

AUSLEY McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

September 1, 2021

VIA: ELECTRONIC FILING

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

Re: Docket 20210034-EI, Petition for Rate Increase by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Response to Staff's Fifth Data Request (No. 1-9), propounded on August 25, 2021.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/ne
Attachment

cc: All parties of record

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Tampa Electric Company's responses to Staff's Sixth Data Request (No. 1-8), have been furnished by electronic mail on this 1st day of September 2021 to the following:

Charles Murphy
Theresa Tan
Melinda Marzicol
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
cmurphy@psc.state.fl.us
ltan@psc.state.fl.us
mmarzico@psc.state.fl.us

Richard Gentry
Charles Rehwinkel
Anastacia Pirrello
Stephanie Morse
Mary Wessling
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
gentry.richard@leg.state.fl.us
rehwinkel.charles@leg.state.fl.us
pirrello.anastacia@leg.state.fl.us
morse.stephanie@leg.state.fl.us
wessling.mary@leg.state.fl.us

Stephanie U. Eaton
Spilman Thomas & Battle, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NC 27103
seaton@spilmanlaw.com

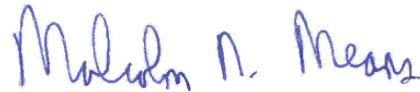
Barry A. Naum
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
bnaum@spilmanlaw.com

Florida Industrial Power Users Group
Jon Moyle
Karen Putnal
c/o Moyle Law Firm
118 N. Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com
mqualls@moylelaw.com

Federal Executive Agencies
Thomas A. Jernigan
Holly L. Buchanan, Maj, USAF
Scott L. Kirk, Maj, USAF
Arnold Braxton, TSgt, USAF
Ebony M. Payton
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
thomas.jernigan.3@us.af.mil
holly.buchanan.1@us.af.mil
scott.kirk.2@us.af.mil
arnold.braxton@us.af.mil
ebony.payton.ctr@us.af.mil

Mr. Robert Scheffel Wright
John LaVia, III
Gardner, Bist, Wiener, Wadsworth, Bowden,
Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308
shef@gbwlegal.com
jlavia@gbwlegal.com

WCF Hospital Utility Alliance
Mark F. Sundback
William M. Rappolt
Andrew P. Mina
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Ave., N.W., Suite 100
Washington, D.C. 20006-6801
msundback@sheppardmullin.com
wrappolt@sheppardmullin.com
amina@sheppardmullin.com



ATTORNEY

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20210034-EI
STAFF'S FIFTH DATA REQUEST
REQUEST NO. 1
BATES PAGES: 1
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1. Please refer to TECO's 2021 Stipulation and Settlement Agreement (SA), page 32. Paragraph 9(a) of the SA states that "during the Term, the company may in its sole discretion petition, on an estimated earnings-neutral basis, the Commission to extend the lives of lighting assets and thereby reduce depreciation rates for lighting assets."
 - a. Is it correct that the aforementioned statement will only affect depreciable Account 373.00 - Street Light and Signal Systems? If not, please identify all the other accounts/subaccounts that will be affected.
 - b. Please explain why TECO envisions that there would be a potential lighting asset life extension in the near future (before the end of 2024, the SA Term), and identify all the factors that could result in the life extension for Account 373.00.
 - c. TECO's 2020 Depreciation Study (2020 Study), Bates-stamped page 1449 of 1821, showed that for Account 373.00, both TECO's existing and proposed average service life (ASL) are 20 years, and the proposed depreciation rate for the account is 4.6 percent. The SA, Exhibit G, page 5, shows that the Parties' agreed-to depreciation rate for this account is 2.8 percent. Please identify the ASL TECO/Parties used in deriving the 2.8 percent depreciation rate for Account 373.00 with explanation of why the ASL assumed is a reasonable estimate.
- A.**
 - a. Yes. It is correct that the aforementioned statement will only effect Account 373 and its subaccounts.
 - b. Tampa Electric's street lighting customers may have other lighting options, so it may be appropriate during the Term for the company to propose tariff revisions that would reduce the rates associated with its voluntary lighting tariffs. If this occurs, the provision in question will allow the company to make the tariff reductions on a net operating income neutral basis.
 - c. The change is the increase in average service life from 20 to 30 years, results in an increased average remaining life used to derive the revised exhibit's 2.8 percent depreciation rate. For further explanation, please see responses to Staff's Fifth Data Request, Nos. 5(b) and 6, below for the detail account depreciation study parameters.

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2. Please refer to TECO’s response to Staff’s 2nd Data Request Response, No. 1, page 2, which shows: LED Depreciation Expense is a 373.00 Lighting reserve adjustment that is expensed and recovered through the ECCR clause. And MFR Schedule B-9 reserve adjustment included on MFR Schedule C-6 373.00 Street Light & Signal Sys = \$ 4,972,800.

