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May 27, 2021

VIA ELECTRONIC FILING

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

Re: Petition by Tampa Electric Company for a Limited Proceeding to True-Up Third SoBRA; Docket No. 2021 ____-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Petition for a Limited Proceeding to True-Up Third SoBRA and accompanying Direct Testimony of Tampa Electric's supporting witnesses:

1. Jose A. Aponte
2. Steven G. Smith
3. Jeffrey S. Chronister

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/ne
Enclosure

cc: Service List (w/ enc.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa Electric Company)
For a Limited Proceeding to True-up Third SoBRA)
_____)

Docket No. 2021_____-EI
Filed: May 27, 2021

**TAMPA ELECTRIC COMPANY’S PETITION
FOR LIMITED PROCEEDING TO
TRUE-UP THIRD SOBRA**

Pursuant to Sections 366.076, 120.57 and 366.06(3), Florida Statutes, and Rule 28-106.301, F.A.C., Tampa Electric Company (“Tampa Electric” or “the company”) petitions the Florida Public Service Commission (“FPSC” or “the Commission”) to true-up its Third SoBRA, and states:

I. Introduction

A. 2017 Agreement

1. Tampa Electric is currently operating under its 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved by the Commission.¹ Paragraph 6 of the company’s 2017 Agreement contains a provision that authorizes the company to recover the costs of certain qualifying solar generating projects through a solar base rate adjustment mechanism based on projected costs and estimated in-service dates, with a true-up for both.

2. The Commission has approved four SoBRAs totaling 600 MW of solar capacity for Tampa Electric. The First SoBRA was approved by Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI (“First SoBRA Order”). The Second SoBRA was approved by Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No.

¹ The Commission approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

20180133-EI (“Second SoBRA Order”). The First and Second SoBRA true-ups were approved by Order No. PSC 2020-0303-PAA-EI, issued September 4, 2020, in Docket No. 20200144-EI.

3. The Third SoBRA was approved by Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 20190136-EI (“Third SoBRA Order”). The annual revenue requirement for the solar projects in the three SoBRAs, and the resulting base rate changes were calculated using projected costs and the SoBRA rates went into effect based on estimated in-service dates. The Third SoBRA true-up is the subject of this petition.

4. The Fourth SoBRA is not addressed in this petition.

5. Paragraph 6(c) of the 2017 Agreement states:

The Rate Change and In-Service Dates specified in the chart in Subparagraph 6(b) are “no sooner than” dates, and the SoBRA rate changes for each Tranche will be implemented effective on the earliest In-Service Date for that Tranche identified in such chart and subsequently trued up to reflect and correct for (1) any delay in the actual In-Service Dates of any of the projects in a particular Tranche beyond the applicable In-Service date for that Tranche and (2) the extent to which the actual installed costs of any project or projects vary from the projected costs used to set the SoBRA rate change.... (emphasis added)

6. Paragraph 6(n) of the 2017 Agreement states:

In order to determine the amount of each annual cost true-up, a revised SoBRA will be computed using the same data and methodology incorporated in the initial SoBRA, with the exception that the actual capital expenditures after sharing and the actual in-service date will be used in lieu of the capital expenditures on which the annualized revenue requirement was based. The difference between the cumulative base revenues since the implementation of the initial SoBRA factor and the cumulative base revenues that would have resulted if the revised SoBRA factor (for cost and In-Service date true-ups) had been in place during the same time period will be trued up with interest at the AFUDC rate shown in Exhibit B used for the projects, and will be made through a one-time, twelve-month adjustment through the CCR clause. On a going forward basis, the base rates will be adjusted to reflect the revised SoBRA factors.

7. On April 9, 2021, Tampa Electric filed a petition for a general base rate increase based on a projected 2022 test year, which case was assigned Docket No. 20210034-EI (“Rate Case”). Therein, the company proposed new base rates and charges that recover, among other things, the revenue requirement of the Third SoBRA projects based on their actual installed costs (2022 projected thirteen-month average amounts) and the company’s proposed overall rate of return, capital structure, and net operating income. Consequently, the company anticipates that base rates and charges approved by the Commission in the Rate Case will reflect the actual installed costs of the Third SoBRA projects.

8. In light of the Rate Case, for the Third SoBRA, the 2017 Agreement requires the company to do the following for Commission approval:

- (a) determine the actual installed cost per kW_{ac} of the two projects;
- (b) recalculate the projected annual revenue requirement for the two projects using the actual installed capital costs for the projects, but otherwise using the same data and methodology used for the projections;
- (c) identify the actual in-service dates for the two projects;
- (d) calculate a SoBRA revenue true-up amount equal to the difference between (i) the cumulative base revenues from the implementation of the initial Third SoBRA factors beginning on the projected in-service dates through the date the rates and charges approved in Docket No. 20210034-EI will be implemented and (ii) the cumulative base revenues that would have been generated had the revenue requirement using actual installed costs been in effect from the actual in-service dates of the projects through the date the rates and charges approved in Docket No. 20210034-EI become effective (“True-Up Amount”); and

(e) refund or credit the True-Up Amount with interest at the AFUDC rate shown in the 2017 Agreement through a one-time, twelve-month adjustment through the Capacity Cost Recovery Clause.

