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August 18, 2021

VIA: ELECTRONIC MAIL

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

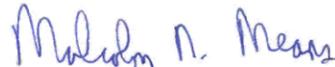
Re: Storm Protection Plan Annual Status Report
Dkt. 20210000-OT

Dear Mr. Teitzman:

Enclosed for filing is Tampa Electric Company's Response to Staff's Third Data Request (Nos. 1-2).

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Enclosure

cc: Penelope Buys – pbuys@psc.state.fl.us (w/enc.)
Paula K. Brown - pbrown@tecoenergy.com (w/o enc.)

**TAMPA ELECTRIC COMPANY
UNDOCKETED
SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
REQUEST NO. 1
BATES PAGE(S): 1-15
FILED: AUGUST 18, 2021**

- 1.** Please refer to page 64 of TECO's SPP Annual Status Report. Please explain how TECO developed the Customer Bill Impacts shown in the table labeled Tampa Electric's Storm Protection Plan "Total Cost" Customer Bill Impacts (in percent).
 - A.** The process used by Tampa Electric to develop the revenue requirements that supported the Storm Protection Plan ("SPP") "Total Cost" Customer Bill Impacts in percent is explained in detail in the Direct Testimony of A. Sloan Lewis that was filed with the Commission on April 10, 2020 in Docket No. 20200067-EI. The specific portion that explains how the company calculated these values starts on Page 3 Line 14 and ends with Page 12 Line 2. A complete copy of her Direct Testimony is included starting on the page below:



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20200067-EI

**TAMPA ELECTRIC'S
2020-2029
STORM PROTECTION PLAN**

TESTIMONY AND EXHIBIT

OF

A. SLOAN LEWIS

TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021

TAMPA ELECTRIC COMPANY
DOCKET NO. 20200067-EI
FILED: APRIL 10, 2020

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

A. SLOAN LEWIS

INTRODUCTION:

Q. Please state your name, address, occupation and employer.

A. My name is A. Sloan Lewis. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the Company") in the Finance Department as Director, Regulatory Accounting.

Q. Please describe your duties and responsibilities in that position.

A. My duties and responsibilities include the accounting oversight of all cost recovery clauses and riders for Tampa Electric and Peoples Gas, the settlement of all fuel and power transactions for Tampa Electric and Peoples Gas System and the accounts payable department for Tampa Electric, Peoples Gas System and New Mexico Gas Company.

Q. Please describe your educational background and

TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021

1 professional experience.

2

3 **A.** I received a Bachelor of Science degree in accounting
4 from Florida State University in 1994 and a Master of
5 Education from the University of North Florida in 1996.
6 I joined Tampa Electric in 2000 as a Fuels Accountant and
7 over the past 19 years have expanded my cost recovery
8 clause responsibilities. Then in 2015, I was promoted to
9 Manager, Regulatory Accounting with responsibilities for
10 all the recovery clauses and riders for Tampa Electric
11 and Peoples Gas System. I was promoted to my current
12 role as Director, Regulatory Accounting in 2017.

13

14 **Q.** What is the purpose of your testimony in this proceeding?

15

16 **A.** The purpose of my testimony in this proceeding is to
17 demonstrate that the company's 2020-2029 Storm Protection
18 Plan complies with Rule 25-6.030(g)-(h), Florida
19 Administrative Code, *i.e.*, the Storm Protection Plan
20 ("SPP") rule. Section 3(g) requires a utility to provide an
21 estimate of the annual jurisdictional revenue requirements
22 for each year of its SPP. Section 3(h) requires a utility
23 to provide an estimate of rate impacts for each of the first
24 three years of the SPP for the utility's typical
25 residential, commercial, and industrial customers. My

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

1 testimony also explains the methodology used to calculate
2 these estimates.

3
4 **Q.** Have you prepared an exhibit to accompany your direct
5 testimony?

6
7 **A.** Yes. Exhibit No. ASL-1, entitled "Tampa Electric's 2020-
8 2029 SPP Total Revenue Requirements by Program" was
9 prepared under my direction and supervision. This Exhibit
10 shows the Annual Revenue Requirement for the company's
11 2020-2029 SPP Programs.

12
13
14 **CALCULATION OF THE ESTIMATED ANNUAL JURISDICTIONAL REVENUE**
15 **REQUIREMENTS FOR TAMPA ELECTRIC'S 2020-2029 STORM PROTECTION**
16 **PLAN**

17 **Q.** What is the estimated annual jurisdictional revenue
18 requirements for each year of the company's proposed SPP?

