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March 11, 2019

VIA: ELECTRONIC MAIL


Ms. Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

Re: Petition for recovery of costs associated with named tropical systems during the 2015, 2016 and 2017 hurricane seasons and replenishment of storm reserve subject to final true-up, by Tampa Electric Company
FPSC Docket No. 20170271-EI

Dear Ms. Christensen:

Attached are Tampa Electric Company's answers to OPC's Eighth Set of Interrogatories (Nos. 110-114), propounded and served by electronic mail on February 22, 2019.

Sincerely,


James D. Beasley

JDB/pp
Attachment

cc: All parties of record (w/attachment)

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March 11, 2019

VIA: ELECTRONIC FILING

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

Re: Petition for recovery of costs associated with named tropical systems during the 2015, 2016 and 2017 hurricane seasons and replenishment of storm reserve subject to final true-up, by Tampa Electric Company
FPSC Docket No. 20170271-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Notice of Service of Answers to the Eighth Set of Interrogatories (Nos. 110-114) of the Citizens of the State of Florida, propounded and served by electronic mail on February 22, 2019.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

cc: All parties of record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for recovery of cost associated)
with named tropical systems during the)
2015, 2016 and 2017 hurricane seasons and)
replenishment of storm reserve subject to)
final true-up, by Tampa Electric Company.)
_____)

DOCKET NO. 20170271-EI

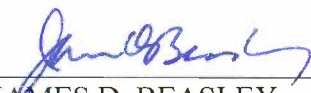
FILED: March 11, 2019

**TAMPA ELECTRIC COMPANY'S NOTICE OF SERVICE OF ANSWERS
TO EIGHTH SET OF INTERROGATORIES (NOS. 110-114)
OF THE CITIZENS OF THE STATE OF FLORIDA**

Tampa Electric Company has this date furnished by electronic delivery to Patricia A. Christensen, Associate Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400, its Answers to the Citizens of the State of Florida's Eighth Set of Interrogatories (Nos. 110-114), propounded and served by electronic mail on February 22, 2019.

DATED this 11th day of March 2019.

Respectfully submitted,



JAMES D. BEASLEY
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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 11th day of March 2019 to the following:

Ms. Suzanne Brownless
Ms. Johana Nieves
Mr. Kurt Schrader
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us
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Office of Public Counsel
J. R. Kelly
Public Counsel
Patricia A. Christensen
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The Florida Industrial Power Users Group
Jon C. Moyle, Jr.
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Florida Retail Federation
Mr. Robert Scheffel Wright
Mr. John T. LaVia, III
Gardner, Bist, Bowden, Bush, Dee,
LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308
Schef@gbwlegal.com
Jlavia@gbwlegal.com



ATTORNEY

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for recovery of costs associated
with named tropical systems during the 2015,)
2016, and 2017 hurricane seasons and)
replenishment of storm reserve subject to)
final true-up, Tampa Electric Company.)

DOCKET NO. 20170271-EI
FILED: March 11, 2019

TAMPA ELECTRIC COMPANY'S
ANSWERS TO EIGHTH SET OF INTERROGATORIES (NOS. 110 - 114)
OF
OFFICE OF PUBLIC COUNSEL

Tampa Electric files this its Answers to Interrogatories (Nos. 110 - 114) propounded and served on February 22, 2019 by the Office of Public Counsel.

TAMPA ELECTRIC COMPANY
DOCKET NO. 20170271-EI
INDEX TO OPC'S EIGHTH SET OF INTERROGATORIES (NOS. 110 – 114)