9. Unlike the true up of its First and Second SoBRAs, the Commission does not need to develop final customer SoBRA rate factors to implement the SoBRA that reflect the actual annual revenue requirement for the two projects (“Final SoBRA Factors”) and implement them on a date certain, because the costs associated with the projects in the Third SoBRA will be reflected in the rates established in the Rate Case.

10. In the Rate Case, the company has proposed that its new rates and charges become effective with the first billing cycle in January 2022. If the new rates approved in the Rate Case do not become effective on the date proposed by the company, the true-up amounts established in this proceeding will need to be synchronized with the effective dates of new rates established in the Rate Case.

B. Third SoBRA

11. Tampa Electric’s Third SoBRA provided cost recovery for two solar projects: a 74.8 MW project in Hillsborough County called Wimauma Solar and a 74.5 MW project also in Hillsborough County called Little Manatee River (“LMR”) Solar. The Third SoBRA Order found that these two projects were cost-effective within the meaning of the 2017 Agreement and approved estimated installed costs for Wimauma Solar and LMR Solar of \$1,479 per kW_{ac} and \$1,495 per kW_{ac}, respectively. It also approved a projected annual revenue requirement for the two projects of \$26,596,000 (with 25% incentive²) and tariff revisions to recover that amount

² Paragraph 6(m) of the 2017 states: “If Tampa Electric’s actual installed cost for a project is less than the Installed Cost Cap, the company’s customers and the company will share in the beneficial difference with 75% of the difference inuring to the benefit of customers and 25% serving as an incentive to the company to seek such cost savings over the

beginning with a January 1, 2020 effective date. The final projected annual revenue requirement, after the post-docket adjustment for the change in the state corporate tax rate, was \$26,452,000.

12. The Wimauma Solar project actually went into service on April 1, 2020 at an actual cost of \$1,500 per kW_{ac}. The annual revenue requirement for Wimauma Solar is \$13,367,000 calculated using its actual costs, without the 25% incentive and per the guidelines in the 2017 Agreement. No incentive was calculated as the actual costs exceeded the \$1,500 per kW_{ac} cap.

13. The LMR project actually went into service on February 7, 2020 at an actual cost of \$1,498 per kW_{ac}. The annual revenue requirement for LMR is \$13,239,000 calculated using its actual costs, without the 25% incentive and per the guidelines in the 2017 Agreement. The actual annual revenue requirement with incentive is \$13,244,000.

14. The combined actual revenue requirement with incentive for the two projects in the Third SoBRA is \$26,612,000, which is approximately \$160,000 more than the projected total revenue requirement with incentive.

II. Preliminary Information

15. The Petitioner's name and address are:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

16. Any pleading, motion, notice, order or other document required to be served upon Tampa Electric or filed by any party to this proceeding shall be served upon the following individuals:

James D. Beasley
jbeasley@ausley.com
J. Jeffrey Wahlen
jwahlen@ausley.com

Paula K. Brown
regdept@tecoenergy.com
Manager, Regulatory Coordination
Tampa Electric Company

life of this 2017 Agreement." For purposes of this document, the term "with incentive" refers to the cost of a project including the 25% incentive in paragraph 6(m).

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17. Tampa Electric is an investor-owned public utility regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly-owned subsidiary of Emera, Inc. Tampa Electric's principal place of business is located at 702 North Franklin Street, Tampa, Florida 33602.

18. Tampa Electric serves approximately 800,000 retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties, Florida.

19. This Petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the Petitioner is not responding to any proposed agency action.

III. Tampa Electric's Proposed Base Rate True-Up and Capacity Clause Charge

20. Tampa Electric has included the costs associated with the projects in its Third SoBRA in its Rate Case filing. In this petition, the company seeks approval for the one time, twelve-month, remaining net true-up cost adjustment for the period up to the anticipated effective date of the rate change, January 1, 2022, to be refunded through the capacity clause in accordance with the 2017 Agreement. The proposed true-up credit, the calculation of which is described in paragraph 8(e) above, is \$85,648 and would be refunded during 2022.

IV. Statement on Disputed Issues of Material Fact

21. Tampa Electric is not aware of any disputed issues of material fact at this time, does not believe any disputed issues of material fact will arise, and believes that this petition can be resolved on a proposed agency action basis.

V. Statement of Ultimate Facts Alleged and Providing the Basis for Relief

22. The ultimate facts that entitle Tampa Electric to the relief requested herein are:

- (a) The facts specified in paragraphs 1 through 21, above.
- (b) The actual installed cost per kW_{ac} of the two projects in the Third SoBRA is:

<u>Project</u>	<u>Cost per kW_{ac}</u>
Wimauma	\$1,500
LMR	\$1,498

(c) The recalculated annual revenue requirement for the two projects in the Third SoBRA using the actual installed capital costs for the projects, but otherwise using the same data and methodology used for the projections are:

<u>Project</u>	<u>Annual Revenue Requirement</u>
Wimauma	\$13,367,000
LMR	\$13,239,000

(d) The actual in-service dates for the two projects in the Third SoBRA are:

<u>Project</u>	<u>Date</u>
Wimauma	April, 1, 2020
LMR	February 7, 2020

(e) The Third SoBRA revenue net true-up amount is a credit of \$85,648 and is equal to the difference between (i) the cumulative base revenues from the implementation of the initial Third SoBRA beginning on their projected in-service dates through the first billing cycle in January 2022 and (ii) the cumulative base revenues that would have been generated had the Final

SoBRA Factors been in effect from the actual in-service dates of each of the projects through the first billing cycle in January 2022 (“True-Up Amount”). A schedule showing the calculation of this amount, including interest at the AFUDC rate, is provided in Exhibit JSC-1 of witness Jeffrey S. Chronister, attached to this petition and is incorporated herein by reference.

