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Public Service Commission

March 4, 2014

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CLERK

James Beasley
J. Jeffry Wahlen
Ashley Daniels
P.O. Box 391
Tallahassee, FL 32302

STAFF'S FIRST DATA REQUEST

Re: 140032- Petition to recover capital costs of Big Bend fuel cost reduction project through the fuel cost recovery clause, by Tampa Electric Company.

Dear Mr. Beasley:

By this letter, the Commission staff requests that Tampa Electric Company (Tampa Electric or utility) provide responses to the following data requests.

1. In paragraph 4 of Tampa Electric's Petition, the Company asserts that it has looked at the price forecasts of distillate oil and natural gas into "the foreseeable future."
 - a. Please identify the forecasting models Tampa Electric relied on for natural gas, including in your response the forward curve date(s) and forecasting assumptions.
 - b. Please identify what forecasting model and forecasting assumptions Tampa Electric relies on for evaluating the future price of distillate oil.
2. What size is the existing natural gas main described in paragraph 5 of Tampa Electric's Petition? Does that main have the available capacity for supporting all four Big Bend units? Please explain your response.
3. As stated on Page 21 of Exhibit BSB-2 (the estimated Planned Outage schedule for 2014, attached to the Direct Testimony of Brian S. Buckley, filed on August 30, 2013, in Docket No. 130001-EI), Big Bend Unit 3 is scheduled to have a 10-day planned outage in November. Assuming approval of this project, please answer the following:
 - a. The November planned outage at Big Bend Unit 3 is for "Fuel System Cleanup and FGD/SCR work." Will this planned outage be extended because

of the fuel ignition conversion work? If so, please estimate the duration of the extension, and any incremental fuel costs attributable to the extension.

- b. Please describe how, or if, the fuel ignition conversion work at Big Bend Unit 3 in November, 2014 will impact the planned outages at other units in the October-December, 2014 timeframe.
4. Will the Average Net Operating Heat Rate (ANOHR or “heat rate”) at the four Big Bend units be different post-conversion when using natural gas instead of distillate oil for start-up and flame stabilization? Please explain your response.
 5. Will the Net Output Factor (NOF or “output factor”) at the four Big Bend units be different post-conversion when using natural gas instead of distillate oil for start-up and flame stabilization? Please explain your response.
 6. List any other performance-related metrics at the four Big Bend units that may be different post-conversion when using natural gas instead of distillate oil for start-up and flame stabilization? Please explain your response.
 7. Is Tampa Electric’s dispatch projection for any of the Big Bend units for the next five years affected by the proposed conversion project? Please explain your response.
 8. Please complete the table below describing Tampa Electric’s revenue requirements assuming completion of the fuel conversion project.

Year	Capital CPVRR	Fuel CPVRR	Total
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			

9. Please complete the table below describing Tampa Electric's revenue requirements without the fuel conversion project.

Year	Capital CPVRR	Fuel CPVRR	Total
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			

10. Please complete the table below describing the estimated bill impact of the fuel reduction projects.

Year	Bill Impact (\$/1,000 kWh)
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

11. Please complete the table comparing the annual energy production of Big Bend Unit 1 with and without the reduction projects.

Year	Energy Production with start-up fuel conversion (MWh)	Energy Production without start-up fuel conversion (MWh)
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

12. Please complete the table comparing the annual energy production of Big Bend Unit 2 with and without the reduction projects.

Year	Energy Production with start-up fuel conversion (MWh)	Energy Production without start-up fuel conversion (MWh)
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

13. Please complete the table comparing the annual energy production of Big Bend Unit 3 with and without the reduction projects.

Year	Energy Production with start-up fuel conversion (MWh)	Energy Production without start-up fuel conversion (MWh)
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

14. Please complete the table comparing the annual energy production of Big Bend Unit 4 with and without the reduction projects.

Year	Energy Production with start-up fuel conversion (MWh)	Energy Production without start-up fuel conversion (MWh)
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

15. Will this project reduce the fuel oil inventory or the need for fuel oil storage facilities for at the Big Bend station? Please explain your response, and include in your response information on what Tampa Electric plans to do with its current fuel oil inventory and fuel oil storage facilities.
16. Please describe any structures or equipment at the Big Bend station that will be retired post-conversion. For each item, state the approximate salvage value.

