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October 24, 2017

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition by Tampa Electric Company for a limited proceeding to approve 2017 Amended and Restated Stipulation and Settlement Agreement, Docket No. 20170210-EI; Tampa Electric Company's Petition for Approval of Energy Transaction Optimization Mechanism, Docket No. 20160160-EI

Dear Ms. Stauffer:

Attached are Tampa Electric Company's responses to Staff's Second Data Requests (Nos. 28-37), propounded and served by electronic mail on October 19, 2017.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
Attachment

cc:	Bill McNulty	(w/attachment)
	J. R. Kelly/Charles Rehwinkel	(w/attachment)
	Jon C. Moyle, Jr.	(w/attachment)
	Robert Scheffel Wright	(w/attachment)
	Thomas Jernigan	(w/attachment)
	Mark Sundback	(w/attachment)
	Kenneth L. Wiseman	(w/attachment)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa Electric Company for a Limited Proceeding to Approve 2017 Amended and Restated Stipulation and Settlement Agreement	**)**	**DOCKET NO. 20170210-EI**
and		
Petition by Tampa Electric Company for Approval of Energy Transaction Optimization Mechanism	**)**	**DOCKET NO. 20160160-EI**
		FILED: OCTOBER 24, 2017

TAMPA ELECTRIC COMPANY'S

ANSWERS TO SECOND DATA REQUEST (NOS. 28-37)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files its Answers to Data Request (Nos. 28-37) propounded and served on October 19, 2017 by the Florida Public Service Commission Staff.

28. IM Risk. Does the incentive mechanism expose TECO ratepayers to any risks beyond those that exist prior to the mechanism being put in place. If so, please also identify those risks and what safeguards will be put in place to mitigate such risks.

A. No. The incentive mechanism is designed to incent the company to maximize its utilization of existing assets for the benefit of customers. The company will only optimize the utilization of its assets if it is confident that it will not adversely impact its retail customers. The company will utilize safeguards that include review of transactions by middle and back office personnel as well as the risk management function to ensure that customers are protected.

29. IM Gains/Losses. For each activity the company included in the incentive mechanism, including each asset optimization activity, please describe how gains and losses are to be calculated and allocated between the ratepayers and shareholders.

A. For all new asset optimization transactions proposed for the optimization mechanism, the benefit will be calculated as the incremental revenue minus the incremental cost. Examples are provided in the following tables. The gains and losses on non-separated wholesale sales and short-term wholesale purchases will continue to be calculated and reported on Schedules A6 and A9 as they are currently. The net amount of the gains and any losses would be allocated entirely for the benefit of customers up to the $4.5 million threshold in the Settlement and then shared based on the agreed upon percentages.

Gas Storage Capacity Transaction

Description: Temporarily unused gas storage capacity is released to a counterparty for their use during a specified time period.

Example: TEC releases 10,000 mmBtu per day of storage capacity over the Thanskgiving long weekend.

Benefit			
Released Quantity		10,000	mmBtu per day
Rate	$	0.100	$/mmBtu per day
Number of Days		5	
Avoided Storage Reservation Cost	**$**	**5,000**	
Incremental Cost		0	
Gain	**$**	**5,000**	

City Gate Sale

Description: Sale of natural gas delivered to the customer's designated receipt point.

Example: Tampa Electric sells 10,000 MMBtu of gas to a neighboring utility at its FGT Interconnect.

Sell to Neighboring Utility on FGT		
Benefit		
Quantity		10,000
Posted City Gate Index Price	$	2.80
Incremental Revenue	**$**	**28,000**
Cost		
Quantity		10,000
Fuel		256
Total Quantity of Purchased Gas		10,256
FGT Zone 3 Index Price	$	2.45
FGT Usage Rate	$	0.04
Cost of Commodity	$	24,500
Cost of Fuel	$	628
Pipeline Usage	$	400
Incremental Cost	**$**	**25,528**
Gain	**$**	**2,472**

Production Area Gas Sales

Description: Buy natural gas commodity from one counterparty and re-sell it to another counterparty in the production area.