VI. Relief Requested

23. For the reasons set forth above, Tampa Electric requests that the Commission:

(a) approve the actual installed cost per kW_{ac} of the Third SoBRA projects as specified herein;

(b) approve the final annual revenue requirement for true up purposes for the Third SoBRA Projects as specified herein;

(c) authorize the company to refund the final net true-up amount of \$85,648 from customers through the Capacity Cost Recovery Clause during 2022; and

(d) grant other such relief as is reasonable and proper.

24. Tampa Electric is entitled to the relief requested pursuant to Chapters 366 and 120, Florida Statutes.

25. The relief requested herein is consistent with the 2017 Agreement and FPSC Order No. PSC-2017-0456-S-EI.

VII. Conclusion

26. For the reasons shown above, Tampa Electric Company respectfully requests that the Commission grant this Petition and the relief requested herein.

DATED this 27th day of May, 2021.

Respectfully submitted,



JAMES D. BEASLEY

J. JEFFRY WAHLEN

MALCOLM N. MEANS

Ausley McMullen

Post Office Box 391

Tallahassee, Florida 32302

(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 27th day of May, 2021 to the following:

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Attorney



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 2021____-EI
IN RE: PETITION BY TAMPA ELECTRIC COMPANY
FOR A LIMITED PROCEEDING TO TRUE-UP THIRD
SOBRA

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
JOSE A. APONTE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

JOSE A. APONTE

1
2
3
4
5
6 **Q.** Please state your name, address, occupation, and
7 employer.

8
9 **A.** My name is Jose A. Aponte. My business address is 702 N.
10 Franklin Street, Tampa, Florida 33602. I am employed by
11 Tampa Electric Company ("Tampa Electric" or "company") as
12 Manager of Resource Planning. My primary responsibilities
13 include identifying the need for future resource additions
14 and analyzing the economic and other operational impacts
15 to Tampa Electric's system associated with the addition of
16 resource options.

17
18 **Q.** Please provide a brief outline of your educational
19 background and business experience.

20
21 **A.** I graduated from the University of South Florida with a
22 bachelor's degree and a Master of Science degree in
23 Mechanical Engineering. I am a registered Project
24 Management Professional ("PMP").
25

1 In 1999, I was employed by Tampa Electric as an engineer
2 in the Inventory Management and Supply Chain Logistics
3 team. In 2004, I became supervisor for the Materials and
4 Quality Assurance Department at the Big Bend Power
5 Station. Since 2008, I have held several positions in the
6 Resource Planning department at Tampa Electric.

7
8 I have twenty-one years of accumulated electric utility
9 experience working in the areas of planning, systems
10 integration, data analytics, project economic analysis,
11 and engineering. I was appointed to my current position,
12 Manager of Resource Planning, in December 2017.

13
14 **Q.** What is the purpose of your direct testimony?

15
16 **A.** The purpose of my direct testimony is to sponsor and
17 explain the calculation of the revenue requirement based
18 on actual installed project costs for the two projects in
19 the company's Third SoBRA.

20
21 **Q.** Have you prepared an exhibit to support your direct
22 testimony?

23
24 **A.** Yes, Exhibit No. JAA-1 was prepared by me or under my
25 direction and supervision. It is titled "Revenue

1 Requirement True-Up for Third SoBRA.”

2
3 **Q.** How does your testimony relate to the prepared direct
4 testimony of Tampa Electric’s other witnesses?

5
6 **A.** Tampa Electric witness Steven G. Smith’s direct testimony
7 describes the actual in-service dates and installed cost
8 per kilowatt alternating current (“kW_{ac}”) for the two
9 projects, Wimauma Solar and Little Manatee River Solar
10 (“LMR”), for which cost recovery was granted by the
11 Commission in Docket No. 20190136-EI.

12
13 I use the actual installed project costs of the two
14 projects in Mr. Smith’s direct testimony, as limited by
15 the \$1,500 per kW_{ac} cost cap specified in the 2017
16 Agreement, to calculate the actual revenue requirement
17 for the Third SoBRA and compare it to the estimated
18 revenue requirement determined in Docket No. 20190136-EI.

19
20 The testimony of Tampa Electric witness Jeffrey S.
21 Chronister describes the revenue true-up for the period
22 the estimated Third SoBRA rates were charged to customers
23 to reflect actual project in-service dates and costs,
24 which is passed to customers through the capacity clause.

