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May 4, 2020

VIA: ELECTRONIC FILING

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


Re: Dkt. No. 20200116-EU: Joint petition for approval of extension of territorial agreement and first amendment to territorial agreement, by Tampa Electric Company and Sumter Electric Cooperative, Inc.

Dear Mr. Teitzman:

Enclosed are Tampa Electric Company and Sumter Electric Cooperative, Inc.'s joint responses to Staff's First Data Request (No. 1), as requested on April 21, 2020.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/bmp
Enclosure

cc: Paula K. Brown (w/enc.)
Scott A. Gerken (w/enc.)
Floyd R. Self (w/enc.)
Kevin M. Stone (w/enc.)
Corey Hampson (w/enc.)

Tampa Electric and SECO Joint response

1. Please refer to revised Section 2.4 of the Tampa Electric and SECO Territorial Agreement, titled Purchase of Facilities, for the following questions:
 - a. The revision proposes to utilize TECO's depreciation rate as the standard for each during asset transfers. Have there been any issues that have highlighted the need to standardize depreciation rates? Please explain.
 - b. Please explain how the Parties decided to use Tampa Electric's depreciation rate as the standard for asset transfers.

- A.
 - a. SECO's accounting standards are governed by the U.S. Department of Agriculture ("USDA") - Rural Utility Services ("RUS") and require that SECO use a 30-year deprecation schedule for all distribution class capital assets. Tampa Electric uses a depreciation rate approved by the FPSC with a variety of rates depending on the specific asset. In the event facilities are exchanged, and to ensure an equitable calculation of value for "identical" facilities, it is necessary to use the same depreciation rate for both utilities.
 - b. Since Tampa Electric's depreciation rates are approved by the FPSC, and to avoid confusion, the parties agreed to use Tampa Electric's approved rates.