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April 24, 2017

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STAFF'S FIRST DATA REQUEST
via e-mail

Paula K. Brown, Manager
Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33602
regdept@tecoenergy.com

Re: Docket No. 170073-EI – Petition for approval of revised underground residential distribution tariffs, by Tampa Electric Company.

Dear Mr. Beasley, Mr. Wahlen, and Ms. Brown:

By this letter, Commission staff respectfully requests the following information from Tampa Electric Company (TECO or the Company):

1. Please confirm whether the model low density and high density URD subdivision designs used in this docket are the same designs that were used in Docket No. 150103-EI. If applicable, please provide a detailed description of any differences (including design drawings) and include supporting documentation illustrating the impact to the “per lot” differentials caused by the design changes.
2. Paragraphs 6 and 7 of the petition state that the “per lot” differentials for the low density and high density model subdivisions are decreasing primarily because: (a) overhead costs are increasing at higher rate than underground costs, and (b) the NPV operational costs of the overhead system are increasing at a higher rate than the NPV operational costs of the underground system. Please describe generally why these circumstances are occurring.
3. Please refer to paragraph 11 of the petition, page NS 2 of Exhibit “C”, and proposed revised Tariff Sheet No. 5.515. The petition paragraph and the cost support presented on page NS 2 indicate a proposed charge of \$529.04 for the “Removal charge for overhead

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service with a service pole.” However, proposed revised Tariff Sheet No. 5.515 shows a revised charge of \$550.19. Please explain why the tariff sheet reflects a different amount than the cost support; please file an amended proposed revised tariff sheet if appropriate.

4. Please refer to pages 2, 3, 6, and 7 of Exhibit “C.” Please discuss the Company’s rationale for reducing the material handling factor from 23.38 percent to 15.31 percent.
5. Please refer to pages 2 and LD 1 of Exhibit “C.”
 - a. Please explain in greater detail regarding the changes in material costs that contributed to the 24.55 percent increase in “Primary” material costs.
 - b. Please explain in greater detail regarding the changes in TECO and contractor labor and overhead costs that contributed to the increases in “Primary” and “Poles” labor costs of 31.62 percent and 49.94 percent, respectively.
6. Please refer to pages 3 and LD 1 of Exhibit “C.” Please explain in greater detail regarding the changes in TECO and contractor labor and overhead costs that contributed to the increases in “Service” and “Service Trenching” labor costs of 13.86 percent and 11.98 percent, respectively.
7. Please refer to pages 6 and HD 1 of Exhibit “C.” Please explain in greater detail regarding the changes in TECO and contractor labor and overhead costs that contributed to the increases in “Service” and “Service Trenching” labor costs of 12.68 percent and 11.98 percent, respectively.
8. Please refer to pages 7 and HD 1 of Exhibit “C.”
 - a. Please explain in greater detail regarding the changes in material costs that contributed to the increases in “Primary” and “Poles” material costs of 23.55 percent and 14.18 percent, respectively.
 - b. Please explain in greater detail regarding the changes in TECO and contractor labor and overhead costs that contributed to the increases in “Primary” and “Poles” labor costs of 15.55 percent and 39.05 percent, respectively.
9. Please refer to page 15 of Exhibit “C” and to the table below that summarizes the changes in TECO’s “Actual Operational Distribution Expenses” for overhead and underground between 2014 (Docket No. 150103-EI) and 2016. Please describe the reasons for the changes in costs between 2014 and 2016; in particular, please discuss why the values for overhead are changing at a much greater rate than the values for underground.

	Cost Year	Overhead Expense	Underground Expense
Docket 170073-EI	2016	\$78,543,015	\$21,986,640
Docket 150103-EI	2014	\$64,205,674	\$22,001,962
Percent Change		22.33%	-0.07%

10. The following two-part question applies to all “Estimate Summary – Design Number 1” sheets presented on pages LD 9, LD 11, LD 13, LD 15, LD 17, LD 19, LD 21, LD 23, LD 25, LD 30, LD 32, LD 34, LD 36, LD 38, HD 9, HD 11, HD 13, HD 15, HD 17, HD

19, HD 21, HD 23, HD 25, HD 27, HD 29, HD 34, HD 36, HD 38, HD 40, HD 42, and HD 44 of Exhibit “C.”