25

1 Q. Is the company proposing a base rate change for the Third
2 SoBRA in this proceeding?

3
4 A. No. As explained in the testimony of Mr. Chronister,
5 there is no need for a separate actual cost base rate
6 adjustment for the Third SoBRA true-up since these actual
7 costs are already included in the company's proposed rates
8 submitted in our recent rate case filing in Docket No.
9 20210034, on April 9, 2021. In addition, Tampa Electric
10 included an estimated timing true-up credit of \$4,069,905
11 in its 2021 capacity clause recovery factors for the Third
12 SoBRA. The company proposes that the remaining amount of
13 the final timing and cost adjustment for the period prior
14 to the anticipated effective date of the proposed base
15 rate change be recovered through the capacity clause from
16 January 2022 through December 2022 in accordance with the
17 2017 Amended and Restated Stipulation and Settlement
18 Agreement ("2017 Agreement") that was approved by the
19 Florida Public Service Commission ("FPSC" or
20 "Commission") in Order No. PSC-2017-0456-S-EI, issued in
21 Docket Nos. 20170210-EI and 20160160-EI on November 27,
22 2017.

23
24 **Annual Revenue Requirement True-Up**

25 Q. What is the annual revenue requirement the company is

1 authorized to recover for the costs associated with the
2 Third SoBRA projects?

3
4 **A.** The original Third SoBRA estimated annual revenue
5 requirement was \$26,596,000, and the final estimated
6 annual revenue requirement charged to customers was
7 \$26,452,000, after the post-docket adjustment for the
8 change in the state corporate tax rate. I used the
9 \$26,452,000 revenue requirement, upon which the rates
10 charged to customers were based, to calculate the amount
11 of the Third SoBRA true-up.

12
13 The original revenue requirement amounts were calculated
14 using the projected installed costs for the two projects
15 in the Third SoBRA as described in Tampa Electric witness
16 Mark D. Ward's direct testimony in Docket No. 20190136-
17 EI, and in accordance with the revenue requirement
18 calculation, tax rate change and cost recovery provisions
19 in paragraph 6 of the 2017 Agreement.

20
21 By Order No. PSC-2019-0524-PAA-EI, issued December 19,
22 2019 in Docket No. 20190203-EI, the Commission approved
23 the company's proposal to update the Third SoBRA amounts
24 to reflect a temporary reduction in Florida's state
25 corporate income tax rate change and related tariff

1 sheets. The updated tariffs became effective with the
2 first billing cycle in January 2020.

3

4 **Q.** What are the total estimated annual revenue requirements
5 for the two projects?

6

7 **A.** As approved by the Commission, the total estimated annual
8 revenue requirements for the Third SoBRA Projects, Wimauma
9 Solar and LMR Solar, are \$13,225,000 and \$13,227,000,
10 respectively.

11

12 **Q.** Are these estimated annual revenue requirements final
13 amounts?

14

15 **A.** No. Subparagraph 6(g) of the 2017 Agreement specifies that
16 the approved projected annual revenue requirement amount
17 will be trued up to reflect the actual installed cost of
18 the projects covered by the Third SoBRA.

19

20 **Q.** What is the total actual cost annual revenue requirement
21 for the Third SoBRA?

22

23 **A.** The actual annual revenue requirement for the Third SoBRA
24 is \$26,612,000, as limited by the \$1,500 per kW_{ac} cost cap
25 specified in the 2017 Agreement, or approximately \$160,000

1 greater than the estimated revenue requirement. This amount
2 is calculated using the actual installed costs for the two
3 projects as described in Mr. Smith's direct testimony in
4 this docket, and in accordance with the revenue requirement
5 cost recovery provisions in the 2017 Agreement. A summary
6 of the annual revenue requirement calculation by project is
7 shown in my exhibit, Exhibit No. JAA-1.

8
9 **Q.** Does the revised annual revenue requirement for the Third
10 SoBRA presented in Exhibit No. JAA-1 reflect an incentive
11 savings adjustment?

12
13 **A.** Yes. Subparagraph 6(m) of the 2017 Agreement contains an
14 incentive designed to encourage Tampa Electric to build
15 solar projects for recovery under a SoBRA at the lowest
16 possible cost. According to subparagraph 6(m), if Tampa
17 Electric's actual installed cost for a project is less than
18 the Installed Cost Cap, the company's customers and the
19 company will share in the beneficial difference with 75
20 percent of the difference inuring to the benefit of
21 customers and 25 percent serving as an incentive to the
22 company to seek such cost savings over the life of this
23 2017 Agreement. The company has included the effect of the
24 incentive in its actual revenue requirement for the Third
25 SoBRA.

1 Q. Does the 2017 Agreement include an example of how the
2 incentive mechanism would work?

3

4 A. Yes. According to subparagraph 6(m), if the actual
5 installed cost of a solar project is \$1,400 per kW_{ac}, the
6 final cost to be used for purposes of computing cost
7 recovery under this 2017 Agreement and the true-up of the
8 initial SOBRA would be \$1,425 kW_{ac} [0.25 times (\$1,500 -
9 \$1,400) + \$1,400].

10

11 Q. Please describe the calculation of the incentive for the
12 Third SoBRA based on the company's actual installed costs.

13

14 A. Mr. Smith provides the actual installed costs for the two
15 projects including interconnection, allowance for funds
16 used during construction ("AFUDC"), and land costs.

