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Public Service Commission

January 28, 2021

STAFF'S FIRST DATA REQUEST VIA E-MAIL

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Jeffry Wahlen, Esq.
James D. Beasley, Esq.
Malcom N. Means, Esq.
Ausley McMullen Law Firm
P. O. Box 391
Tallahassee, FL 32302

Re: Docket No. 20200264-EI - In re: Petition of Tampa Electric Company for approval of 2020 Depreciation and Dismantlement Study and capital recovery schedules.

Dear Mr. Wahlen, Mr. Beasley and Mr. Means:

By this letter, Commission staff respectfully requests the following information from Tampa Electric Company (TECO; Company):

Please refer to TECO's Petition for Approval of its 2020 Depreciation and Dismantlement Study and Capital Recovery Schedules (Petition), its Exhibit H, and the associated MS Excel file "2020 Generation Dismantling Master File - Filed.xlsx" for the following questions.

Dismantlement Study (Bates-stamped pages 1128-1157)

1. Rule 25-6.04364(3) requires each utility's dismantlement study shall include:
 - (c) The dismantlement study methodology.
 - (d) A summary of the major assumptions used in the study.
 - (e) The methodology selected to dismantle each generating unit and support for the selection.
 - (l) A summary and explanation of material differences between the current study and the utility's last filed study including changes in methodology and assumptions.

Please provide the above-listed information.

2. Please refer to Bates-stamped page 1129 for the questions below:

- a. Please provide a summary of each of the site visits associated with the aforementioned cost estimates which includes: dates of the visits, findings and the participants.
- b. When were the aforementioned cost estimates approved by TECO's management?
3. Please refer to Bates-stamped page 1130 for the questions below:
 - a. Please provide a brief summary of the Big Bend (BB) Units 1 – 3 dismantlement including: major tasks, critical dates, and the associated cost estimates.
 - b. What entity will perform the physical tasks to dismantle the BB Units 1 – 3?
 - c. The 3rd paragraph of the page reads:

The company requests an amortization recovery schedule discussion for how these units can be effectively dismantled and how the company can recover projected reserve deficiencies.

Please identify from whom the discussion is requested, and summarize the outcome of the discussion provided.
4. Referring to Bates-stamped page 1131, please provide a detailed explanation to justify the proposed reduction in the maximum life span from 65 to 60 years for BB Unit 4.
5. Please refer to Bates-stamped page 1132 for the questions below:
 - a. Please identify all the plant assets that TECO expected to place in-service due to the Big Bend Modernization project discussed on this page, including the assets to be placed in-service resulting from the BB Unit 1 re-powering discussed in TECO's Petition, paragraph 21.
 - b. Does the "Company Proposed Accrual (01/01/2022)," shown on Bates-stamped page 1137 include the accrual amount associated with any of the plant additions discussed in Question No. 5(a)? If so, please explain in details.
 - c. Please use a table to show the scheduled month/year for any major existing plant assets' respective retirement and dismantlement, as well as any major new plant assets' placing in-service that has/have resulted from the Big Bend Modernization Project.
 - d. Please provide a detailed explanation to justify the proposed reduction in the maximum life span from 40 to 35 years for Bayside Unit 1.
6. Referring to Bates-stamped page 1133, please provide a detailed explanation to justify the proposed reduction in the maximum life span from 40 to 34 years for Bayside Unit 2.

7. Please refer to Bates-stamped page 1137 for the questions below:
 - a. Referring to the top left portion of the page, please provide the “October 2020 Inflation Index” and explain how this index was used in deriving the “Summary of Dismantlement Accruals” presented on this page.
 - b. Please explain the differences, if any, among the “October 2020 Inflation Index,” the “Moody’s Analytics October 2020 delivery,” and the “Escalation Factors” that are contained in “2020 Generation Dismantling Master File - Filed.xlsx.”
 - c. Please provide a comparison between the inflation index used in TECO’s instant and its last dismantlement study, and explain your response.
 - d. Rule 25-6.04364(7), F.A.C., requires that the annual dismantlement accrual shall be a fixed dollar amount and shall be based on a four-year average of the accruals related to the years between the dismantlement study reviews. Given a nine-year interval between TECO’s last and the current study, please explain why the Company did not include a scenario of “Proposed Accrual” based upon nine-year accrual average in the current study.

8. Please refer to Bates-stamped pages 1138-1139 for the questions below:
 - a. Please explain, with necessary supporting documentation and analyses, why TECO believes the 15 percent contingency factor level used to derive its 2020 dismantlement cost estimates is appropriate.
 - b. Is the 15 percent contingency factor used in TECO’s 2020 Dismantlement Study comprised of pricing and scope of omission contingencies?
 - c. If your response to Question No. 8(b) is affirmative:
 - (i) Please elaborate on each of these two components of the contingency factor;
 - (ii) Please identify how the 15 percent is allocated to these two components with corresponding explanation.
 - d. If your response to Question No. 8(b) is negative, please explain in detail how TECO’s contingency factor is determined.