<u>Number</u>	<u>Witness</u>	<u>Subject</u>	<u>Bates Stamped Page</u>
110	Chronister	Capitalization. Refer to Rule 25-6.0143, Florida Administrative Code ("F.A.C.") and Accounting Standards Codification ("ASC") 980. Specifically identify the section(s) of ASC 980 that would allow a utility to capitalize storm restoration costs at a cost based on normal cost absent a storm, as opposed to recognizing the actual costs incurred during the storm restoration process.	1
111	Chronister	Capitalization. Refer to Rule 25-6.0143, Florida Administrative Code ("F .A.C. ") and Accounting Standards Codification 980. Specifically identify the section(s) of ASC 980 that would allow for a utility to capitalize plant or facilities by using a method other than actual cost.	2
112	Chronister	Payroll. Refer to Rule 25-6.0143(f)(l), Florida Administrative Code ("F.A.C.") and Accounting Standards Codification 980. Specifically identify the section(s) of ASC 980 that would allow a utility to use a method of determining whether payroll is incremental or non-incremental based on a methodology (i.e. using budget or historical dollars) different from the method referenced in the Rule, (i.e., what is included in base rates).	3
113	Chronister	Payroll. Refer to Rule 25-6.0143(£)(1), Florida Administrative Code ("F.A.C."). Does the company agree that the term "base rate recoverable" means the amount of payroll cost that was included in base rates when rates were last established? If no, provide the definition the company uses for the term "base rate recoverable" and identify any final order that would support the company's definition.	4

114	Chronister	Storm Costs. Refer to Rule 25-6.0143, Florida Administrative Code ("F.A.C."). Identify the particular costs that can be determined to be "incremental" using budgeted costs under the Rule, and site for each respective cost a reference to the section of the Rule on which you relied.	6
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Jeff Chronister
Controller, Accounting

Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170271-EI
OPC'S EIGHTH SET OF
INTERROGATORIES
INTERROGATORY NO. 110
PAGE 1 OF 1
FILED: MARCH 11, 2019**

110. Capitalization. Refer to Rule 25-6.0143, Florida Administrative Code ("F.A.C.") and Accounting Standards Codification ("ASC") 980. Specifically identify the section(s) of ASC 980 that would allow a utility to capitalize storm restoration costs at a cost based on normal cost absent a storm, as opposed to recognizing the actual costs incurred during the storm restoration process.

A. Accounting Standards Codification ("ASC") 980 provides guidance that only incurred costs resulting from past events, transactions or loss that are probable of recovery through rates can be capitalized.

Specifically, ASC 980-340-25-1 states:

"Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:

- a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
- b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date."

In addition, Rule 25-6.0143(d), F.A.C. states that capital expenditures charged to cover storm related damages shall exclude normal costs for expenditures in the absence of a storm.

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OPC'S EIGHTH SET OF
INTERROGATORIES
INTERROGATORY NO. 111
PAGE 1 OF 1
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- 111.** Capitalization. Refer to Rule 25-6.0143, Florida Administrative Code ("F.A.C.") and Accounting Standards Codification 980. Specifically identify the section(s) of ASC 980 that would allow for a utility to capitalize plant or facilities by using a method other than actual cost.
- A.** In accordance with the referenced ASC 980-340-25-1 in Response No. 110 of this set, ASC 980 does not provide specific guidance or methods around estimating costs. Tampa Electric's interpretation of this accounting standard is that an entity can capitalize all or part of an incurred cost that would otherwise be charged to expense if it is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for ratemaking and that future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs.

**TAMPA ELECTRIC COMPANY
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OPC'S EIGHTH SET OF
INTERROGATORIES
INTERROGATORY NO. 112
PAGE 1 OF 1
FILED: MARCH 11, 2019**

- 112.** Payroll. Refer to Rule 25-6.0143(f)(l), Florida Administrative Code ("F.A.C.") and Accounting Standards Codification 980. Specifically identify the section(s) of ASC 980 that would allow a utility to use a method of determining whether payroll is incremental or non-incremental based on a methodology (i.e. using budget or historical dollars) different from the method referenced in the Rule, (i.e., what is included in base rates).
- A.** Rule 25-6.0143(e)(1) F.A.C. allows storm costs to be charged to the reserve under the Incremental Cost and Capitalization Approach ("ICCA") method for overtime payroll and payroll related costs for utility personnel in storm restoration activities. ASC 980-710 Compensation-general does not provide specific guidance or methods around determining whether payroll is incremental or non-incremental.

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DOCKET NO. 20170271-EI
OPC'S EIGHTH SET OF
INTERROGATORIES
INTERROGATORY NO. 113
PAGE 1 OF 2
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113. Payroll. Refer to Rule 25-6.0143(f)(1), Florida Administrative Code ("F.A.C."). Does the company agree that the term "base rate recoverable" means the amount of payroll cost that was included in base rates when rates were last established? If no, provide the definition the company uses for the term "base rate recoverable" and identify any final order that would support the company's definition.