17

18 For LMR Solar, the project land was obtained through a long-
19 term lease, and the lease costs are included in the revenue
20 requirement. However, as I stated about the estimated
21 revenue requirement in my direct testimony submitted in
22 Docket No. 20190136-EI, for purposes of calculating the
23 allowed company incentive, the company included the land
24 value in the total installed capital cost. As stated in
25 Tampa Electric witness Mark D. Ward's direct testimony in

1 Docket 20190136-EI, the company calculated a land value for
2 LMR Solar as the net present value of the lease payments
3 over the life of the solar project, discounted at the 7.183
4 percent rate. As a result, \$85 per kW_{ac}, representing LMR
5 Solar's land lease value, was included in the total
6 installed cost value for purposes of calculating the
7 incentive allowable for this project and the Third SoBRA
8 estimated revenue requirement ultimately approved by the
9 Commission. Therefore, the total installed cost for LMR
10 Solar for purposes of calculating the incentive is \$1,413
11 per kW_{ac} + \$85 per kW_{ac}, or \$1,498 per kW_{ac}.

12
13 Based on its actual installed cost, there is no incentive
14 for the Wimauma project, and the incentive for LMR Solar is
15 immaterial. The calculation of the actual installed costs
16 including the incentive for each project is as follows.

<u>Project</u>	<u>Actual Costs Including Incentive per kW_{ac}</u>
19 Wimauma Solar	$0.25 * (\$1,500 - \$1,500) + \$1,500 = \$1,500$
20 LMR Solar	$0.25 * (\$1,500 - \$1,498) + \$1,498 = \$1,498$

21
22 **Q.** How does the revised incentive calculation differ from the
23 estimated incentive calculation for the Third SoBRA?

24
25 **A.** The formula is the same as that formula used in Docket No.

1 20190136-EI, but the estimated installed costs used in
2 those dockets have been replaced with the actual installed
3 costs provided by Mr. Smith.

<u>Project</u>	<u>Estimated Costs Including Incentive per kW_{ac}</u>
Wimauma Solar	$0.25 * (\$1,500 - \$1,479) + \$1,479 = \$1,484$
LMR Solar	$0.25 * (\$1,500 - \$1,495) + \$1,495 = \$1,496$

8
9 **Q.** How do the projected and actual incentive amounts compare
10 for each of the two projects?

11
12 **A.** A comparison of the projected and actual incentive amounts
13 for the two projects is shown below:

<u>Project</u>	<u>Estimated</u>	<u>Actual</u>	<u>Difference</u>
Wimauma Solar	5.4	0.0	(5.4)
LMR Solar	1.2	0.6	(0.6)

17
18 **Q.** Are investment tax credits included in the calculation of
19 the actual Third SoBRA revenue requirement?

20
21 **A.** Yes. A thirty percent investment tax credit was applied in
22 the calculation of the estimated and actual Third SoBRA
23 annual revenue requirement.

24
25 **Q.** How is the actual annual revenue requirement you calculated

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for the Third SoBRA to be applied?

A. The company has included the actual costs of the Third SoBRA in its recent rate increase filing, in Docket No. 20210034, submitted on April 9, 2021. For the reasons explained in the testimony of Mr. Chronister, a permanent base rate change for the Third SoBRA is not needed.

In addition, the 2017 Agreement requires the company to calculate a true-up to reflect differences between the actual and estimated installed cost as well as a true-up to reflect the differences between the projected and actual in-service dates for the projects, for the period of time the estimated SoBRA rates were in effect. The timing difference amount is currently being refunded in the 2021 capacity clause rates, and the true-up for the actual and estimated installed cost amount will be recovered through the capacity clause in accordance with the 2017 Agreement.

Q. Does the 2017 Agreement state how this revenue requirement true-up is to be calculated?

A. Yes. Subparagraph 6(n) of the 2017 Agreement states that a revised SoBRA will be computed using the same data and methodology incorporated in the initial SoBRA, with the

1 exception that the actual capital expenditures after
2 sharing and the actual in-service date will be used in lieu
3 of the capital expenditures on which the annualized revenue
4 requirement was based. The difference between the
5 cumulative base revenues since the implementation of the
6 initial SoBRA factor and the cumulative base revenues that
7 would have resulted if the revised SoBRA factor (for cost
8 and in-service date true ups) had been in place during the
9 same time period will be trued up with interest at the AFUDC
10 rate used for the projects and will be made through a
11 twelve-month adjustment via the Capacity Clause. This true-
12 up is described and explained in Mr. Chronister's
13 testimony.

14
15 **Q.** Please summarize your direct testimony.

16
17 **A.** The Third SoBRA estimated annual revenue requirements
18 totaled \$26,452,000. Using the actual installed costs
19 provided by Mr. Smith, I calculated the actual annual
20 revenue requirement for the Third SoBRA to be \$26,612,000,
21 or approximately \$160,000 more than the estimated amount.
22 These amounts include incentive and are calculated in
23 accordance with the 2017 Agreement.

24
25 **Q.** Does this conclude your direct testimony?

1 **A.** Yes, it does.