19
20 **A.** The estimated annual jurisdictional revenue requirements
21 for each year of the SPP are included in the table below.
22 The revenue requirements of each SPP are set out in my
23 Exhibit No. ASL-1.

24
25

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

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Total SPP Revenue Requirement (2020-2029)

YEAR	Revenue Requirements
2020	\$24,428,727
2021	\$36,739,224
2022	\$52,213,995
2023	\$71,458,756
2024	\$86,932,411
2025	\$105,253,007
2026	\$122,774,696
2027	\$139,916,133
2028	\$157,595,194
2029	\$174,852,375

- Q.** How were the estimated annual jurisdictional revenue requirements for the proposed plan developed?
- A.** The estimated annual jurisdictional revenue requirements were developed with cost estimates for each of the SPP Programs plus depreciation and return on SPP assets, as outlined in Rule 25-6.031(6), F.A.C., the Storm Protection Plan Cost Recovery Clause ("SPPCRC") Rule.

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

1 **Q.** Do these revenue requirements include any costs that are
2 currently recovered in base rates?

3
4 **A.** Yes. As described further below, the revenue requirement
5 amounts shown above reflect all of the investments and
6 expenses associated with the activities in the Plan without
7 regard to whether some of those costs may currently be
8 subject to recovery through the company's existing base
9 rates and charges. For illustrative purposes, the company
10 calculated the 2017 to 2019 three-year actual amounts of
11 certain operations and maintenance expenses associated with
12 its current Storm Hardening Plan to be approximately \$12.9
13 million. Since these Storm Hardening Plan activities are
14 proposed to be part of the company's SPP and are not "new"
15 or "incremental" storm protection activities, this \$12.9
16 million amount can be viewed as a reasonable proxy for the
17 amount of Storm Protection Plan costs currently being
18 recovered by the company through its base rates and charges.
19 Of course, whether and the extent to which the investments
20 and costs associated with the company's SPP will be
21 recovered through the SPPCRC or continue to be recovered
22 through base rates will be addressed in Docket No. 20200092-
23 EI, the SPPCRC Docket.

24
25 **Q.** Do the estimated annual jurisdictional revenue requirements

TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021

1 include the annual depreciation expense on SPP capital
2 expenditures?

3
4 **A.** Yes. Rule 25-6.031 states that the annual depreciation
5 expense is a cost that may be recovered through the SPPCRC.
6 As a result, the estimated annual jurisdictional revenue
7 requirements include the annual depreciation expense
8 calculated on the SPP capital expenditures, *i.e.*, those
9 initiated after April 10, 2020, using the depreciation
10 rates from Tampa Electric's most current Depreciation
11 Study, approved in PSC-12-0175-PAA-EI.

12
13 **Q.** Was the depreciation savings on the retirement of assets
14 removed from service during the SPP capital projects
15 considered in the development of the revenue requirement?

16
17 **A.** Yes. In the development of the revenue requirements,
18 depreciation expense from the SPP capital asset additions
19 has been reduced by the depreciation expense savings
20 resulting from the estimated retirement of assets removed
21 from service during the SPP capital projects.

22
23 **Q.** Do the estimated annual jurisdictional revenue requirements
24 include a return on the undepreciated balance of the SPP
25 assets?

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

1 **A.** Yes. Rule 25-6.031 6(c) states that the utility may recover
2 a return on the undepreciated balance of the asset costs
3 through the SPPCRC. As a result, this return was included
4 in the estimated annual jurisdictional revenue requirement.
5 In accordance with the FPSC Order No. PSC-12-0425-PAA-EU,
6 from the 2012 Stipulation and Settlement agreement, Tampa
7 Electric calculated a return on the undepreciated balance
8 of the asset costs at a weighted average cost of capital
9 using the return on equity from the May 2019 Actual
10 Surveillance Report.

11
12 **Q.** In the development of the estimated annual jurisdictional
13 revenue requirements did the company consider SPP capital
14 expenditures prior to the plan filing date in the
15 depreciation and return on asset calculations?

16
17 **A.** No. Only capital expenditures for SPP Projects to be
18 initiated after April 10, 2020 were included in the
19 depreciation and return on asset calculations included in
20 the estimated annual jurisdictional revenue requirements.

