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May 19, 2021

VIA: ELECTRONIC FILING

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

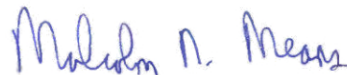
Re: Petition of Tampa Electric Company for Approval of Revised Underground Residential Distribution Tariff
Dkt.: 20210064-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Response to Staff's First Data Request (Nos. 1-5), propounded on May 5, 2021.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Attachment

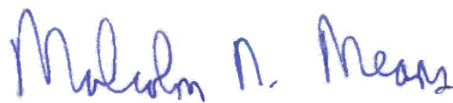
cc: All Parties of Record (w/attachment)
Holly Forrest, FPSC (w/attachment)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing responses of Tampa Electric Company's to Staff's 1st Data Request (Nos. 1-5), have been furnished by electronic mail on this 19th day of May, 2021 to the following:

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ATTORNEY

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1. In paragraph 7 of the petition, TECO highlights that Rule 25-6.078(10), F.A.C., states:

a utility can waive all or any portion of a cost differential for providing underground facilities, as long as it reduces net plant in service as if the differential had been collected, with an exception provided to this requirement if the Commission determines that "... there is a quantifiable benefit to the general body of ratepayers commensurate with the waived differential."

Please provide the analysis quantifying the benefit to the general body of ratepayers for waiving the low density lot charge.

- A. As described in the Tampa Electric Petition in this docket, subsection (2) of the rule says that the cost estimates for the calculated differential "...shall reflect the requirements of Rule 25-6.030, F.A.C., Storm Protection Plan, Rule 25-6.034, F.A.C., Standard of Construction, Rule 25-6.0341, F.A.C., Location of the Utility's Distribution Facilities, and Rule 25-6.0345, F.A.C., Safety Standards for Construction of New Transmission and Distribution Facilities." Tampa Electric in particular notes the institution of the Storm Protection Plan which was instituted through Chapter 366.96 Section (1) (c-f) F.S. guidance to the Commission. That guidance provided in the indicated subsections included that it was in the state's interest to strengthen electric utility infrastructure to withstand extreme weather conditions, reduce restoration costs and outage times and improve overall reliability. That guidance should apply to new as well as existing overhead distribution facilities. Imposing any charge that may serve to encourage new construction in a subdivision to be built overhead is clearly not that guidance. To build distribution facilities to deliver electric service to new residential subdivisions using overhead facilities, when underground residential service has been clearly demonstrated to be more resilient and reliable than overhead distribution service and set lot charge encouragement does not reflect the guidance provided by the legislative guidance in Chapter 366.96 F.S. To provide pricing incentive that might lead a developer to elect overhead construction and then either face damage or destruction to such facilities from a storm in a future period, near or later, and then potentially have to determine that such damaged or rebuilt facilities should be replaced with underground under the Storm Protection Plan Cost Recovery Clause is not in anyone's interest, not the Company nor the customers located in that subdivision nor the general body of ratepayers.

As was also cited by Tampa Electric in the Petition, Subsection (10) of the rule says a utility can waive all or any portion of a cost differential for providing

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underground facilities, as long as it reduces net plant in service as if the differential had been collected, with an exception provided to this requirement if the Commission determines that "... there is a quantifiable benefit to the general body of ratepayers commensurate with the waived differential." The benefit to waiving the low density lot charge is wrapped up in both the discussion above as well as an understanding of how lot charges are calculated. The models, though very data intense, are based on hypothetical lot designs – in this case for a hypothetical low density subdivision. The design to serve that hypothetical design utilizes not only Tampa Electric engineering design specifications for underground and overhead facilities installation, but recent costs for all the materials, labor and vehicle which would be used to build it. While labor and vehicle costs are fairly stable from year to year, rising and falling only slightly depending on slight increasing in labor rates and reduction in labor time as improvements in efficiency are implemented, the cost of materials is dependent on market prices for utility specific types of materials such as poles, wire, transformers, etc. These costs have been quite volatile in recent years reflecting market cost impacts from storm damage on access to and supply of such materials throughout the southeastern United States and even the national markets. Swings in overhead equipment costs and underground equipment costs in one period can affect the differential of lot charges and thus reflect historical impacts on such costs which may not reflect at all the costs in projected three-year periods such as are implemented in the URD dockets.

At the current time all three peninsular Florida investor-owned utilities have zero cost for both high and low density subdivision URD charges. The reduction of these charges has resulted in most if not all new subdivisions being constructed using the more storm resilient underground distribution facilities without customer or developer/builder complaint.

Tampa Electric submits that the above analysis quantifies the benefits of its request to retain zero-dollar low density URD lot charges and substantiates the Commission utilizing the waiver option provided under rule 25-6.078(10), F.A.C.

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- 2.** Do all cities and counties within TECO's territory require (via order, ordinance, law, etc.) undergrounding for new development? Please explain.

- A.** Tampa Electric is unaware of any cities or counties within its service territory that require underground service by law, ordinance, or the like. Such a requirement, however, could be dictated by land covenants for a specific development or parcel of property.

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- 3.** In paragraph 10 of the petition, the Company recognizes that there are factors that could cause pricing swings for labor and materials, and that events “such as the COVID-19 pandemic, that reduce manufacturing capacity and extend delivery timelines for such equipment also affect prices.”
 - a. Please describe the economic impact that the company believes COVID-19 had on overall costs in the proposed URD differentials calculations.
 - b. What is the Company’s perception on how long these impacts could influence the proposed URD differentials.

- A.**
 - a. COVID-19 has caused several manufacturers to stop and start production numerous times when a positive COVID case was discovered. As a result, many costs were impacted due to short supply and high demand. Freight & Logistics were impacted by a slowdown at the ports and higher shipping rates due to fewer flights and trucking options. Labor shortages due to COVID precautions and restrictions have impacted supply chains as well.
 - b. Over the past 12 months, Tampa Electric has seen a rapid increase in costs amongst all commodities with no decline in the foreseeable future.

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- 4.** If a new subdivision is constructed via overhead service, would the Company anticipate a future point-in-time in which the subdivision would be converted to underground through its Storm Protection Plan and cost recovery process? Please explain.
- A.** If a new subdivision were constructed via overhead service, the company does anticipate that at some time well into the future that subdivision may be converted to underground through the company's Storm Protection Plan ("SPP") and subsequent cost recovery asked for through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). The reason this potential subdivision undergrounding may occur, but not until well into the future, is because of the way the Distribution Lateral Undergrounding Program projects within the company's SPP are prioritized. In the prioritization of projects within this program, the historical performance of overhead laterals during extreme weather is analyzed to rank projects for undergrounding. Those laterals with the poorer performances (e.g., more interruptions and outages), get priority of being converted to underground facilities. Since the overhead laterals serving the new subdivision would have no "historical performance" from an extreme weather event, it would have a low likelihood of being replaced. However, after the company compiles many years of historical performance on the overhead service, if its historical performance has been poor, those overhead facilities might be included as a SPP Distribution Lateral Undergrounding project.

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- 5.** In the past 12 months, how many low-density subdivisions were constructed in TECO's service territory.
 - A.** There have been eighty-six (86) single family low density subdivisions submitted to Tampa Electric requesting service from May 1, 2020 through April 30, 2021. The infrastructure to support these subdivisions is either under construction or complete.