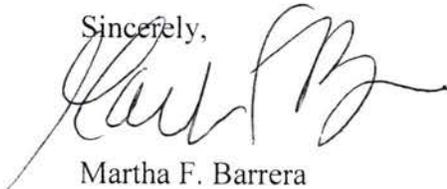
17. In paragraph 12 of Tampa Electric's Petition, the Company discusses its proposed methodology for recovering project costs. Please answer the following:
 - a) Is salvage value a component of the cost recovery projections? Why or why not? Please explain your answer.
 - b) Assuming that project costs are amortized over a five-year period (as Tampa Electric proposes), will the recoverable costs in each year of the five year period be capped at the actual fuel savings achieved in each respective year, or will a final true up analysis occur at the end of the fifth year? Please explain why Tampa Electric believes this is reasonable.
 - c) Please discuss Tampa Electric's proposed regulatory treatment of project costs including capital investment, and/or other associated costs such as fuel oil tank removal, taxes, allowance for funds used during construction (AFUDC), interest, and return on investment if actual fuel savings are less than project costs in one year of the five years.
 - d) Please discuss Tampa Electric's proposed regulatory treatment of any unrecovered regulatory asset balance that may exist after the five-year term, if any.
18. Are there any operating and maintenance (O&M) expenses included in the revenue requirement calculations? If yes, please describe.
19. Please list all non-fuel fixed and variable operating and maintenance (O&M) expenses that Tampa Electric typically identifies as base rate expenses (or currently credits against base rate revenues), if any, that will be reduced due to the conversion project and the expected reductions during the five-year period.
20. For each non-zero amount Tampa Electric includes in its response to Question 19, please state if Tampa Electric excluded the expense from its calculation of the proposed annual fuel clause recovery amount and explain why.
21. Please list all non-fuel fixed and variable O&M expenses that Tampa Electric typically identifies as an Environmental Clause expense, if any, that will be reduced due to the conversion project and the expected reductions for the five-year period.
22. For each non-zero amount Tampa Electric includes in its response to Question 21, please state if Tampa Electric includes the expense in its calculation of the proposed annual fuel clause recovery amount and explain why.

23. Please provide an example of the schedule that Tampa Electric will submit to the Commission as described in paragraph 12 of the Company's petition. Additionally, please provide sample calculations.
24. When did Tampa Electric begin the engineering and financial analysis of this project?
25. Please explain how this project will be charged to the Fuel Clause, and when the project costs will appear in the company's fuel factor as proposed by the company.
26. Paragraph 7 of the petition addresses fuel savings. Will the fuel savings be calculated using actual delivered fuel prices?
27. Please summarize the environmental benefits, if any, that would result from the proposed Big Bend Fuel Cost Reduction Project.
28. Please list the potential O&M cost saving factors, such as avoiding oil tank repairs during outages, that would result from the proposed project. Please specify whether each of these factors has been included in the fuel saving projections presented in Tampa Electric's Petition.
29. Given the volatile nature of the fuel pricing,
 - a. Will the proposed project still be cost-effective if natural gas prices are increased significantly in the near future?
 - b. What is the break-even point for the proposed project, in terms of the natural gas prices, above which the capital cost of the proposed project would not be able to fully be recovered within the cost recovery period petitioned by Tampa Electric?
30. Referring to Polk Fuel Cost Reduction Project that the Commission approved in Docket 120153-EI, does that project generate more, or less, fuel savings than the total expenditures (capital plus O&M costs) associated with the project up to the present day?
31. Refer to paragraph 4 of the Petition, please explain:
 - a. Why does Tampa Electric need to "stabilize Big Bend (BB) Units 1 through 4"?
 - b. How are BB Units 1 through 4 are currently stabilized?
 - c. What fuel does Tampa Electric use to stabilize BB Units 1 though 4 currently?
32. How many oil tanks are currently at the BB facility? How many oil tank(s) will remain in service at the BB facility after the completion of the proposed project?

33. After the completion of the proposed project, how will the Company start BB Units 1 through 4 up in case of natural gas supply disruption?
34. In terms of depreciation accounting, please provide estimates of the following that are resulted from the proposed project:
 - a. Retirement expense
 - b. Gross salvage
 - c. Cost of removal
35.
 - a. Can BB Units 1 through 4 be fired by natural gas at this time without further conversion?
 - b. If the response to the above is affirmative, what will be the efficiency of each generating unit when being fired by natural gas?
 - c. What is the current heat rate of each BB unit?

Please file the original and five copies of the requested information by Monday, March 24, 2014, with Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6212 if you have any questions.

Sincerely,



Martha F. Barrera
Senior Attorney

MFB/dml

cc: Office of Commission Clerk