Please also refer to the SA, Exhibit G “Depreciation Calculations,” pages 5-6, which shows the following amounts of depreciation expenses which relate to Account 37000 and/or LED:

<u>Depreciation Calculations</u>					
Exhibit G	Account	PowerPlant Depr Group	Revised Depr Rate 2022 Total (\$)	Original Proposed 2022 Depr Rate 2022 Total (\$)	Revised Depr Rate Impacts
Page 5	373.00	Street Light & Signal Sys	9,108,371	14,963,753	(5,855,381)
Page 6	ADD:	LED Clause Depreciation Expense	4,972,800	4,972,800	-

- a. Please identify the page number(s) of MFR schedules and witnesses’ testimonies, if any, in which the “LED Clause Depreciation Expense” was discussed.
- b. Referring to page 8 of Exhibit G, please explain why line item “ADD: LED Clause Depreciation Expense” is needed, given the “Revised Depr Rate Impact” is none.
- c. Please explain why the ECCR-related LED depreciation expense is added into the rate base portion of depreciation calculation.
- d. As indicated in TECO’s response to Staff’s 2nd Data Request, No. 1, the \$4,972,800 depreciation expense is related to Account 373.00. Please explain why, for the same Account 373.00 and the same amount of depreciation expense of \$4,972,800, the “Revised Depr Rate Impact” shown on Page 5 of Exhibit G is zero but the “Revised Depr Rate Impact” shown on Page 6 of Exhibit G is negative \$5,855,381.
- e. Please explain how the 2022 depreciation expense, in the amount of \$4,972,800, was derived; and identify the 2022 plant amount upon which the expense was calculated.

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- A.**
- a. There is not any witness testimony or MFR Schedules that discuss LED Clause Depreciation.
 - b. The line item ADD: LED Clause depreciation expense was added as it is the reserve adjustment (FERC 108) offset posting in column 8 on line 15 of MFR schedule B-9 and is included in the depreciation total of \$458,302 on line 12 of MFR C-6. Please see Tampa Electric's response to Staff's Fifth Data Request Nos. 4(d) and 4(e), below. Since this amount is not supported by a gross plant balance times depreciation rate, it is not treated as a subledger MFR B-9 calculated reserve accrual, but a top-side GL level posting into FERC 403. This LED Clause Depreciation Expense is recoverable through the Energy Conservation Cost Recovery (ECCR) / DSM Plan filing and is removed from the base rate revenue requirement calculation via a Commission Adjustment afterwards as seen on MFR C-2 page 1, in column (1) Conservation Revenues & Expenses and Line No. 17 Depreciation & Amortization.
 - c. Please see Tampa Electric's response to Staff's Fifth Data Request Nos. 4(b) above, as well as 4(d) and 4(e), below.
 - d. The \$5,855,381 on page 5 is only related to the revised proposed depreciation rate calculation applied to the monthly gross plant balance in-service portion of Account 373.00 Street Lights not yet retired. Additionally, please see Tampa Electric's response to Staff's Fifth Data Request, No. 4(e), below.
 - e. The \$4,972,800 reserve adjustment (FERC 108) offset to depreciation expense (FERC 403) is the projected undepreciated net book value of 42,115 non-LED streetlights to be retired in 2022 amounting to \$5,100,300 less (\$127,500) salvage as filed in the DSM plan in Docket No. 20200053-EG.

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- 3.** Please refer to the SA, Exhibit G, page 6 of 6, and explain the “Settlement Adjustment,” in the amount of negative \$500,318, listed under “FPSC Adjustments,” specifically, why the adjustment is needed, what original amount was adjusted, and how the adjusted amount was derived.

- A.** The 2022 depreciation expense increase was negotiated and reflected many factors but ultimately the parties agreed to an amount and the adjustment shown reconciles the details of the FPSC adjusted depreciation expense calculation with the agreed upon amount.

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- 4.** Please refer to TECO's response to Staff's 2nd Data Request, No. 1, and explain what is meant by "allocation of expense" regarding the ED Transportation L/H Vehicle plant account reserve accruals.
 - A.** Allocation of expense refers to the standard Transportation Expense Clearing Allocation process used to spread the ED L/H vehicle accounts reserve accruals and other ED vehicle related expenses over O&M and Capital activities.