- a. Please provide a detailed illustration to support the derivation of the standard labor rate of \$39.02/hr. and the standard overhead multiplier of 1.44 and discuss the relevance of these values in comparison to the work task-specific labor and overhead costs presented on Exhibit “C” pages LD 3 (for pages LD 9-25), LD 27 (for pages LD 30-38), HD 3 (for pages HD 9-29), and HD 31 (for pages HD 34-44), (hereafter referred to as lead schedules), which support the actual overhead/underground differential calculations.
- b. Please provide a general statement regarding why none of the overhead costs shown on the Estimated Summary sheets listed above in the introduction to this question match the overhead costs calculated on their associated lead schedule as listed in Part “a” to this question.

11. Please compare lead schedule page LD 3 with Estimate Summary pages LD 13 and LD 19. The table below shows possible differences in labor cost amounts associated with specific tasks as follows:

LD 3 Task Description	LD 3 Line	LD 13 Labor \$	LD 19 Labor \$
Primary conduit (material only)	8	\$4,045.18	
Secondary conduit (material only)	13		\$1,849.46

Lines 8 and 13 of page LD 3 reflect “material only” costs and do not present any labor cost information. The labor costs shown on pages LD 13 and LD 19 are associated with the indicated task descriptions on page LD 3, but these costs do not appear to be reflected anywhere on page LD 3. Please explain how the labor costs shown on pages LD 13 and LD 19 impact the overhead/underground differential calculations.

12. Please compare lead schedule page LD 27 with Estimate Summary page LD 38. Please explain why the materials cost shown on page LD 38 differs from the materials cost shown on line 14 of page LD 27.
13. Please refer to Estimate Summary pages HD 17, HD 23, and HD 27 of Exhibit “C.” Please explain why the software is generating positive values for labor and overhead costs when zero labor hours are assigned to the work task.
14. Please compare lead schedule page HD 3 with Estimate Summary page HD 25. Please explain why the labor cost shown on page HD 25 differs from the base labor cost shown on line 17 of page HD 3.
15. Please compare lead schedule page HD 3 with Estimate Summary page HD 29. Please explain why page HD 29 does not display any material and handling costs to support the material and handling costs shown on line 18 of page HD 3.
16. Please compare lead schedule page HD 31 with Estimate Summary page HD 44. Please explain why page HD 44 does not display any material and handling costs to support the material and handling costs shown on line 15 of page HD 31.

17. Please provide electronic versions of Exhibit “C” pages NS 1 through NS 4 in their native format with all cell formulas and/or links to other spreadsheets intact and unlocked.
18. Please provide electronic versions of Exhibit “C” pages OC 1 through OC 8 in their native format with all cell formulas and/or links to other spreadsheets intact and unlocked.
19. Please confirm whether TECO used the same methodology for calculating the NPV of operational costs as the methodology approved in Order No. PSC-09-0784-TRF-EI, issued November 19, 2009, in Docket No. 090164-EI. For any changes in the methodology used, please provide a detailed description of the differences and the impact of the differences on the differential calculations.
20. Please refer to pages OC 3 through OC 6 of Exhibit “C.” Please provide a mathematical illustration of how the 6.61 percent discount rate was derived and confirm whether this rate represents TECO’s after-tax cost of capital. (Note: See TECO’s response to Question 8 of Staff’s First Data Request filed in Docket No. 090164-EI.)
21. Please refer to page LA 1 of Exhibit “C.”
 - a. Please explain regarding how the Company and Contractor adders shown on page LA 1 were derived. For any spreadsheets provided, please ensure that all cell formulas are intact and unlocked.
 - b. Please provide an illustrative table comparing the rates shown on page LA 1 and the rates used by TECO in Docket No. 150103-EI, including an explanation of the drivers causing in the increases in Company and Contractor labor and overhead rates between 2014 and 2016. (Note: These increases also are alluded to on pages LD 1 and HD 1 of Exhibit “C.”)

Please file all responses electronically no later than Friday, May 12, 2017 from the Commission’s website at www.floridapsc.com, by selecting the Clerk’s Office tab and Electronic Filing Web Form. Please call me at (850) 413-6495 if you have any questions.

Thanks and regards,

/s/ Don Rome

Don Rome
Public Utility Analyst
drome@psc.state.fl.us

CDR

cc: Office of Commission Clerk