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June 1, 2012

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James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302

STAFF'S FIRST DATA REQUEST TO
TAMPA ELECTRIC COMPANY

RE: Docket No. 120153-EI - Petition to recover capital costs of Polk Fuel Cost Reduction Project through the Fuel Cost Recovery Clause, by Tampa Electric Company.

Dear Mr. Beasley

By this letter, the Commission staff requests that Tampa Electric Company (TECO or utility) provide responses to the following data requests.

1. In paragraph 4 of TECO's Petition, the Company asserts that it has looked at the price forecast of natural gas into "the foreseeable future." Please identify the forecasting models TECO relied on to assess this, including in your response the forward curve date(s) and forecasting assumptions.
2. Please identify what forecasting model and forecasting assumptions TECO used in evaluating the future price of distillate oil.
3. Please identify what forecasting model and forecasting assumptions TECO used in evaluating the future price of propane.
4. In paragraph 6 of TECO's Petition, the Company asserts that the total capital cost for this project is "approximately \$14.8 million." Although TECO is requesting cost recovery of this capital project through the fuel cost recovery clause (fuel clause), how are capital projects ordinarily recovered?
5. In paragraph 12 of TECO's Petition, the Company asserts that the in service date is projected to be May 2013. Will this project be addressed in TECO's fuel Projection filing due in September 2012, or in a True-up filing for 2013? Please explain your response.

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6. Applying the formula for Average Net Operating Heat Rate (ANOHR) in TECO's Generating Performance Incentive Factor Implementation Manual (GPIF Manual), what monthly ANOHR is estimated for Polk Unit 1 from January 2013 through December 2017?
7. Applying the formula for Net Output Factor (NOF) in TECO's GPIF Manual, what monthly NOF is estimated for Polk Unit 1 from January 2013 through December 2017?
8. Please provide an example of the schedule that TECO will submit to the Commission as described in paragraph 11 of the Company's petition. Additionally, please provide sample calculations.
9. Will the schedule described in paragraph 11 be provided for each individual component? If not, explain what level of detail will be provided and why a component-level of detail does not need to be provided.
10. Paragraphs 5 and 6 of TECO's petition indicate that the first three components of the overall project involve costs of approximately \$1.3 million, and the fourth component is estimated to cost \$13.5 million. Please show the breakdown of the project activities and costs included in each of the four components.
11. Please complete the table below describing TECO's revenue requirements assuming completion of the fuel reduction project.

Year	Capital CPVRR	Fuel CPVRR	Total
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

12. Please complete the table below describing TECO's revenue requirements without the fuel reduction project.

Year	Capital CPVRR	Fuel CPVRR	Total
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

13. Please complete the table below describing the estimated bill impact of the fuel reduction projects.

Year	Bill Impact (\$/1,000 kWh)
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	

14. Please complete the table comparing the annual energy production of Polk Unit 1 with and without the reduction projects.

Year	Energy Production with Reduction Projects (MWh)	Energy Production without Reduction Projects (MWh)
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		

15. Please describe any infrastructure associated with the proposed fuel reduction projects that will also be used for TECO's conversion of Polk Units 2-5.
16. Is TECO's methodology for determining the annual fuel savings constrained or capped by the Btus of oil and liquid propane that TECO would otherwise have used during the year (absent the natural gas conversion project)? Please explain your response by an example using actual 2011 performance and fuel usage, fuel heat content, and fuel costs for the Polk site as reported on TECO's A-4 fuel schedules for 2011 and assume 2011, not 2013, was the project in-service year for purposes of responding to this question.
17. In paragraph 11 of TECO's Petition, the Company briefly discusses its proposed methodology for recovering project costs. Please answer the following:
- a) Assuming that project costs are amortized over a five-year period (as TECO proposes), will the recoverable costs in each year of the five year period be capped at the actual fuel savings achieved in each respective year, or will a final true up analysis occur at the end of the fifth year? Please explain why TECO believes this is reasonable.
 - b) Please discuss TECO's proposed regulatory treatment of project costs including capital investment, and/or other associated costs such as fuel oil tank removal, taxes, allowance for funds used during construction (AFUDC), interest, and return on investment if actual fuel savings are less than project costs in one year of the five years.

- c) Please discuss TECO's proposed regulatory treatment of any unrecovered regulatory asset balance that may exist after the five-year term, if any.
18. Please list all non-fuel fixed and variable operations and maintenance (O&M) as well as administrative and general (A&G) expenses that TECO typically identifies as base rate expenses (or currently credits against base rate revenues), if any, that will be reduced due to the conversion project and the expected reductions during the five-year period.
19. For each non-zero amount TECO includes in its response to Question 18, please state if TECO excluded the expense from its calculation of the proposed annual fuel clause recovery amount and explain why.
20. Please list all non-fuel fixed and variable operations and maintenance expenses that TECO typically identifies as an Environmental Clause expense, if any, that will be reduced due to the conversion project and the expected reductions for the five-year period.
21. For each non-zero amount TECO includes in its response to Question 20, please state if TECO includes the expense in its calculation of the proposed annual fuel clause recovery amount and explain why.
22. Please refer to paragraph 7 of the petition for the following questions.
- a) Please provide TECO's fuel savings calculations for Polk Unit 1 that support the company's statement that the proposed conversion will save approximately \$29.5 million (net present value) over the initial five years. Include all assumptions used, as well as the dates/sources for the fuel forecasts for distillate oil, propane, syngas at higher levels of IGCC output, and natural gas used.
- b) For each of the four components of the project, show the fuel savings calculations and revenue requirements.
- c) Please provide spreadsheets showing the fuel savings calculations and revenue requirements for 21a and 21b above, including all associated fuel forecasts.
23. For purposes of this data request, assume the Commission approves TECO's petition for cost recovery. Based on TECO's projected dispatch for Polk Unit 1, please provide estimates for the first 12 months of operation after the conversion for the quantity of natural gas TECO would expect to burn if the proposed projects were completed, and the associated \$/MMBTU for the natural gas.
24. For purposes of this data request, assume the Commission denies TECO's petition for cost recovery. Based on TECO's projected dispatch for Polk Unit 1, please provide the following estimates for the same 12 months of operation as used to respond to data request 23 above:

- a) The quantity of distillate oil TECO would expect to burn if the proposed projects were not implemented, and the associated \$/MMBTU for the distillate oil;
 - b) The quantity of propane TECO would expect to burn if the proposed projects were not implemented, and the associated \$/MMBTU for the propane; and
 - c) The quantity of syngas at higher levels of IGCC output TECO would expect to burn if the proposed projects were not implemented, and the associated \$/MMBTU for the syngas.
25. In paragraph 3 of TECO's Petition, the Company states that a pet coke/coal blend currently accounts for approximately 98 percent of the energy generated by Polk Unit 1, leaving approximately 2 percent accounted for by the higher-priced fossil fuels. What percentage of the energy generated by Polk Unit 1 will be accounted for by the pet coke/coal blend after the conversion?
26. According to TECO's projected dispatch for the first five years of operation after the conversion, does TECO expect to burn more, less, or the same amount of the pet coke/coal blend for the IGCC at Polk Unit 1? Include in your response an explanation of how this will affect long-term contracts with suppliers during this time period.
27. Is TECO's dispatch projection for Polk Unit 1 for the next five years affected by the proposed conversion project? That is, is the projected percentage use of the IGCC relative to the backup unit for generation identical whether the conversion takes place or not? Please explain.
28. After completion of the proposed project, will TECO still produce syngas using the pet coke/coal blend? If so, what percentage of the syngas produced will be replaced by natural gas for the higher levels of IGCC output?
29. Please provide the following data for the last 5 years for each instance that TECO has used its backup fuel source for Polk Unit 1:
- a) Date (or dates if usage spans more than one day)
 - b) Length of time needed
 - c) Reason for use
 - d) MWHs generated
 - e) Cost of the fuel used
 - f) Quantity and type of fuel used


30. Why, in calculating the revenue requirement, has TECO chosen to amortize the capital costs over five years?
31. Please provide the complete revenue requirement calculation for the project by year.
32. Please refer to paragraph 8 of the petition. At the time TECO filed its last rate case, had the Company decided to undertake this project? If not, when did the Company begin evaluating the possibility of implementing the project, and when was a decision made to undertake the project? Please explain.
33. When does TECO anticipate filing its next rate case?
34. When did TECO begin the engineering analysis for the components of this project?
35. Please explain how this project will be charged to the Fuel Clause.
36. When will the project costs appear in the company's fuel factor?
37. Are there any operation and maintenance expenses included in the revenue requirement calculations? If yes, please describe.
38. Please refer to the last sentence of paragraph 11 of the petition. Will the fuel savings be calculated using actual delivered fuel prices?
39. Will this project reduce the fuel oil inventory or the need for fuel oil storage facilities for Polk Unit 1? Please explain your response, and include in your response information on what TECO plans to do with its current fuel oil storage facilities.
40. Will this project reduce the propane inventory or the need for propane storage facilities for Polk Unit 1? Please explain your response, and include in your response information on what TECO plans to do with its current propane storage facilities.
41. Please identify the estimated start times, duration of work activities, and completion estimates for each of the four components of the project.
42. Please identify how the proposed work at Polk Unit 1 will impact any of the planned outages for 2012 listed on Page 42 of Exhibit BSB-3 (the estimated Planned Outage schedule for 2012, attached to the Direct Testimony of Brian S. Buckley, filed on September 1, 2011, in Docket No. 110001-EI).

43. For purposes of the following requests, please refer to Exhibit B and Paragraph 6 of TECO's Petition:
- a) Please identify the total investment amounts for each of the four components of the project.
 - b) For each of the amounts by component identified in response to a., please identify the plant amounts by account.
 - c) For each of the accounts identified in response to b., please identify the Company's currently approved depreciation rate.
 - d) Please identify, by account and amounts, any investments to be retired, and their associated reserve dollars.
44. Referring to Paragraph 7, by way of clarification is the remaining life of Polk Unit 1 30 years or 35 years (i.e., 5 plus 30)?
45. Has the Company projected the fuel savings over the projected remaining life of Polk Unit 1? If the response is affirmative, please provide the results of the analysis and identify all assumptions used in the analysis. If the response is negative, please explain why.
46. Please refer to Paragraph 10.
- a) The Company cites to three orders as precedent for its cost recovery proposal. In these orders, it appears the Commission approved a five-year straight line depreciation, a return on the average investment, and recovery of applicable taxes. Are these three items the only ones for which the Company is seeking recovery through the fuel clause?
 - b) If the response to a. is negative, please identify with specificity the items for which cost recovery through the fuel clause is being sought.
 - c) The total projected cost of converting Polk Unit 1 of \$14.8 million is significantly greater than the dollar amounts approved by the Commission in each of the three orders cited by the Company. As such, please explain why accelerated recovery through the fuel clause is appropriate, as opposed to, e.g., recovery through the fuel clause over the unit's remaining life, or through base rates.
47. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 10.
48. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 11.

49. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 12.
50. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 13.
51. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 14.
52. Please provide a copy of the analysis, assumptions, and working papers used to develop the response to Question 15.

Please file the original and five copies of the requested information by Friday, June 15, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6230 if you have any questions.

Sincerely,


Lisa C. Bennett
Senior Attorney

LCB/th

cc: Office of Commission Clerk
All parties in Docket No. 120153-EI