Example: Tampa Electric has FGT interstate pipeline capacity that is not needed to meet retail customer generation over a weekend. Tampa Electric buys commodity at one receipt point and re-sells that commodity at another receipt point.

Benefit			
Sell Gas in Zone 2		10,000	MMBtu
Sale Price	$	2.45	per MMBtu
Incremental Revenue	**$**	**24,500**	
Cost			
Buy Gas in Zone 1		10,000	MMBtu
Purchase Price	$	2.40	per MMBtu
Incremental Cost	**$**	**24,000**	
Gain	**$**	**500**	

Asset Management Agreement ("AMA") - Capacity Release

Description: Release interstate pipeline capacity to a third party under under an AMA arrangement in exchange for a fee.

Example: Tampa Electric releases 10,000 MMBtu of FGT interstate pipeline capacity to a third party under an Asset Management Agreement for a month in exchange for a Premium of $0.03 per MMBtu. Tampa Electric can recall the capacity when it is needed for retail load.

Benefit			
Quantity		10,000	MMBtu per Day
Rate	$	0.03	$/MMBtu per Day
Number of Days		31	
Incremental Revenue	**$**	**9,300**	
Incremental Cost	**$**	**-**	
Gain	**$**	**9,300**	

30. IM Gains/Losses. How will losses, if any, be treated under the incentive mechanism? Include in your response a discussion on whether ratepayers or shareholders would be responsible for recovery of losses.

A. Tampa Electric will execute transactions that have a projected positive benefit. This is applicable to all activities and sub-activities currently contemplated or that may arise in the future under the optimization mechanism.

The company does not expect to incur losses as a result of the optimization mechanism transactions. The results of each transaction included in the proposed optimization mechanism would be accumulated for a total, net annual benefit. The company has no incentive to, and will not, intentionally enter into transactions expected to result in a loss so the transaction can be bundled with a gain transaction. In the rare event of an unavoidable loss, it is expected that the loss would be outweighed by the cumulative benefits of other transactions. The net annual benefit inclusive of losses will be shared between customers and the company per the approved thresholds and sharing percentages.

31. IM Gains/Losses. For incentive mechanism activities that may involve transactions that must be reduced, curtailed, or eliminated in order to meet its retail customer needs, how does TECO intend to shield customers from losses on such transactions?

A. Tampa Electric will not make any asset optimization mechanism transactions until after the company’s retail customers’ needs have been satisfied. As is its current practice, Tampa Electric will perform sensitivity analyses before the transaction occurred to understand potential customer impacts that could occur in the event of supply disruption or greater than forecast peaks. In the rare event that circumstances change customers’ needs to the point that the transaction needs to be cancelled, Tampa Electric will cancel the non-firm power sale or recall the interstate pipeline capacity. These types of transactions will be executed as either non-firm or recallable so that customers are protected.

32. IM Review Period. Please explain if the incentive mechanism is intended to survive the Term of the Settlement Agreement. If so, when will it expire and when will the Commission have an opportunity to review the incentive mechanism.

A. The incentive mechanism is a four-year pilot program effective during the term of the Settlement Agreement, from January 1, 2018 through December 31, 2021. The incentive mechanism pilot program can be extended with Commission approval. The Commission will be provided annual reports of the incentive mechanism results during the term of the Settlement Agreement and can review the incentive mechanism near the end of the term, prior to any request to extend the program.

33. SoBRA. Please refer to Paragraphs 6(b), 6(c), and 6(j). Reconcile the difference between the annual Maximum Incremental SoBRA capacity and revenue requirements outlined in 6(b) and the allowance for delayed in-service dates of projects in 6(c) and unused capacity in 6(j). As part of your response, explain whether projects would be eligible for recovery under these provisions if they exceed the maximum incremental annual capacity or revenue requirement values due to a delay in in-service date or unused capacity in a later year.

