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August 6, 2018

VIA: ELECTRONIC FILING

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

> Re: Petition by Tampa Electric Company for a limited proceeding to approve Second
> SoBRA effective January 1, 2019; FPSC Docket No. 20180133-EI

Dear Ms. Stauffer:

Attached is Tampa Electric Company's supplemental response to Staff's First Data Request, Request No. 23, identified as Bates stamp pages 43A and 43B.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
Attachment

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23.   Please refer to the Direct Testimony of Tampa Electric Company (TECO or Company) witness R. James Rocha, page 21, lines 15-25.

   a.   Please fully explain how the Company developed the $324.9 million projected value of fuel savings presented in this section of testimony.

   b.   Please identify the source and date of TECO's fuel price forecast used in developing the Current Present Value of Revenue Requirements (CPVRR) analysis of the proposed Second Solar Base Rate Adjustment (SoBRA) Transaction.

   c.   Please identify the date, if known, of TECO's next/updated fuel price forecast that will be used for Company/business planning purposes.

   d.   Please discuss TECO's fuel forecast methodology. Please also remark on approximate the length of time TECO has employed this same or very similar fuel forecasting methodology for Company planning purposes.

   e.   Please fully explain how TECO developed the $24.8 million projected value of reduced emissions presented in this section of testimony.

   f.   Please identify the sources and dates of all environmental compliance cost related forecasts TECO used in developing its CPVRR analysis of the proposed Second SoBRA Transaction.

   g.   Please discuss TECO's environmental compliance cost related forecast methodology. Please also remark on approximate the length of a time TECO has employed this same or very similar methodology.

   h.   Please provide a detailed explanation (with specificity) of the sensitivity analyses TECO performed with regard to forecasted fuel prices and forecasted market prices for carbon dioxide (CO_2) in testing the robustness of the projected cost savings.

A.   Tampa Electric provides the following supplemental response to subpart (h).

   h.   Tampa Electric has used the same methodology to forecast fuel commodity prices for approximately ten years. The methodology is

43A

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consistent across commodities. For the base case, it uses market indicators (e.g., NYMEX futures contracts) to estimate near-term prices (one to three years). The methodology then uses a commercially available, published fuel commodity price forecast from an independent energy consulting firm (e.g., PIRA, Wood MacKenzie) for the mid-term (two to 20 years). The final long-term portion of the fuel price forecast then transitions to using an independent, longer term source for the annual price changes (e.g., EIA Long Term Energy Outlook). The source data is blended to transition between time periods. The forecast is produced early each summer to support the late-summer fuel clause actual-estimate and projection filings and is used for one year until the next official forecast is produced.

The high and low fuel forecasts are determined by transitioning from the current year base case fuel prices to the high and low fuel price sensitivities provided by PIRA for the near and mid-term pricing. For the long-term time period, the company transitions to EIA's "High Resource" (low fuel price) and "Low Resource" (high fuel price) sensitivities to extend the low and high fuel price forecasts to the end of the forecast period.

The company's purchased CO_2 cost forecast included base, high and low cases.

43B