9. Please refer to Bates-stamped page 1140 for the questions below:
 - a. Please describe in detail how labor rates were determined for deriving the estimate of the dollar amounts associated with each dismantlement task and/or effort.

- b. Please explain how TECO determined the scrap metal values for the instant Decommissioning Study, and provide a copy of supporting documentation and analysis.
 - c. Apart from the scrap metal values, what other cost components, if any, are included in the column titled "Salvage" reflected on this page?
 - d. Please clarify whether the "Total" column, net of salvage, reflected on this page includes scrap metal values and if not, please explain.
 - e. Please explain how TECO determined the environmental & disposal expenses for the instant Decommissioning Study, and provide a copy of supporting documentation and analysis.
10. Please refer to Bates-stamped page 1144 for the questions below:
- a. Please explain why TECO's proposed dismantlement reserve transfers are separated into the cost categories of "Labor," "Materials & Equipment," "Environmental & Disposal," and "Salvage."
 - b. Please explain how TECO determined what dismantlement reserve to transfer from one cost category to another.
 - c. Please explain how TECO determined what dismantlement reserve to transfer from one plant unit to another, identifying the plant unit in each transfer with explanation.
11. Please refer to Bates-stamped pages 1149-1150 for the questions below:
- a. Referring to Bates-stamped page 1149, please explain how the accrual amount presented on this page were derived.
 - b. It appears that "2020 Generation Dismantling Master File - Filed.xlsx" does not include worksheets/tabs corresponding to Bates-stamped pages 1149 and 1150 of the 2020 Dismantlement Study. Please provide these worksheets/tabs with formulas and links intact.
 - c. For Gannon Power Station dismantlement, please provide a chart to show: the respective commencement and completion date, the entity who performed the dismantlement, the total cost incurred, the reserve level at the retirement date and the dismantlement completion date, respectively.
12. Please refer to "2020 Generation Dismantling Master File - Filed.xlsx," tab titled "Cost Estimates in 2020," for the questions below:

- a. Please explain how the dollar amounts presented in the embedded chart titled of “Cost Estimate Summary for BB Units 1 - 3,” shown on (73:H) to (109:O) of the tab, were derived.
- b. What are the respective projected commencement and completion dates used in deriving the cost estimate associated with BB Units 1, BB SCR 1, BB Unit 2, BB SCR2, and BB FGD 1-2 dismantlement discussed in Question No. 12(a)?
- c. Please define the “Direct Cost,” “General Conditions,” and “Project Indirect Costs” shown within the aforementioned chart, and explain the difference among these three cost categories.
- d. Please explain how each of the cost categories discussed in Question No. 15(c) is related to the cost categories “Labor,” “Materials & Equipment,” “Environmental & Disposal” and “Salvage” that are used in the 2020 Dismantlement Study.

13. For the 2020 Dismantlement Study, please provide a summary table to show:

- a. Each plant addition investment from which the increase in dismantlement accruals has resulted when compared with TECO’s last Dismantlement Study, and in total.
- b. The corresponding increased accrual amount associated with each plant addition, and in total.
- c. Each plant’s retirement amount from which the decrease in dismantlement accruals has resulted when compared with TECO’s last Dismantlement Study, and in total,
- d. The corresponding decreased accrual amount associated with each plant retirement, and in total.

14. Through reviewing TECO’s instant and last studies, significant differences in dismantlement cost estimates are noticed as shown in Table 1 below. Please provide a detailed summary to explain the cause(s) of these changes.

Table 1: Comparison of TECO’s Generation Plant Dismantlement Cost Estimates (Contingency @ 15%)				
Account	2011 Study	2020 Study	Change (\$)	Change (%)
Bayside Power Station	\$7,506,000	\$14,575,850	\$7,069,850	94.2%
Big Bend Power Station	\$58,809,000	\$80,772,550	\$21,963,550	37.3%
Polk Power Station	\$37,600	\$15,229,450	\$15,191,850	40403.9%
City of Tampa Station	\$204,050			
Gannon Power Station	\$18,596,550			
Phillips Station	\$2,082,400			
Surviving Fossil Plant Subtotal	\$87,235,600	\$110,577,850	\$23,342,250	26.8%
Surviving Solar Plants		\$81,786,195	\$81,786,195	
Retired Fossil Plant		\$119,390,795		
Total	\$87,235,600	\$311,754,840	\$224,519,240	257.4%

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Please file all responses electronically no later than February 26, 2021, via the Commission's Electronic Filing Web Form. Please contact me at sbrownle@psc.state.fl.us or at 850.413.6218 if you have any questions.

Very truly yours,

/s/ Suzanne Brownless

Suzanne Brownless
Special Counsel

cc: Commission Clerk