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5. Please refer to the SA, Exhibit G “Depreciation Calculations,” TECO’s 2020 Study, Bates-stamped pages 31-35 and 1449-1450 of 1821, and MFR Schedule B-7, pages 1-9 of 30. It appears that for certain depreciable accounts, the SA’s proposed annual depreciation rates are different from the annual depreciation rates that TECO proposed in its 2020 Study as indicated in Table 1 below:

Acct No.	Acct Description	Existing Annual Depreciation Rate	2020 Study Proposed Depreciation Rate	2021 SA Proposed Depreciation Rate
34199	Str & Improvements-Solar	3.3%	3.3%	2.9%
34399	Prime Movers-Solar	3.3%	3.3%	2.9%
34599	Accessory Elect Eq-Solar	3.3%	3.3%	2.9%
35500	Poles & Fixtures	3.6%	3.6%	2.8%
35600	OH Conductors & Devices	2.8%	3.3%	2.9%
36400	Poles, Towers & Fixtures	4.4%	4.4%	3.7%
36500	OH Conductors & Devices	3.1%	2.6%	2.2%
36700	UG Conductors & Devices	3.0%	2.6%	2.3%
36800	Line Transformers - OH	4.4%	5.3%	4.5%
36900	Services - OH	3.4%	2.3%	1.9%
36902	Services - UG	2.8%	2.7%	2.3%
37300	Street Light & Signal Sys.	5.4%	4.6%	2.8%
39000	Structures & Improvements	2.3%	2.5%	1.4%
39725	Fiber Optic	5.3%	3.7%	2.9%

- a. Please explain how the SA’s proposed rates were derived and provide the depreciation parameters, including the service lives, remaining lives and net salvage percentage that are associated with each of the SA’s proposed rate.
- b. Table 1 shows that all the SA proposed depreciation rates are lower than the corresponding rates that TECO proposed in its 2020 Study. Please identify the major causes/factors which lead to the decrease in the depreciation rate for each account, and elaborate on why such rate reduction is an appropriate estimate of the activities and characters of the affected account in the future within the effective period of the proposed rates.
- A.** a. Please see responses to Data Requests Nos 5(b) and 6 below.

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- b. The parties negotiated and agreed upon a 35 - year service life for Solar assets.

The 39000 Structures and Improvement has always proposed an average service life of 40 years. General Structures, Office Buildings, Operation Area Service Center Buildings and etc. are providing usefulness beyond 40 years and an average service life of 60 years is appropriate.

The various other accounts SA proposed rates are using average service lives based on peer group comparisons and company experience to support the incremental average service life extensions beyond what TECO has already proposed.

In addition, please see response to Staff's fifth Data Request No. 6, below for the revised depreciation study detailed results.

<u>Description</u>	ASL	ASL	ASL	ASL	ASL
	TECO	TECO	TECO/Parties	TECO	TECO
	<u>Current</u>	<u>Proposed</u>	<u>Peer Group</u>	<u>Revision</u>	<u>Revision Comments</u>
<u>TRANSMISSION PLANT</u>					
Poles & Fixtures	38	40	49	50	mostly steel/concrete
Overhead Conductors	50	50	58	55	usually longer than 365
<u>DISTRIBUTION PLANT</u>					
Poles, Towers, & Fixtures	34	35	42	40	mostly wood, less than 355
Overhead Conductors	38	40	47	45	usually less than 356
UG Conduit	60	60	65	60	same as 357, not to exceed
Underground Conductors	35	40	46	45	same as 358, not to exceed
Line Transformers	20	25	36	35	changing to cradle-to-grave
Services - Overhead	35	40	45	45	same as 365, not to exceed
Services - Underground	40	40	47	45	same as 367, not to exceed
Street Lighting	20	20	31	30	reserve surplus indication
Communication Equipment	7	7	14	7	397.00 Amort (non-fiber)
	16	16		20	397.25 Fiber related assets
Midwest Peer Group	SWEPCO	OG&E	PSO		
Coastal Peer Group	Duke	SCG&E	ETI		
Florida Peer Group	FPL	Duke	Gulf	TECO	

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- 6.** Please provide a list, in both PDF and MS Excel formats, of the SA Parties agreed upon depreciation parameters (service lives, remaining lives, net salvage percentages, reserve percentages, theoretical reserves and imbalances) and depreciation rates for each and all depreciable accounts and subaccounts. Please provide this data which will provide the foundation for similar information and data the Company is required to submit in its next depreciation study and to report in future Annual Depreciation Status Reports in accordance with Rule 25-6.0436(5) and (6), F.A.C.
- A.** The chart below summarizes the change impacts by function between the revised proposed and original proposed depreciation study filing.

Please see MS Excel files entitled:

(BS 10) 2020 Depr Study Life Analysis - TDG Master File - TECO Parties Revised.xlsx

(BS 11) 2020 Depr Study Life Analysis - Generation Master File - TECO Parties Revised.xlsx

(BS 12) 2020 Dismantling Study - Generation Master File - TECO Parties No Revision.xlsx

The proposed SA parties average service lives were reprocessed through Tampa Electric's depreciation study software used in the original filing and resulted in the revised depreciation rates used in the settlement agreement.

