCRC in 2020, the company has calculated, and the Parties agree, that Tampa Electric's 2-year average actual annual O&M expense amounts for the Six Activities for 2018 and 2019 totals \$15.0 million per year as shown on Exhibit One and the grossed-up amount of the annual base revenue reduction is \$15,010,800. The manner in which this \$15.0 million O&M expense amount has been grossed up to reflect the \$15,010,800 annual base revenue reduction to be made is set out in Exhibit Two to this agreement.

(d) For purposes of this paragraph 11, the Parties intend that the \$15,010,800 agreed-upon base revenue reduction be final and not subject to further true-up, unless any of the Six Activities as a category used to calculate the \$15.0 million annual O&M expense amount are not allowed for cost recovery through the SPPCRC, in which case, the \$15.0 million amount and related base revenue reduction shall be reduced by the associated amounts shown in Exhibit One multiplied by the Regulatory Assessment Fee Multiplier shown on Exhibit Two Notwithstanding the foregoing, the Parties agree that nothing in this Agreement shall preclude any Consumer Party from challenging the recovery of any specific cost or level of cost proposed for recovery by the company through the SPPCRC.

(e) In its 2020 SPPCRC filing, Tampa Electric may seek to recover 2020 SPP O&M expense for the Six Activities in the period May to December 2020 only to the extent that the May 2020 to December 2020 total expense for those activities exceeds the average of the total expense

incurred by the company for those activities in May through December 2018 and May through December 2019 as shown on Exhibit Three (i.e., \$10.4 million).

(f) Most of the Vegetation Management Program activities in the company's SPP are planned, meaning that the company develops a scheduled Vegetation Management plan that it intends to follow, i.e., trim specific circuits, etc. The company engages in two other general types of vegetation management activities, namely: (1) Vegetation Management associated with named storms, the costs of which are subject to recovery under paragraph 5 of the 2017 Agreement and the FPSC's storm cost recovery rules and (2) unscheduled or unplanned vegetation management activities necessitated by minor storm damage, identification of danger trees, automobile accidents, routine repair work and the like ("Unplanned Vegetation Management"). Even though the company's SPP includes Unplanned Vegetation Management as part of its overall Vegetation Management program, the company will continue to recover costs associated with Unplanned Vegetation Management activities through base rates and will not seek recovery of costs associated with those activities through the SPPCRC.

12. Rate Base Items. Tampa Electric will seek recovery of return on capital expenditures and assets related to the SPP programs, as well as the incremental depreciation expense for the SPP assets, in the following manner:

(a) Cost recovery for capital projects initiated prior to April 10, 2020, shall remain recovered through base rates. This means that both the return on investment associated with a capital project initiated before April 10, 2020 and the related depreciation expense shall continue to be recovered through base rates and will not be recoverable through the SPPCRC. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's

accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order in which costs have been posted before April 10, 2020 shall not be eligible for cost recovery through the SPPCRC.

(b) The return on investment and depreciation expense associated with capital projects initiated on or after April 10, 2020, shall be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order that did not have any costs charged to it before April 10, 2020, or opened on or after April 10, 2020, may be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket.

(c) To ensure that there is no double recovery between base revenue and SPPCRC revenue, the company will employ the following protocols for capital items:

(i) For assets being retired and replaced with new assets as part of a program in the company's SPP, the company will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to the company's accumulated depreciation reserve according to normal regulatory plant accounting procedures.

(ii) For SPP capital projects, any depreciation expense from SPP asset additions will be reduced by the depreciation expense savings that results from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

(iii) Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets in retail rate base from capital and assets being recovered through the SPPCRC.

(iv) Whenever the company petitions for a change to its base rates and charges pursuant to sections 366.06 and/or 366.07, Florida Statutes, the assets being recovered that have been determined prudent through a final true-up in the SPPCRC by the Commission as of the end of the historic year presented in the company's minimum filing requirement schedules may, at the Company's option, be simultaneously removed from SPPCRC recovery and included in retail rate base for the applicable test year by appropriate proforma adjustments. Thereafter, new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates may be submitted for recovery through the SPPCRC petition process.

13. Distribution Pole Replacements. Distribution Pole Replacement is a legacy storm hardening activity that is included in the company's SPP in section 6.8.7. Due to the large number of annual pole replacements and the challenges associated with accounting for the associated mass asset additions and retirements, and as a matter of accounting and administrative efficiency, the company will include distribution pole replacements within its SPP; however, cost recovery for the plant additions and retirements associated with all distribution pole replacements (for the avoidance of doubt, this includes like kind replacements, replacements of existing poles with higher class wood poles, and/or concrete or steel for wood distribution poles identified through the company's Infrastructure Inspection Program) will remain through base rates, not through the SPPCRC. The company will also not seek recovery of the O&M expenses from asset transfers related to distribution pole replacements⁶ through the SPPCRC.

