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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

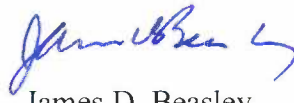
Re: Petition by Tampa Electric Company for a limited proceeding to approve Second SoBRA effective January 1, 2019; FPSC Docket No. 20180133-EI

Dear Ms. Stauffer:

Attached for filing in the above docket are Tampa Electric Company's responses to Staff's Second Data Request Nos. 27-38, dated July 23, 2018.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Attachment

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180133-EI
STAFF'S SECOND DATA REQUEST
REQUEST NO. 27
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- 27.** Referring to TECO's witness Rocha Direct Testimony, page 9, lines 17 – 21, please explain why the depreciation expense used in the calculation of Second SoBRA Revenue Requirements is deemed a "reasonable" estimate.
- A.** The detailed costs of the Second SoBRA projects are described in Mr. Ward's testimony. The cost is subject to a cap and a subsequent true-up. Tampa Electric determined that the appropriate economic life of a photovoltaic solar facility is thirty years. In addition, Tampa Electric is aware that other solar projects regulated by the FPSC have used a thirty-year book life. Future SoBRA true-up filings will capture any differences from estimated costs.

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- 28.** Please refer to witness Rocha's Direct Testimony, Exhibit RJR-1, Document 3, for the following questions:
- a. Referring to page 1 of Document 3, please specify, respectively, the depreciation expense amounts included in the Revenue Requirement for each of the five projects, as well as in total, of TECO's Second SoBRA.
 - b. Referring to page 1 of Document 3, please identify the following that were used in deriving the depreciation expense amount discussed in Question (a): i) average service life, ii) plant-in-service amount each month and; iii) depreciation rate(s) used with specification of Commission order(s) by which the rate(s) was/were approved.
 - c. Referring to page 1 of Document 3, please explain in detail how each depreciation expense amount discussed in Question (a) was derived.
 - d. Please provide working papers in Microsoft Excel, with formulas intact, to support TECO's response to Interrogatory No. 2.(c).
 - e. Please explain how the schedule presented on page 2 of Document 3 was derived from the schedule presented on page 1 of Document 3.
- A.**
- a. Book depreciation for Lithia Solar is \$3.3 million, Grange Hall Solar is \$2.6 million, Peace Creek Solar is \$2.4 million, Bonnie Mine Solar is \$1.7 million, and Lake Hancock Solar is \$1.4 million for a total of \$11.343 million in annual book depreciation for the Second SoBRA shown on Exhibit No. RJR-1, page 1 of Document No. 3.
 - b. The company uses a thirty-year book life, with straight line depreciation for tracking photovoltaic solar facilities. The in-service date of January 1, 2019 used in Document 3, page 1, includes 260.3 MW_{AC} of solar in-service on the same date.
 - c. In the Excel file referred to in the company's response to Data Request No. 28(d), these project costs include AFUDC and are shown in cells E3 through E25. The useful life of the solar asset is listed as the book life shown on row 31 as thirty years. Annual book depreciation is 1/30th of the capital and AFUDC cost of the

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depreciable assets. By adding the book depreciation for Lithia Solar, Grange Hall Solar, Peace Creek Solar, Bonnie Mine Solar and Lake Hancock Solar, the Second SoBRA book depreciation is \$11.343 million.

- d. The Excel file titled "20180133 Staff's 2nd Data Request.xlsx" tab "Q28" provides the calculation of the revenue requirement for the Second SoBRA without the incentive.
- e. The difference between Exhibit No. RJR-1, Document No. 3, Page 1 and Page 2, is the incentive, or sharing mechanism.

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- 29.** Referring to witness Rocha Direct Testimony, page 15, lines 23 – 24, for the following questions:
- a. Please explain in detail how the referenced “book depreciation” was calculated, and specify the associated depreciation rate, average service life, and the plant-in-service amounts used in calculation.
 - b. Please provide working papers in Microsoft Excel, with formulas intact, to support TECO’s response to Interrogatory No. 3.(a).
 - c. Please identify the amount of annual “book depreciation” witness Rocha derived.
- A.**
- a. The associated depreciation rate and average service life is as described in the response to Staff’s Second Data Request, No. 27. Tampa Electric provided an Excel file labeled “20180133 Staff’s 1st Data Request W Formulas Provided 08032018.xlsx” on August 3, 2018, as part of the response to Staff’s First Data Request, No. 1. Tab “Q1” of that file provides the plant in-service amounts, with incentive, at cells E3 through E25.
 - b. Tampa Electric provided an Excel file labeled “20180133 Staff’s 2nd Data Request.xlsx” as part of the response to Staff’s Second Data Request, No. 28. Tab “Q28” of that file provides the plant in-service amounts, without incentive. Also see the response to Staff’s Second Data Request, No. 29, subpart (a).
 - c. With incentive, the annual book depreciation is \$11.396 million.