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**TAMPA ELECTRIC COMPANY
DEPRECIATION AND DISMANTLEMENT STUDY
REVISED RATE COMPARISON**

	Revised Filing Change	Original Filing Change	Filing Reductions
2019 Depreciation Study Results			
Steam Production Plant	\$ 8,510,671	\$ 8,510,671	\$ -
Other Production Plant	16,428,656	18,609,414	(2,180,758)
Subtotal Change in Generation	\$ 24,939,327	\$ 27,120,085	\$ (2,180,758)
Transmission Plant	(2,236,190)	1,203,427	(3,439,617)
Distribution Plant	(14,439,978)	1,180,333	(15,620,311)
General Plant	(1,484,619)	95,468	(1,580,087)
Subtotal Change in Trans, Distrib & General	\$ (18,160,787)	\$ 2,479,228	\$ (20,640,015)
Dismantlement	6,828,649	6,828,649	-
Total Change in Depreciation & Dismantlement	\$ 13,607,189	\$ 36,427,962	\$ (22,820,773)

	Revised Filing Rate	Original Filing Rate	Filing Reductions
Revised Account Listing			
34199 - Solar Sites	2.9%	3.3%	(704,302)
34299 - Solar Sites	2.9%	3.3%	-
34399 - Solar Sites	2.9%	3.3%	(1,091,427)
34599 - Solar Sites	2.9%	3.3%	(385,029)
34699 - Solar Sites	2.9%	3.3%	-
Other Production Plant			\$ (2,180,758)
35500 - Poles and Fixtures	2.8%	3.6%	(2,818,751)
35600 - Overhead Conductors and Devices	2.9%	3.3%	(620,866)
Transmission Plant			\$ (3,439,617)
36400 - Poles, Towers and Fixtures	3.7%	4.4%	(2,331,135)
36500 - Overhead Conductors and Devices	2.2%	2.6%	(1,047,401)
36700 - Underground Conductors and Devices	2.3%	2.6%	(888,625)
36800 - Line Transformers	4.5%	5.3%	(5,599,897)
36900 - Overhead Services	1.9%	2.3%	(309,104)
36902 - Underground Services	2.3%	2.7%	(503,493)
37300 - Street Lighting and Signal Systems	2.8%	4.6%	(4,940,656)
Distribution Plant			\$ (15,620,311)
39000 - Structures and Improvements	1.4%	2.5%	(1,337,372)
39725 - Communication Equipment-Fiber	2.9%	3.7%	(242,715)
General Plant			\$ (1,580,087)
Revised Filing Reduction			\$ (22,820,773)

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7. Please refer to Paragraph 2(b)(vii) on page 8 of the SA.
- a. Please explain in further detail the statement, "Tampa Electric cannot double count the impact of the Trigger and the ability to achieve a higher mid-point by virtue of Paragraph 10."
 - b. Please provide an example of how the "double counting" would occur.
- A.
- a. If the trigger is executed, and the mid-point increases from 9.95 percent to 10.2 percent, the ROE floor becomes 9.25 percent and additional revenue is provided, the company cannot also attempt to exit the agreement.
 - b. Here is an example of "double counting:" The company is earning an ROE of 9.10 percent, which would be higher than the 9.00 percent floor. Subsequently, the trigger is executed. The company cannot change its ROE midpoint to 10.20 percent for regulatory purposes, increase revenue \$10 million, change the floor to 9.25 percent AND exit the agreement to initiate a new proceeding to increase ROE and revenue because 9.10 percent is below the 9.25 percent floor. If the company did that, the company would be double counting these provisions.

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- 8.** Please refer to Paragraph 2(b)(vii) on page 8 of the SA. Please explain the statement, “if application of the Trigger were to result in Tampa Electric earning below the new ROE floor, Tampa Electric must choose whether to utilize the Trigger mechanism or to avail itself of Paragraph 10 and exit the 2021 Agreement.” If the Trigger Mechanism is applied and Tampa Electric is earning below the new floor of 9.25%, can Tampa Electric request a limited proceeding or base rate increase to increase its earnings to the mid-point ROE of 10.20 during the Term of the Agreement?
- A.** No, if the company exits the 2021 Agreement as a result of falling below the ROE floor, then the implementation of a new regulated ROE and the associated revenue increase would be set in a future proceeding.

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- 9.** Please refer to Paragraph 2(b)(vii) on page 9 of the SA. Please clarify the underlined phrase in the following statement, “Since the purpose of Paragraph 11 on Tax the cost recovery revenue distribution shown on Exhibit Changes is to increase or decrease revenues to counterbalance the impact of corporate income tax rate changes, the net operating income impact of the operation of Paragraph 11 should be zero and not impact application of the Trigger.”

- A.** The statement in the 2021 Settlement Agreement re-emphasizes that the tax change provision results in a revenue increase if tax expense increases, or a revenue decrease if tax expense decreases. Thus, the net operating impact of the provision should always be zero.