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June 1, 2017

VIA: ELECTRONIC FILING

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

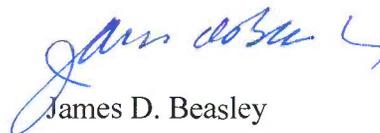
Re: Docket No. 170073-EI – Petition for approval of revised underground residential distribution tariffs, by Tampa Electric Company

Dear Ms. Stauffer:

Attached for filing in the above docket is Tampa Electric Company's Responses to Staff's Second Data Request (Nos. 1-4) dated May 18, 2017.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Attachment

cc: Don Rome (w/attachment)
Paula K. Brown (w/o attachment)

**TAMPA ELECTRIC COMPANY
DOCKET NO. 170073-EU
STAFF'S SECOND DATA REQUEST
REQUEST NO. 1
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1. Please refer to the Company's response to Question 2 of Staff's First Data Request and, in particular, to the phrase "... these cost reductions were more than offset by higher labor costs." To the extent that the higher labor costs pertain to higher costs per unit of time worked (*i.e.*, differentiated from increases in project spending such as work identified in responses to Questions 1, 2, and 5), please provide additional clarification in the following areas:
 - a. Please identify the underlying causes that contributed to the increases in hourly labor costs.
 - b. Please discuss in detail whether the labor cost increases are impacting the overhead and underground model subdivisions disproportionately.
- A.
 - a. There are a couple of causes that contributed to the increased labor costs. One is a slight increase in the hourly labor rate paid by Tampa Electric. A more significant cause of the increased labor costs was a higher percentage of contract crews doing work in 2016 compared to 2014 (this is shown in the response to Question 2). In 2016, there were a couple of big projects at one time that needed to be completed resulting in the use of more contract crews to complete the jobs. Contractor labor is higher in cost than Tampa Electric labor.
 - b. The labor costs to work overhead vs. underground is higher because more contract crews are utilized to perform overhead work. Less contract crews work on underground work. Consequently, as discussed in response to subpart (a) above, labor costs are increasing for overhead and decreasing for underground modeling.

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REQUEST NO. 2
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2. Please refer to the Company's responses to Questions 6 and 21 of Staff's First Data Request and, in particular, to the stated increase in contractor overhead rates from 21.85 percent to 34.83 percent. Please provide additional clarification by identifying and discussing the underlying causes of the increases to these adders.

A.

1		<u>2017 *</u>	<u>2015 **</u>	<u>Variance</u>
2	Contractor Cost	\$43,829,236	\$23,013,232	\$20,816,004
3	TEC Field Cost			
		22,936,596	20,326,554	2,610,042
4	TEC Admin and Management Cost			
		35,421,524	17,830,626	17,590,897
5				
6	Contractor + TEC Field Cost	\$66,765,833	\$43,339,786	\$23,426,046
7				
8	Calculation of Contractor Adder ***	<u>34.83%</u>	<u>21.85%</u>	<u>12.98%</u>
9				
10	* Three prior year total cost (2016-2014)			
11	** Two 1/2 year prior year total cost (2014-2012) - excluded costs from accounting system change 1/2 year			
12	*** (Line 4/Line 6) * (Line 2/Line 6)			

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- 3.** Please refer to the Company's response to Question 9 of Staff's First Data Request. Please provide additional clarification regarding the meaning of the phrase "... there was a decrease in underground network expense." Please include the identification of the underlying causes of the decrease(s) in expense(s) as part of the discussion.
 - A.** "Network expense" refers to work performed on Tampa Electric's underground network assets that are generally located in the downtown Tampa area. The decrease in network expense in 2016 was of the result of a significant amount of network maintenance work that was performed in 2014 that was not needed in 2016.

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4. Please refer to the Company's response to Question 19 of Staff's First Data Request. Please discuss the merits of using the three year period for averaging storm recovery costs as proposed in the instant docket versus the longer period (2004-2008 inclusive) used in Docket No. 090164-EI. Staff notes that Duke and FPL use a five year averaging period for this calculation (See Dockets 140067-EI and 140066-EI).
- A. Tampa Electric believes a three-year average is more representative of storm recovery costs than a five-year average. The most recent three-year period is more representative of current and future costs of restoration. The storm costs Tampa Electric used in previous filings was over ten years old, the three-year period selected better reflects storm activity in Tampa Electric's territory.