2

3

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EXHIBIT

OF

JOSE A. APONTE

**Third SoBRA Actual Revenue Requirements without
Sharing Mechanism**

**149.3 MW of Solar Generation
(\$1,500/kW Maximum)**

	(\$000)
Wimauma Solar	11,553
LMR Solar	12,244
Capital Revenue Requirement	23,797
Wimauma Solar	444
LMR Solar	996
Fixed O&M	1,439
Land Revenue Requirement	1,370
Total Revenue Requirement	26,607

Note: Totals may not sum due to rounding.

**Third SoBRA Actual Revenue Requirements with
Sharing Mechanism**

**149.3 MW of Solar Generation
with 75%/25% Incentive
and \$1,500/kW Maximum**

	(\$000)
Wimauma Solar	11,553
LMR Solar	12,249
Capital Revenue Requirement	23,802
Wimauma Solar	444
LMR Solar	996
Fixed O&M	1,439
Land Revenue Requirement	1,370
Total Revenue Requirement	26,612

Note: Totals may not sum due to rounding.

**Third SoBRA Actual Revenue Requirements without
Sharing Mechanism**

**149.3 MW of Solar Generation
LMR Land as Purchase
(\$1,500/kW Maximum)**

	(\$000)
Wimauma Solar	11,553
LMR Solar	12,244
Capital Revenue Requirement	23,797
Wimauma Solar	444
LMR Solar	442
Fixed O&M	885
Land Revenue Requirement	2,042
Total Revenue Requirement	26,725

Note: Totals may not sum due to rounding.

**Third SoBRA Actual Revenue Requirements with
Sharing Mechanism**

**149.3 MW of Solar Generation
with 75%/25% Incentive, LMR Land as Purchase
and \$1,500/kW Maximum**

	(\$000)
Wimauma Solar	11,553
LMR Solar	12,249
Capital Revenue Requirement	23,802
Wimauma Solar	444
LMR Solar	442
Fixed O&M	885
Land Revenue Requirement	2,042
Total Revenue Requirement	26,730

Note: Totals may not sum due to rounding.



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 2021____-EI
IN RE: PETITION BY TAMPA ELECTRIC COMPANY
FOR A LIMITED PROCEEDING TO TRUE-UP THIRD
SOBRA

REDACTED

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
STEVEN G. SMITH

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

STEVEN G. SMITH

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5
6 Q. Please state your name, address, occupation, and
7 employer.

8
9 A. My name is Steven G. Smith. My business address is 702 N.
10 Franklin Street, Tampa, Florida 33602. I am employed by
11 Tampa Electric Company ("Tampa Electric" or "company") as
12 Manager, Renewable Energy Projects.

13
14 I. Introduction

15
16 Q. Please provide a brief outline of your educational
17 background and business experience.

18
19 A. I earned a Bachelor of Science in Business Management from
20 University of South Florida in 2014. I have twenty-one
21 years of experience in the electric utility industry. In
22 2006, I was employed by Tampa Electric as an Electrical
23 Supervisor responsible for the construction of large-
24 scale capital projects. In 2016, I became the Project
25 Manager responsible for management of outage related

1 capital projects at Polk, Big Bend, and Bayside Power
2 Stations. In 2018, I became the Project Manager
3 responsible for managing the construction of utility
4 scale solar projects. Since 2020, I have served as Manager
5 Renewable Energy Projects, and I am responsible for
6 management oversight of development and project execution
7 of utility scale solar projects, including solar projects
8 described in the 2017 Amended and Restated Stipulation
9 and Settlement Agreement ("2017 Agreement") that was
10 approved by the Florida Public Service Commission ("FPSC"
11 or "Commission") in Order No. PSC-2017-0456-S-EI, issued
12 in Docket Nos. 20170210-EI and 20160160-EI on November
13 27, 2017.

14
15 **Q.** What are the purposes of your direct testimony?
16

17 **A.** My testimony serves two purposes. First, my testimony
18 shows the actual installed costs for the two solar
19 projects in the company's third tranche of utility scale
20 solar, which were part of the company's Third SoBRA, and
21 compares those costs to the \$1,500 per kilowatt
22 alternating current ("kW_{ac}") installed cost cap contained
23 in the 2017 Agreement. Second, I provide the actual in-
24 service dates for the two projects, which are significant
25 in determining the true-up amount.

1 Q. Have you prepared an exhibit to support your direct
2 testimony?

3

4 A. Yes. Exhibit No. SGS-1 was prepared under my direction
5 and supervision. It consists of the following two
6 documents:

7 Document No. 1 Wimauma Solar Project Actual and
8 Estimated Installed Costs

9 Document No. 2 Little Manatee River ("LMR") Solar
10 Project Actual and Estimated
11 Installed Costs

12

13 Q. How does your prepared direct testimony relate to the
14 prepared direct testimony of the company's other two
15 witnesses?

16

17 A. My prepared direct testimony describes the two projects
18 in the company's Third SoBRA, as well as their actual in-
19 service dates and installed cost per kW_{ac}. Tampa Electric
20 witness Jose A. Aponte explains the calculation of the
21 revenue requirement based on actual installed project
22 costs for the two projects in the company's Third SoBRA.
23 Tampa Electric witness Jeffrey S. Chronister calculates
24 the true-up amounts required by the 2017 Agreement.