- A.** No, base rate recoverable does not generally mean the amount of payroll costs that were included in base rates back when rates were last established. Determining the amount of payroll costs that were included in base rates when rates were last established would be virtually impossible because of the following
1. Both of the company's last rate cases were resolved by settlements that did not specifically identify the amount of payroll costs recovered in the agreed-to rates.
 2. As part of the settlements or subsequent settlements, the company has implemented one generation base rate adjustment and two solar base rate adjustments, none of which separately identified the amount of payroll costs recovered in base rates.

In addition, the company proposed a monthly storm cost accrual in its 2008 rate case, but that proposal was rejected in favor of a post-storm surcharge methodology. Because the parties rejected a monthly accrual for storm costs and opted for post-storm surcharges, it logically follows that none of the labor included in the base rates resulting from any of the last settlements or base rate adjustments specifically relate to storm cost recovery functions.

The company believes that whether payroll costs are "base rate recoverable" primarily relates to the type of payroll cost incurred, not the amount, and included the following three types of internal labor costs in the costs to be recovered in this docket.

1. Labor costs for persons employed by an affiliate who do not ordinarily work for Tampa Electric, but helped on storm recovery activities. These people do not ordinarily charge any of their labor to Tampa Electric, but helped on storm recovery, so those costs are not "base rate recoverable" and was considered an incremental storm cost.
2. Labor costs for persons who ordinarily charge their time to a cost recovery clause, but who helped on storm recovery. These people do not ordinarily charge any of their labor to Tampa Electric, but helped on storm recovery,

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170271-EI
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so the cost of their labor is not "base rate recoverable" and was considered an incremental storm cost.

3. Labor associated with persons employed by the company, the costs of which are included in the calculation of regulated earnings each month. Whether the labor costs for those persons are considered "base rate recoverable" and how much should be included in an incremental cost analysis depends on whether the person who worked on storm recovery activities was paid on an hourly or salaried basis. The base salary amount for salaried persons working on storm cost recovery is base rate recoverable and was not included in the incremental cost analysis in this docket. Since the ordinary duties of this class of employees do not include storm cost recovery and many of them worked far in excess of a normal 40 hour or so week, amounts paid to these employees as overtime is not base rate recoverable and was included as an incremental cost for recovery in this docket.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20170271-EI
OPC'S EIGHTH SET OF
INTERROGATORIES
INTERROGATORY NO. 114
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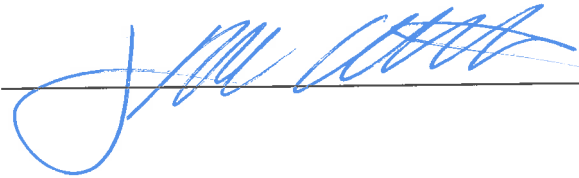
- 114.** Storm Costs. Refer to Rule 25-6.0143, Florida Administrative Code ("F.A.C."). Identify the particular costs that can be determined to be "incremental" using budgeted costs under the Rule, and site for each respective cost a reference to the section of the Rule on which you relied.
- A.** Rule 25-6.0143(f)(7), F.A.C. states that utility call center and customer service costs are prohibited from being charged against the reserve under the ICCA methodology, except for non-budgeted overtime or other non-budgeted incremental costs associated with the storm event.

A F F I D A V I T

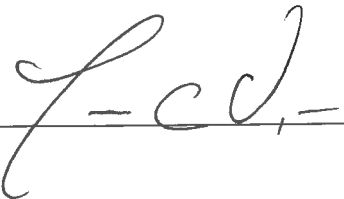
STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared, Jeffrey Chronister who deposed and said that he is a Vice President, Finance, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to OPC's Eighth Set of Interrogatories, (Nos. 110 - 114) prepared or assisted with the responses to these interrogatories to the best of his information and belief.

Dated at Tampa, Florida this 8 day of March, 2019.



Sworn to and subscribed before me this 8th day of March, 2019.



My Commission expires _____