A. The SoBRA provisions in 6(b), 6(c) and 6(j) are intended to set maximum levels of solar capacity and associated revenue requirements that can be built in a period. However, if the in-service date of a particular project(s) is delayed and not in service as of the cutoff date for a particular period, the company could build that project in a future period provided the total capacity built up to that point did not exceed the maximum cumulative SoBRA MW reflected on the chart in 6(b). Similarly, the maximum cumulative annualized SoBRA revenue requirements could not be exceeded due to a delay in in-service date or reduced solar capacity built in a prior period. However, the company must petition for approval for cost recovery via a SoBRA during the Term of the 2017 Settlement Agreement and any project included in a SoBRA Tranche must be fully operational and providing service no later than December 31, 2022.

34. SoBRA. Please refer to Paragraph 6(c). Please explain the relationship between a 2% variance in revenue requirements and a 5MW variance for 2019 SoBRA Tranche.

a. Please explain if the 2% variance and 5 MW variance only applies to 2018 and 2019 SoBRA Tranches.

b. Please explain if the 2% variance applies to the $1,500kWac cost cap as well.

A. a. Paragraph 6(c) is a Negotiated Term intended to specify that the two percent variance only applies to the 250 MW for the 2019 SoBRA tranche. This means, for example, that the company could construct 255 MW of solar projects in 2019 to accommodate efficient planning and construction of its planned solar projects. It is expected that a two percent increase in MW would translate to a two percent increase in revenue requirements. The two percent variance (or 5 MW) only applies to the 2019 SoBRA tranche.

b. The two percent variance does not apply to the $1,500 / kWac cost cap.

35. IM Historic Data. Please provide, in an electronic (PDF or Excel if available) format, TECO's final year-to-date Fuel Savings Schedules A6 and A9 for the years 2007 through 2017 (as available).

A. The requested information is provided in the Excel file "BS 13 Staff 2nd DR No 35.xlsx."

36. Government Impositions. Please refer to the Settlement, Pages 7-8, Paragraph 4. In part, paragraph 4 states that the Company will not seek recovery in a cost recovery clause for "costs of any type or category that have historically or traditionally been recovered in base rates, unless such costs are: (i) the direct and unavoidable result of new government impositions or requirements . . .." Is the Company aware of any new "government impositions or requirements" that are under development at this time and are likely to be considered during the term of this Agreement? If so, please provide a detailed response, citing the applicable cost recovery clause(s) that could be impacted.

A. The company is not aware of any new government impositions or requirements that are under development at this time and are likely to be considered during the term of this Agreement.

37. Depreciation Rates. TECO's Petition for Approval of Depreciation Rates for Various Accounts in Docket No. 20170198-EI is currently scheduled to be voted upon by the Commission on November 7, 2017. Please confirm that the depreciation rates resulting from the Commission's vote in Docket No. 20170198-EI, extending through the Term of the Settlement, is acceptable to the Parties of the Settlement, the language of Paragraph 8(a) of the Settlement notwithstanding.

A. Commission Staff has clarified that this question is intended to refer to Docket No. 20170182-EI. The company currently has a Petition for Approval of Depreciation Rates for Various Accounts in Docket No. 20170182-EI scheduled to be voted upon by the Commission on November 7, 2017. The company is seeking to continue applying the referenced depreciation rates in the filing to the accounts provided in the filing on an interim basis until such time as depreciation rates are examined in detail in the company's next depreciation study. As noted in the filing, the company has been applying those depreciation rates since 2011. The company has confirmed with the Consumer Parties to the Settlement that the depreciation rates resulting from the Commission's vote in Docket No. 20170182-EI extending through the Term of the Settlement is acceptable, notwithstanding the language of Paragraph 8(a) of the Settlement Agreement.

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared Carlos Aldazabal who deposed and said that he is Managing Director, Regulatory Affairs Tampa Electric Company. He prepared or assisted with Tampa Electric Company's response to Staff's Second Request for Data Requests (Nos. 28-37) to the best of his information and belief.

Dated at Tampa, Florida this 24th day of October 2017.

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Sworn to and subscribed before me this 24th day of October 2017.

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NOTARY PUBLIC STATE OF FLORIDA

Notary Public State of Florida
Paula K Brown
My Commission GG 032689
Expires 12/04/2020

My Commission expires ____________________