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April 23, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

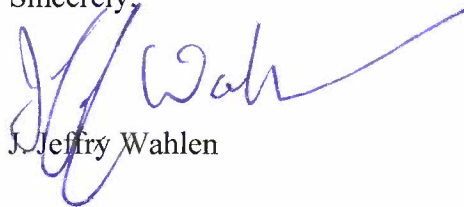
Re: Petition by Tampa Electric Company for Approval of Commencement Date for Depreciation of AMI Program Assets

Dear Mr. Teitzman:

Attached for filing in the above-styled matter is Tampa Electric Company's Petition for Approval of Commencement Date for Depreciation of AMI Program Assets.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/ne
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa Electric Company) DOCKET NO. 2019 _____-EI
for Approval of Commencement Date for)
Depreciation of AMI Program Assets) FILED: April 23, 2019
_____)

**TAMPA ELECTRIC COMPANY’S PETITION
FOR APPROVAL OF COMMENCEMENT DATE
FOR DEPRECIATION OF AMI PROGRAM ASSETS**

Tampa Electric Company (“Tampa Electric” or “the company”), hereby petitions the Florida Public Service Commission (“the Commission”) for approval of January 1, 2022 as the commencement date for recording depreciation expense on the assets comprising the company’s advanced metering infrastructure (“AMI”) program, and as grounds therefore says:

BACKGROUND

Tampa Electric is in the process of replacing its system-wide fleet of automatic meter reading (“AMR”) meters and associated infrastructure with state-of-the-art AMI metering infrastructure. The replacement of the company’s AMR metering system with a new, fully-functional AMI system will bring many new customer benefits and company efficiencies to Tampa Electric’s service area in January 2022.

The AMI upgrade process began in 2018 and is on a timeline for all AMI meter installations to be completed by year-end 2021. A key aspect of the project will be the implementation of full AMI functionality, currently targeted for January 1, 2022. While other utilities have implemented AMI differently, Tampa Electric’s AMI meters will not be fully functional until they are installed at customer premises and the company’s AMI back-office functionality and communication systems become fully operational. Although AMI meters will be installed on a phased-in basis

between now and December 2021, none of the AMI meters will become fully functional until the back-office and communication systems are complete, which is expected to be January 1, 2022.

Once AMI meters have been installed and the back-office and communications systems are in service, the new AMI metering system will be fully operational and will give Tampa Electric's customers a broad range of new benefits including new customer programs, customer service tools, the ability for the company to remotely connect and disconnect service, and significantly increase customer access to information regarding their energy usage. For the first time, the new AMI system will also give Tampa Electric the ability to provide its customers with advanced outage management ability, enabling the company to automatically detect service outages and verify service restoration through real time notifications, as well as other new on-line capabilities to better serve its customers' needs.

In this petition, Tampa Electric seeks Commission approval to commence recording depreciation of its new AMI program assets on or about January 1, 2022, commensurate with the in-service date on which the program becomes fully functional and capable of providing the significant new benefits for which it was designed and is being installed. The company also requests that the Commission acknowledge that the company should continue to depreciate its AMR meters until it begins recording depreciation expense on its AMI meters, which the company believes is consistent with the company's 2017 Agreement, which was approved by Order No. PSC-2017-0456-S-EI issued November 27, 2017 in Docket Nos. 20170210-EI- and 2016160-EI ("2017 Agreement").

I. Preliminary Information

1. The Petitioner's name and address are:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

2. Any pleading, motion, notice, order or other document required to be served upon

Tampa Electric or filed by any party to this proceeding shall be served upon the following individuals:

James D. Beasley
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J. Jeffry Wahlen
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Paula K. Brown
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Tampa Electric Company
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3. Tampa Electric, the Petitioner, is an investor-owned electric utility regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly-owned subsidiary of TECO Energy, Inc., which is a wholly-owned subsidiary of Emera, Inc. The company's principal place of business is located at: 702 North Franklin Street, Tampa, Florida 33602.

4. Tampa Electric serves more than 750,000 retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida.

5. This Petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the Petitioner is not responding to any proposed agency action.

II. Depreciation of AMR Meters

6. Tampa Electric follows Section 25-6.0142, Florida Administrative Code (Uniform Retirement Units for Electric Utilities), for its AMR meters. This rule prescribes a cradle-to-grave accounting method for meters. Cradle-to-grave accounting is “an accounting method which treats a unit of plant as being in service from the time it is first purchased until it is finally junked or disposed of in another manner.” The date for beginning to record depreciation expense for AMR and the company’s proposal for its AMI system are different, because the technology and the company’s manner of implementing AMI are different.

7. The company began recording book depreciation expense on its AMR meters when they were purchased. This approach was appropriate under the cradle-to-grave method, because AMR meters were essentially ready to be installed and available for their intended purpose immediately upon purchase and did not require special back-office and communications systems. The company also began recording depreciation for tax purposes when AMR meters were purchased consistent with IRS Reg. Sec. 1.167 (a) – (11) (e) (1), which specifies that an asset is placed in service for tax depreciation purposes when it is “first placed in a condition or state of readiness and availability for a specifically assigned function.”