25

1 **II. Third SoBRA Projects: Wimauma Solar and LMR Solar**

2
3 **Q.** Do the two projects in the company's Third SoBRA differ
4 from the specifications listed in the pre-filed direct
5 testimony of Tampa Electric witness Mark D. Ward as
6 submitted in Docket No. 20190136-EI?

7
8 **A.** No. The project design and specifications do not differ
9 materially from planned and are as described in the direct
10 testimony of Mr. Ward submitted in Docket No. 20190136-
11 EI. The initial costs were estimates; therefore, there is
12 a cost difference for each project. In addition, while
13 Wimauma Solar and LMR Solar were contemplated to be in
14 service on January 1, 2020 at the time of the 2017
15 Agreement, they became fully operational and placed in
16 service on April 1, 2020, and February 7, 2020,
17 respectively.

18
19 **Q.** What do you mean by the term "placed in service?"

20
21 **A.** Tampa Electric considers a solar project to be placed in
22 service when the project has all modules installed and
23 electrically connected, all inverters have been installed
24 and commissioned, and the project substation is energized
25 and transmitting the solar power to Tampa Electric's

1 transmission system. Tampa Electric notified the
2 Commission that the LMR Solar project was in service by
3 letter filed on February 26, 2020 in Docket No. 20190136-
4 EI. The company notified the Commission that the Wimauma
5 Solar project was in service by letter filed on April 2,
6 2020 in the same docket.

7
8 **Q.** Please explain why Wimauma Solar and LMR Solar were placed
9 in service later than originally expected.

10
11 **A.** Wimauma Solar received its environmental and construction
12 permits about three months later than expected, and, as
13 a result, the contractor was not able to start
14 construction on the project until July 2019. This delayed
15 the in-service date to April 1, 2020. The environmental
16 and construction permits for LMR Solar also were received
17 approximately three months later than expected, and, as
18 a result, the contractor was not able to start
19 construction on the project until July 2019. This
20 contractor was able to mitigate some of the delay by
21 increasing the number of employees on the job and working
22 weekends to accelerate its schedule.

23
24 **Q.** How did the company manage the actual costs of the Third
25 SoBRA projects?

1 **A.** Wimauma Solar and LMR Solar were completed by full-service
2 solar developers with whom Tampa Electric contracted to
3 perform project development and Engineering, Procurement,
4 and Construction ("EPC") activities. The cost for each
5 project was fixed by the terms of the contract, and any
6 cost increases were submitted as change orders for
7 approval by Tampa Electric.

8
9 Actual costs were managed by Tampa Electric's project
10 management and accounting teams. The contractor sent
11 invoices to Tampa Electric monthly for work completed.
12 Prior to paying the invoice, Tampa Electric inspected the
13 project to verify the work had been completed and any
14 additional costs were justified.

15
16 **Q.** What are the total actual and estimated installed costs
17 for the Third SoBRA projects?

18
19 **A.** The estimated installed costs of the Wimauma Solar and
20 LMR Solar projects are \$1,479 per kW_{ac} and \$1,410 per kW_{ac},
21 respectively. The actual installed costs are \$1,537 per
22 kW_{ac} for the Wimauma Solar project and \$1,413 per kW_{ac} for
23 the LMR Solar project.

24
25 **Q.** What costs were included in the actual costs for purposes

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of this true-up filing?

A. The actual total installed cost broken down by major category for the Third SoBRA projects is shown on Document Nos. 1 and 2 of my exhibit. The actual costs included are the same categories or types of costs as those included in the company's estimated costs, as submitted in Docket No. 20190136-EI and in accordance with the 2017 Agreement. These include the types of costs that traditionally have been allowed in rate base and are eligible for cost recovery via a SoBRA. These costs include: EPC costs; development costs including third party development fees, if any; permitting and land acquisition costs; taxes; utility costs to support or complete development; transmission interconnection cost and equipment costs; costs associated with electrical balance of system, structural balance of system, inverters and modules; Allowance for Funds Used During Construction ("AFUDC") at the weighted average cost of capital from Exhibit B of the 2017 Agreement; owner's costs; and other traditionally allowed rate base costs.

Q. Are all the costs incurred to make the Third SoBRA projects fully operational included in the actual total installed cost amounts presented in your exhibit?

1 **A.** Yes, with one exception. All costs incurred to bring the
2 Third SoBRA projects into service are included in the
3 installed costs presented in my exhibit except for the land
4 lease costs for the LMR Solar project. The LMR Solar project
5 is constructed on leased land, so land costs are not
6 included in the actual dollar per kW_{ac} installed capital
7 cost I provide. The land lease cost is included in the
8 actual project revenue requirement calculated by Mr.
9 Aponte.

10
11 **Q.** Are the two Third SoBRA project actual installed cost
12 amounts below the \$1,500 per kW_{ac} installed cost cap
13 contained in the 2017 Agreement?