21
22 **Q.** In the calculation of the estimated annual jurisdictional
23 revenue requirements did the company include Allowance for
24 Funds Used During Construction ("AFUDC")?
25

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

1 **A.** No. Per Rule 25-6.0141, F.A.C, in order for projects to be
2 eligible for AFUDC, they must involve "gross additions to
3 plant in excess of 0.5 percent of the sum of the total
4 balance in Account 101, Electric Plant in Service, and
5 Account 106, Completed Construction not Classified, at the
6 time the project commences and are expected to be completed
7 in excess of one year after commencement of construction."
8 None of the projects proposed in Tampa Electric's 2020-2029
9 SPP meet the criteria for AFUDC eligibility.

10

11 **Q.** Does Tampa Electric intend to seek recovery of the estimated
12 SPP costs through the SPPCRC, in accordance with FAC rule
13 26-6.031?

14

15 **A.** Yes, Tampa Electric will be filing for cost recovery of the
16 estimated SPP costs through the SPPCRC. However, as
17 mentioned above, the extent to which the investments and
18 costs associated with the company's SPP will be recovered
19 through the SPPCRC or continue to be recovered through base
20 rates will be addressed in Docket No. 20200092-EI.

21

22

23 **CALCULATION OF THE ESTIMATED RATE IMPACTS FOR YEARS 2020-2023 OF**
24 **THE STORM PROTECTION PLAN**

25 **Q.** Please provide an estimate of rate impacts for each of the

**TAMPA ELECTRIC COMPANY
 UNDOCKETED - SPP ANNUAL STATUS REPORT
 STAFF'S THIRD DATA REQUEST
 FILED: AUGUST 18, 2021**

1 first three years of the proposed SPP for typical Tampa
 2 Electric residential, commercial, and industrial customers.

3
 4 **A.** Tampa Electric prepared estimated rate impacts of the SPP
 5 for 2020, 2021, 2022 and 2023. While there are not going
 6 to be any billed rate impacts during 2020, the 2020 costs
 7 have been calculated separately from the 2021 costs so the
 8 impact of each year on the 2021 rate impacts is clear. This
 9 is because the 2020 costs will be recovered at the same
 10 time as the 2021 costs through clause rates initiating in
 11 January 2021. The estimated rate impacts for each of the
 12 first three years of the proposed SPP for a typical
 13 residential, commercial, and industrial Tampa Electric
 14 customer are listed in the table below.

Tampa Electric's Storm Protection Plan "Total Cost" Customer Bill Impacts (in percent)				
Customer Class				
	Residential 1000 kWh	Residential 1250 kWh	Commercial 1 MW 60 percent Load Factor	Industrial 10 MW 60 percent Load Factor
2020	1.50	1.48	1.44	0.55
2021	2.22	2.21	2.14	0.84
2022	3.09	3.06	2.98	1.13
2023	4.12	4.07	3.95	1.46

**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

1 **Q.** How were the estimated rate impacts for each of the first
2 three years of the proposed SPP for a typical residential
3 and commercial/industrial customer determined?
4

5 **A.** For each year, the Programs were itemized and identified as
6 either substation, transmission, or distribution costs.
7 Each of those functionalized costs was then allocated to
8 rate class using the allocation factors for that function.
9 The allocation factors were from the Tampa Electric 2013
10 Cost of Service Study prepared in Docket No. 20130040-EI,
11 which was used for the company's current (non-SoBRA) base
12 rate design. Once the total SPP revenue requirement
13 recovery allocation to the rate classes was derived, the
14 rates were determined in the same manner. For Residential,
15 the charge is a kWh charge. For both Commercial and
16 Industrial, the charge is a kW charge. The charges are
17 derived by dividing the rate class allocated SPP revenue
18 requirements by the 2020 energy billing determinants (for
19 residential) and by the 2020 demand billing determinants
20 (for commercial and industrial). Those charges were then
21 applied to the billing determinants associated with typical
22 bills for each group to calculate the impact on those bills.
23 This was done using a combination of 2020 and 2021 costs
24 for the 2021 bills, and for each year 2022 and 2023 for
25 those bills.

TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021

1 Q. When will the company file its petition for the
2 establishment of the 2021 SPPCRC rates for Tampa Electric's
3 SPP'S costs?
4

5 A. The company plans to file the SPPCRC petition for 2021 rates
6 on the schedule specified in applicable orders establishing
7 procedure in Docket No. 20200092-EI.
8

9 Q. Will the rates established through the 2021 SPPCRC differ
10 from those presented in the rate impact calculations in the
11 SPP?
12

13 A. Yes. The rate impacts presented above reflect the "all-
14 in" costs of the company's SPP without regard to whether
15 the costs are or will be recovered through the SPPCRC or
16 through the company's base rates and charges. The extent
17 to which the investments and costs associated with the
18 company's SPP will be recovered through the SPPCRC or
19 continue to be recovered through base rates will be
20 addressed in Docket No. 20200092-EI.
21

22 In addition, when it makes its SPPCRC filing, the company
23 will use more recent billing determinants based on the most
24 current load forecast.
25

1 The company will also take steps to prevent double recovery
2 of any costs through both base rates and the clause.

3
4 **CONCLUSIONS**

5 **Q.** Please summarize your direct testimony.

6
7 **A.** My testimony and exhibit demonstrate that Tampa Electric's
8 estimated annual jurisdictional revenue requirements for
9 each of the 10 years of the SPP and rate impacts for each
10 of the first 3 years of the SPP for the utility's typical
11 residential, commercial, and industrial customers comply
12 with Rule 25-6.030(3)(g)-(h). These calculations were
13 performed in accordance with the requirements of Section
14 366.96, Florida Statutes and the implementing Rule 25-
15 6.030, F.A.C., adopted by the Commission.

16
17 **Q.** Does this conclude your testimony?

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19 **A.** Yes.

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**TAMPA ELECTRIC COMPANY
UNDOCKETED - SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
FILED: AUGUST 18, 2021**

TAMPA ELECTRIC COMPANY
DOCKET NO. 20200067-EI
EXHIBIT NO. AS1-1
WITNESS: LEWIS
PAGE 1 OF 1
FILED: 04/10/2020

Tampa Electric's 2020-2029 Storm Protection Plan Total Revenue Requirements by Program (in Millions)											
Capital	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Distribution Lateral Undergrounding	\$0.19	\$4.66	\$13.83	\$23.93	\$33.76	\$43.83	\$54.01	\$64.01	\$73.84	\$83.91	\$395.97
Transmission Asset Upgrades	\$0.14	\$1.25	\$2.69	\$4.16	\$5.45	\$6.82	\$8.45	\$9.91	\$11.40	\$12.66	\$62.93
Substation Extreme Weather Protection	\$0.00	\$0.00	\$0.00	\$0.00	\$0.28	\$0.95	\$1.42	\$1.93	\$2.47	\$2.82	\$9.87
Distribution Overhead Feeder Hardening	\$0.14	\$1.33	\$3.42	\$6.33	\$9.30	\$12.19	\$15.06	\$17.83	\$20.64	\$23.53	\$109.77
Transmission Access Enhancements	\$0.00	\$0.06	\$0.19	\$0.33	\$0.48	\$0.61	\$0.69	\$0.85	\$1.07	\$1.22	\$5.50
Distribution Pole Replacements	\$0.25	\$1.41	\$2.60	\$3.96	\$5.32	\$6.69	\$7.79	\$8.61	\$9.42	\$10.22	\$56.27
O&M	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Distribution Vegetation Management - planned	\$16.49	\$19.76	\$21.18	\$24.00	\$24.22	\$25.55	\$26.77	\$27.99	\$29.42	\$30.94	\$246.31
Distribution Vegetation Management - unplanned	\$1.30	\$1.30	\$1.20	\$1.10	\$1.10	\$1.10	\$1.20	\$1.20	\$1.30	\$1.30	\$12.10
Transmission Vegetation Management - planned	\$2.63	\$3.53	\$3.59	\$3.66	\$3.04	\$3.13	\$3.23	\$3.30	\$3.38	\$3.46	\$32.95
Transmission Vegetation Management - unplanned	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transmission Asset Upgrades	\$0.11	\$0.30	\$0.30	\$0.33	\$0.24	\$0.38	\$0.36	\$0.33	\$0.39	\$0.24	\$2.98
Distribution Overhead Feeder Hardening	\$0.21	\$0.38	\$0.40	\$0.79	\$0.82	\$1.02	\$1.06	\$1.17	\$1.42	\$1.64	\$8.92
Distribution Infrastructure Inspections	\$0.71	\$1.00	\$1.02	\$1.04	\$1.06	\$1.08	\$1.10	\$1.13	\$1.15	\$1.17	\$10.46
Transmission Infrastructure Inspections	\$0.47	\$0.47	\$0.48	\$0.49	\$0.50	\$0.51	\$0.52	\$0.53	\$0.54	\$0.56	\$5.09
SPP Planning & Common	\$0.99	\$0.39	\$0.20	\$0.20	\$0.21	\$0.21	\$0.22	\$0.22	\$0.22	\$0.23	\$3.10
Other Legacy Storm Hardening Plan Items	\$0.28	\$0.28	\$0.29	\$0.29	\$0.30	\$0.30	\$0.31	\$0.32	\$0.32	\$0.33	\$3.01
Distribution Pole Replacements	\$0.52	\$0.62	\$0.81	\$0.83	\$0.86	\$0.88	\$0.59	\$0.60	\$0.61	\$0.62	\$6.93