8. Absent an agreement or order to the contrary, the company would stop recording depreciation expense on AMR meters and retire the assets when the meters are removed from a customer’s premise. However, the parties to the 2017 Agreement anticipated that the company would be installing AMI meters during the term of the agreement and included specific language to govern treatment of the AMR meters. Paragraph 8 of the 2017 Agreement states: “If the company installs Automated Meter Infrastructure (“AMI”) meters and retires Automated Meter Reading (“AMR”) meters during the Term, such assets will continue to be depreciated using their

then existing depreciation rates and special capital recovery issues will be addressed in conjunction with the company's next depreciation study." Consequently, the company requests that the Commission acknowledge that the company can and should continue recording depreciation expense using the current depreciation rate for AMR meters until the new AMI system is installed and fully functional on January 1, 2022.

III. Depreciation of AMI Meters

9. Under the AMI replacement program, Tampa Electric is purchasing the AMI meters in bulk at an accelerated rate to receive significant cost savings. Due to the timing of AMI meter purchases and the implementation of the program, Tampa Electric is pre-capitalizing more of the meter purchases than it ordinarily would during a normal deployment/maintenance schedule. The company does not believe that it should begin recording depreciation expense on new AMI meters when they are purchased, because new AMI meters cannot provide their full range of functionality until the necessary software infrastructure that supports the digital meters is installed.

10. Tampa Electric has developed an innovative deployment approach for AMI. Typical AMI deployments perform the back-office system integrations first and then deploy the meter populations. This project decoupled the back-office integration work and meter deployment such that both activities are proceeding concurrently. This allows Tampa Electric to significantly lower risk on the project as the AMI meters can provide the information necessary to generate customer bills without activating their full functionality. Once all the back-office and communications systems are operational, the company will integrate the installed AMI meters with the back-office and communications systems and the complete AMI system will have the full functionality that AMI meters were designed to provide. During the transition period when some, but not all, AMR meters have been replaced by AMI meters, the new AMI meters will be

performing the same basic meter measurement and reading functions performed by AMR meters. This implementation approach will allow the company to test the AMI meters and communications infrastructure upon installation to ensure customer information is accurate, collected in a timely manner and appropriately protected, and will reduce overall risk of errors for the company and its customers.

11. The back-office and communications systems referred to above consist of: (a) the head end which will allow the monitoring and control of the meters remotely through a user interface; (b) field network controllers which allow for the control and monitoring of the CGR collection devices; (c) meter data management systems which allows for the collection storage and validation of the data; and (d) billing and support systems. The company anticipates that all of these systems will be integrated, tested and ready for service on or before January 1, 2022.

12. Once that occurs, the company will integrate AMI meters with the back-office and communications systems on a phased basis by sectors within its territory. This full integration will make full AMI functionality available to customers, including automated reconnect/disconnect, automated remote meter pinging, outage notification, on demand meter readings and customer visibility into interval usage.

13. Based on this implementation plan, the new AMI program assets will be first placed in a condition or state of readiness and availability to provide their specifically assigned functions as specified in Rule 25-6.0142, Florida Administrative Code, on or about January 1, 2022.¹ Prior to that time, the new AMI meters installed to replace old AMR meters will not provide any

¹ On the balance sheet side, the company proposes to classify AMI meters installed at customer locations as construction work in progress until the overall AMI project is complete and full AMI functionality is available to customers, which is projected to be January 1, 2022, at which time the AMI assets in CWIP will be reclassified as electric plant in service and depreciation expense will commence.

incremental benefits or additional functionality relative to old AMR meters; the AMI meters will just do what the AMR meters were doing before they were replaced.

14. The approach to recording depreciation expense on AMR and AMI meters as described herein reflects an expense recognition approach that matches the actual intended benefits of the AMI project to the company's customers. Commencing depreciation expense for the AMI meters on January 1, 2022, upon full implementation of the AMI project, also avoids a piecemeal approach of recording the depreciation on meters. The company believes this is also consistent with prior Commission policy of assigning costs to the customers benefitting from the product or service provided in order to avoid intergenerational inequities.

15. This petition does not seek a depreciation rate change for AMI and does not seek a special capital recovery schedule for AMR meters; therefore, this Petition is consistent with paragraph 8 of the Company's 2017 Agreement.

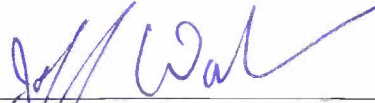
16. Tampa Electric is not aware of any disputed issues of material fact concerning the matters set forth, or the relief requested in this petition.

17. Based on the foregoing, the company should continue recording depreciation expense on its existing AMR meters until December 31, 2021 and January 1, 2022 is the appropriate date upon which to commence recording depreciation on Tampa Electric's new AMI metering system.

WHEREFORE, Tampa Electric respectfully requests Commission acknowledgement that the company should continue recording depreciation expense on its existing AMR meters until December 31, 2021 and approval of January 1, 2022 as the appropriate date for the company to begin recording depreciation of the assets comprising its new AMI metering system.

DATED this 23rd day of April, 2019.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Wahlen", is written over a horizontal line.

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