⁶ During a capital project that involves changing out a distribution pole, the costs associated with moving supporting fixtures and conductors and transferring them to new distribution poles, which sometimes involves rearranging and

14. No Bundling. The company will not, as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction (“AFUDC”) in Rule 25-6.0141, Florida Administrative Code, aggregate SPP capital projects (a) that are not in the same geographic vicinity or (b) that would otherwise only be aggregated solely because the projects or activities: (i) are part of the same SPP program; (ii) will be performed by the same contractor; (iii) are part of the same SPP program budget or (iv) are being managed by the same company project manager.

15. Other SPP items.

(a) Nothing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudence of all or part of any SPP program or project in any future proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200067-EI or 2020092-EI.

(b) To the extent the base rate adjustment described in paragraph 11 is inconsistent with paragraph 4 of the 2017 Agreement, the Parties agree that the 2017 Agreement is hereby amended, as necessary to accomplish the base rate adjustment.

(c) Beginning October 1, 2020 and for a period of up to 60 days thereafter, Tampa Electric shall meet with the Parties and will work in good faith with them to identify a method acceptable to all of the Parties to modify the analytical framework used in the development of the company’s SPP in Docket No. 20200067-EI that: (1) complies with applicable statutes and rules and (2) reasonably recognizes the importance of protecting transmission and distribution facilities serving public safety customers and critical public infrastructure (e.g., hospitals, fire stations,

changing the location of plant not retired, are considered an O&M expense pursuant to CFR Title 18. Chapter 1, Subchapter C, Part 101: Operating Expense Instructions, 2. Maintenance, and CFR Title 18. Chapter 1, Subchapter C, Part 101: Account 593.

police stations, military installations, ports, airports, etc.). The company shall use any such unanimously and mutually agreed-upon method consistent with applicable statutes and rules when it prepares and files its next SPP for FPSC approval and thereafter unless the resulting modified framework is changed by agreement of the Parties.

IV. Other Provisions

16. Commission Approval.

(a) The provisions of this 2020 Agreement are contingent on approval of this 2020 Agreement in its entirety by the Commission without modification, regardless of the sequence of the individual above styled Docket decisions; further, any decision by the Commission not to approve any provision of this Agreement shall, per se and as a matter of law, render the Agreement null and void and of no force or effect. The Parties further agree that this 2020 Agreement is in the public interest, that they will support this 2020 Agreement and that they will not request or support any order, relief, outcome, or result in conflict with the terms of this 2020 Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this 2020 Agreement or the subject matter hereof.

(b) No Party will assert in any proceeding before the Commission that this 2020 Agreement or any of the terms in the 2020 Agreement shall have any precedential value. The Parties' agreement to the terms in the 2020 Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this 2020 Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this 2020 Agreement by virtue of that Party's signature on, or participation in, this

2020 Agreement. It is the intent of the Parties to this 2020 Agreement that the Commission's approval of all the terms and provisions of this 2020 Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this 2020 Agreement endorses a specific provision, in isolation, of this 2020 Agreement by virtue of that Party's signature on, or participation in, this 2020 Agreement.

(c) The Parties intend, and agree to request, that the Commission's order state that approval of this 2020 Agreement in its entirety will resolve the matters as specified herein in Docket Nos. 20200064-EI, 20200065-EI, 20200067-EI, and 20200092-EI and in accordance with section 120.57(4), Florida Statutes.

(d) No Party shall seek appellate review of any Commission order approving this 2020 Agreement in its entirety.

17. Disputes. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this 2020 Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

18. Execution. This 2020 Agreement is dated as of April 27, 2020. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this 2020 Agreement by their signature(s):

Tampa Electric Company
702 N. Franklin Street

Tampa, FL 33601

By

E-Signed: 04/27/2020 12:51 PM EDT
<i>Nancy Tower</i>
ntower@tecoenergy.com
IP: 66.35.152.98
Sertifi Electronic Signature

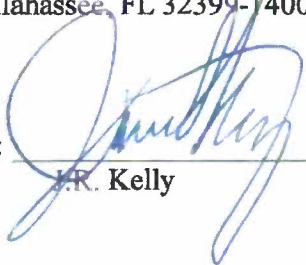
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Signature Page to 2020 Agreement

Office of Public Counsel
J. R. Kelly, Esquire
Public Counsel
Charles Rehwinkel, Esquire
Deputy Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400


By: _____

J.R. Kelly




Signature Page to 2020 Agreement

The Florida Industrial Power Users Group
Jon C. Moyle, Jr., Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  _____ 4/27/20
Jon C. Moyle, Jr.