**TAMPA ELECTRIC COMPANY
UNDOCKETED
SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 16-17
FILED: AUGUST 18, 2021**

2. Please provide the residential, commercial, and industrial customer bill impacts, which includes the total amounts of SPP programs from base rates and the SPPCRC, in dollars per 1,000 kWh, for estimated 2020, actual 2020, and estimated 2021.
- A. Tampa Electric Storm Protection Plan Cost Recovery Clause (“SPPCRC”) rate impacts for commercial and industrial customer bill impacts are done on a kW basis. The company is making an approximation for these amounts to be charged on a kWh basis for this response. The company is using the following assumptions for these bill impacts: commercial customer with a demand of 1 MW and a 60 percent Load Factor, industrial customer with a demand of 10 MW and a 60 percent Load Factor. The estimated 2020, actual 2020, and estimated 2021 customer bill impacts are as follows:

The company included the following estimated bill impacts (in percent) in Tampa Electric’s initial 2020-2029 SPP that was filed on April 10, 2020. These amounts included all Storm Protection Plan costs regardless of where they would be recovered. This initial projection of costs also included storm hardening costs that are not SPP programs.

Customer Class	As Filed 2020 Estimated - Customer Bill Impacts		
	Per 1,000 kWh	Per 1 MW	Per 10 MW
Residential	\$1.50	N/A	N/A
Commercial	\$1.07	\$462.71	N/A
Industrial	\$0.29	N/A	\$1,245.70

Estimated 2020: The following chart is the estimated bill impacts after removing storm hardening costs that are not SPP programs:

Customer Class	2020 Estimated - Customer Bill Impacts		
	Per 1,000 kWh	Per 1 MW	Per 10 MW
Residential	\$1.36	N/A	N/A
Commercial	\$0.97	\$418.37	N/A
Industrial	\$0.26	N/A	\$1,126.32

**TAMPA ELECTRIC COMPANY
UNDOCKETED
SPP ANNUAL STATUS REPORT
STAFF'S THIRD DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 16-17
FILED: AUGUST 18, 2021**

Actual 2020: In 2020, the company initiated the SPP's programs upon filing the initial 2020-2029 SPP with the Commission. Between January 1, 2020 and April 30, 2020, the company had \$6,348,643 of non-jurisdictionally separated costs associated with storm hardening activities that would become SPP programs that were recovered in base rates. From May 1, 2020 through December 31, 2020, the company charged all SPP programs to the SPPCRC. Tampa Electric reduced the amount of the total SPPCRC for this time frame by \$10.4 million to recognize that a portion of these total SPPCRC costs were still being recovered in base rates. The following chart uses these base rates above due to the company not recovering any costs through the SPPCRC since the first year of recovery is in 2021.

Customer Class	2020 Actual - Customer Bill Impacts		
	Per 1,000 kWh	Per 1 MW	Per 10 MW
Residential	\$1.03	N/A	N/A
Commercial	\$0.69	\$297.00	N/A
Industrial	\$0.18	N/A	\$770.00

Estimated 2021: The following chart uses the actual SPPCRC factors that are recovering all of the associated SPP program costs for 2021:

Customer Class	2021 Estimated - Customer Bill Impacts		
	Per 1,000 kWh	Per 1 MW	Per 10 MW
Residential	\$2.39	N/A	N/A
Commercial	\$1.67	\$720.00	N/A
Industrial	\$0.39	N/A	\$1,700.00