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- 30.** Please refer to witness Rocha Direct Testimony, page 16, lines 4 – 10, and page 20, lines 16 – 19, for the following questions:
- a. Does TECO plan to recover its solar generation costs in excess of the Second SoBRA? (The excess costs are the expense amounts associated with constructing 278 MW – 260.3 MW = 17.7 MW solar generation)
 - b. If TECO's response to Question 4 (a) is positive, please discuss when and how TECO is planning to do so and how such plan comports with the 2017 Agreement.
 - c. With respect to the recovery of solar generation capital investment through depreciation, please explain how TECO will book the plant assets associated with the 260.3 MW (recoverable for the Second SoBRA) and 17.7 MW (non-recoverable for the Second SoBRA) solar facilities separately onto a same set of affected depreciation accounts.
- A.**
- a. In accordance with Tampa Electric's 2017 Settlement agreement, the company will not recover these revenue requirements in the Second SoBRA but will include the costs of the 17.7 MW of solar generation in surveillance reporting.
 - b. At the time that the company submits its petition for its third tranche of solar projects it would include the depreciated net book value of the 17.7 MW. Since the MW amounts of solar generation to be included in the company's SoBRA are limited in accordance with Paragraph 6(b) of the 2017 Agreement, the company would pass the fuel benefits to customers and defer the recovery of costs until allowed to do so in accordance with Paragraph 6(b) of the 2017 Agreement. Information has already been provided to demonstrate the 17.7 MW are cost-effective and below the \$1,500 per kWac cost cap requirement in the agreement.
 - c. When the asset goes into service, the total amount will be included in the depreciable base for the various solar accounts. Tampa Electric will be able to separately identify the depreciation for the additional 17.7 MW of solar generation when the Third SoBRA filing is submitted.

For all questions and requests please refer to the direct testimony of witness Rocha, exhibit RJR-1, Document 1 of the instant docket, the direct testimony of witness Rocha, exhibit RJR-1, in TECO's previous petition for SoBRA (docket No. 20180260-EI), and TECO's 2018 Ten Year Site Plan (TYSP):

- 31.** The energy forecast in Exhibit RJR-1, Document 1 of the instant docket shows a projected decrease from 2018 (20,588 GWh) to 2019 (20,445 GWh). No other decreases appear from 2020 through 2048. What are the reasons for this decrease?
- A.** The company updated its demand and energy forecast after the TYSP filing. The updated energy forecast shown on Exhibit No. RJR-1, Document No. 1, of witness Rocha's testimony includes actual data from the first quarter of 2018. In the first quarter of 2018, Tampa Electric experienced favorable weather in January and February, resulting in an overall higher energy forecast for 2018 when compared to 2019. Otherwise, the Tampa Electric forecast is based on a normal weather pattern.

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- 32.** Does the energy forecast in Exhibit RJR-1, Document 1 of the instant docket represent TECO's most current forecast?
- A.** Yes. The energy forecast in Exhibit No. RJR-1, Document No. 1 represents Tampa Electric's most current energy forecast.

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- 33.** Why does TECO's energy forecast, as shown in Exhibit RJR-1, Document 1 exceed the forecast in the its 2018 TYSP, Schedule 2.2, Column (8), for each year through 2027?
- A.** As explained in the company's response to Staff's Second Data Request, No. 31, the company updated its demand and energy forecast after the TYSP filing. In addition, the forecast shown in Exhibit No. RJR-1, Document No. 1 is higher than the TYSP, Schedule 2.2, Column (8), because it includes losses and company use.

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- 34.** The peak summer and winter demand forecasts shown in Exhibit RJR-1, Document 1 differ from the forecasts of summer and winter peak demand shown in Schedules 3.1 and 3.2, total peak demand, column (2) and Net Firm Demand, column (10), of TECO's 2018 TYSP. What are the reasons for these differences?
- A.** As explained in the company's response to Staff's Second Data Request, No. 31, the company updated its demand and energy forecast after the TYSP filing.

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35. Please clarify whether the 2018 winter demand forecast in Exhibit RJR-1, Document 1, of 4,044 MW corresponds to the 2017/18 or 2018/19 forecast in Schedule 3.2 of the 2018 TYSP. If the answer is 2017/2018, does the entry represent the actual winter demand for 2018?

A. The 2018 winter demand forecast in Exhibit No. RJR-1, Document No. 1, of 4,044 MW corresponds to the winter period December 2017 through March 2018. The 2018 entry is the actual peak demand from January of 2018.

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- 36.** On what date did the energy forecast in Exhibit RJR-1, Document 1 become TECO's official forecast?
- A.** The energy forecast shown in Exhibit No. RJR-1, Document No. 1 was approved in June of 2018. It is standard practice for Tampa Electric to update its inputs prior to the fuel filing every year.

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- 37.** What is the date of the next expected revision to TECO's energy forecast?
- A.** The energy forecast is updated annually and is typically completed in June of each year.

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38. Please reconcile the energy forecast in Exhibit RJR-1 with the billing determinants in the rates schedules contained in witness Ashburn's exhibit WRA-1, Document 2, Schedule E-13c, including all relevant worksheets.
- A. Exhibit No. RJR-1, Document No. 1, page 1 of 1, shows demand or energy values. The demand values shown are coincident peak demands in MW for the summer and winter periods. The billing determinants used in witness Ashburn's Exhibit No. WRA-1, Document No. 2, Schedule E-13c, are not coincident peak demands, but rather billing demands. The energy values shown in witness Rocha's exhibit are total system energy at the generator level. The energy billing determinants used in witness Ashburn's exhibit are billed energy at the meter.