Signature Page to 2020 Agreement


Florida Retail Federation
Robert Scheffel Wright
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By: 
Robert Scheffel Wright

Signature Page to 2020 Agreement

Federal Executive Agencies

Thomas Andrew Jernigan, Esquire
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403

By: 
Thomas Jernigan

Signature Page to 2020 Agreement

WCF Hospital Utility Alliance
Mark F. Sundback
Sheppard Mullin
2099 Pennsylvania Ave., Suite 100
Washington, D.C. 20006-6801
msundback@sheppardmullin.com

By: Mark F. Sundback - JFS
Mark F. Sundback

TAMPA ELECTRIC'S STORM PROTECTION PLAN O&M EXPENSES (\$ Million)

Recovered Through SPP Clause	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Planned	10.3	13.8	12.0
Transmission Vegetation Management - Planned	0.8	0.8	0.8
Transmission Vegetation Management - ROW Maintenance	0.4	0.5	0.5
Infrastructure Inspections	0.4	0.5	0.4
Distribution & Transmission Wood Pole Inspections	1.2	1.3	1.3
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.1	0.1	0.1
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total SPP Clause	13.2	16.9	15.0

Recovered Through Base Rates	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Unplanned	1.6	2.2	1.9
Transmission Vegetation Management - Unplanned	-	-	0.0
Distribution Pole Replacement	0.8	0.7	0.8
Disaster Preparedness and Recovery Plan	0.2	0.3	0.2
Geographical Information System	-	-	-
Post Storm Data Collection	-	-	-
Outage Data - Overhead and Underground	-	-	-
Increase Coordination with Local Governments	-	-	-
Collaborative Research	-	-	-
Total Base Rates	2.6	3.2	2.9
Total SPP O&M Expenses	15.8	20.1	17.9

Note: Totals may not sum due to rounding.

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT ONE

**TAMPA ELECTRIC'S STORM PROTECTION PLAN BASE RATE REVENUE
REQUIREMENT REDUCTION FOR CLAUSE RECOVERY**

(\$)

Revenue Requirement Calculation:	
Agreed Upon SPP O&M Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	15,000,000
Agreed Upon SPP Capital Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	0
Agreed Upon Expense Amount Related to Base Revenue Reduction	15,000,000
Regulatory Assessment Fee Multiplier ⁷	1.00072
Revenue Requirement to Be Used for Base Rate Revenue Reduction	15,010,800

Proof of Net Impact of Base Rate Revenue Reduction:	
Lower Base Revenue	(15,010,800)
Resulting Lower Regulatory Assessment Fee Expense	10,800
Net Reduction to Pre-Income-Tax Operating Income	(15,000,000)

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT TWO

⁷ Each investor-owned electric company shall pay a regulatory assessment fee in the amount of .00072 of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives or any combination thereof. *Rule 25-6.0131(1)(a), F.A.C.*

TAMPA ELECTRIC COMPANY
(\$ Million)

Actual May – December	2018	2019	2018-2019
STORM PROTECTION PLAN O&M EXPENSES	ACTUAL	ACTUAL	AVERAGE
TO BE RECOVERED THROUGH SPP CLAUSE			
Distribution Vegetation Management - Planned	6.9	10.1	8.5
Transmission Vegetation Management - Planned	0.4	0.3	0.4
Transmission Vegetation Management - ROW Maintenance	0.2	0.4	0.3
Infrastructure Inspections	0.3	0.3	0.3
Distribution & Transmission Wood Pole Inspections	1.2	0.6	0.9
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total - Clause	9.0	11.8	10.4

“Exhibit Three”

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2018 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	0.8	0.8	0.7	1.0	0.6	0.8	1.0	1.2	6.9
Transmission Vegetation Management - Planned	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4
Transmission Vegetation Management - ROW Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Infrastructure Inspections	0.0	0.0	0.1	(0.0)	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.0	(0.0)	-	0.1	0.2	0.2	0.4	0.3	1.2
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.0	0.9	0.9	1.2	0.9	1.1	1.5	1.6	9.0

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2019 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	1.4	1.0	1.3	1.2	0.9	1.3	1.2	1.9	10.1
Transmission Vegetation Management - Planned	0.0	0.1	(0.0)	0.0	0.2	0.1	0.0	0.0	0.3
Transmission Vegetation Management - ROW Maintenance	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.4
Infrastructure Inspections	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.1	0.2	0.0	0.0	0.0	0.0	0.3	0.0	0.6
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.7	1.3	1.4	1.2	1.1	1.5	1.6	2.0	11.8