14
15 **A.** The Wimauma Solar total actual installed costs are greater
16 than the cost cap at \$1,537 per kW_{ac}, and the \$1,413 per
17 kW_{ac} LMR Solar actual installed cost total is below the
18 cost cap. Therefore, as described in his testimony, Mr.
19 Aponte included only the first \$1,500 per kW_{ac} of the total
20 installed costs for the Wimauma Solar project when he
21 calculated the project revenue requirement. The LMR Solar
22 total installed costs are lower than the \$1,500 per kW_{ac}
23 cost cap. Mr. Aponte also describes the comparison of the
24 LMR Solar actual cost including imputed land purchase
25 costs to the \$1,500 per kW_{ac} cost cap for purposes of

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determining the allowable incentive amount for this project, and the total installed cost, including imputed land purchase value, also is below the cost cap.

Q. What is the difference between the estimated and actual installed costs for the two projects in the Third SoBRA?

A. Wimauma Solar total installed costs are approximately \$58 per kW_{ac} greater, and LMR Solar total installed costs are about \$3 per kW_{ac} greater than the estimated project costs.

Q. Please explain the variances between actual and estimated costs by category for the Wimauma project.

A. Wimauma Solar's estimated contract price is \$87,400,000. The contract price is the sum of the modules, major equipment, balance of system, and development costs as listed in the "Estimated" column shown in Document No. 1 of my exhibit.

The Wimauma Solar actual cost also is calculated as the sum of the modules, major equipment, balance of system, and development costs and is \$89,467,780. These costs are listed in Document No. 1 of my exhibit in the column entitled "Actual." The variance between the actual and

1 estimated EPC contract costs for Wimauma Solar is
2 \$2,067,780. The variance is due to change orders for
3 additional modules needed for breakage spares.

4
5 The remaining variance of \$4,075,023 is largely due to
6 higher AFUDC than expected, resulting from the higher
7 contract cost balance and the longer than anticipated
8 construction period.

9
10 The Wimauma Solar project total all-in cost variance is
11 approximately \$4.4 million or \$58 per kW_{ac} greater than
12 expected.

13
14 **Q.** Please explain the variances between actual and estimated
15 costs by category for the LMR Solar project.

16
17 **A.** LMR Solar's estimated EPC contract price is \$94,200,000.
18 LMR Solar's EPC contract price is the sum of the modules,
19 major equipment, balance of system, and development costs
20 listed in the "Estimated" column in Document No. 2 of my
21 exhibit.

22
23 The LMR Solar actual EPC contract cost is the sum of the
24 modules, major equipment, balance of system, and
25 development costs and is \$101,469,645. The costs are listed

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in the column entitled "Actual" shown in Document No. 2 of my exhibit.

The variance between the actual and estimated contract costs for LMR Solar is \$7,269,645. This variance is due to the EPC, as opposed to Tampa Electric, constructing the required 230kV ring buss switchyard. These costs were originally estimated in the transmission interconnect cost category and were later recategorized to the EPC Major Equipment category. The EPC also completed all permitting activities.

The variance between the actual and estimated total all-in cost for LMR Solar is approximately \$148,000 or \$3 per kW_{ac} higher than the estimated all-in cost.

Q. How are owner's costs determined for the Third SoBRA projects?

A. Owner's costs include costs of work performed by Tampa Electric employees assigned to the solar projects who were not employed prior to the last rate case, consultants that were retained by the company to assist in development, project management, safety activities, and legal support.

1 Q. How and when will the additional actual costs resulting
2 from the true-up be charged to customers?

3
4 A. The testimony of Mr. Chronister explains how and when the
5 additional actual costs from the cost true up and the
6 credit related to in-service dates are handled.

7
8 **IV. Summary**

9
10 Q. Please summarize your direct testimony.

11
12 A. Tampa Electric's Wimauma Solar (74.8MW) and LMR Solar
13 (74.5MW) became fully operational and were placed in
14 service on April 1, 2020 and February 7, 2020,
15 respectively.

16
17 Wimauma Solar's actual installed cost is \$1,537 per kW_{ac},
18 which is \$58 per kW_{ac} more than the estimated all-in cost.
19 The variance is primarily due to higher than estimated
20 AFUDC and the cost of additional modules needed at the
21 site.

22
23 LMR Solar's actual installed cost is \$1,413 per kW_{ac}, which
24 is \$3 per kW_{ac} more than the estimated cost of \$1,410 per
25 kW_{ac}. The variance is primarily due to higher than

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estimated EPC construction cost.

The actual installed cost of LMR Solar falls below the SoBRA cost cap of \$1,500 per kW_{ac}. The cost recovery of the actual installed cost of Wimauma Solar is limited by the \$1,500 per kW_{ac} cost cap, as described in Mr. Aponte's testimony.

Q. Does this conclude your prepared direct testimony?

A. Yes, it does.

EXHIBIT

OF

STEVEN G. SMITH

Table of Contents

DOCUMENT NO.	TITLE	PAGE
1	Wimauma Solar Project Actual and Estimated Installed Costs	16
2	LMR Solar Project Actual and Estimated Installed Costs	17

Wimauma Solar Project Actual and Estimated Costs

	Actual	Estimated	Difference
Project Output (MW _{ac})	74.8	74.8	-
EPC Contract Costs:			
Major Equipment			\$ 6,847,665
Balance of System			(3,555,187)
Development	<u>475,302</u>	<u>1,700,000</u>	<u>(1,224,698)</u>
Total EPC Contract	89,467,780	87,400,000	2,067,780
Trans. Interconnect	4,484,798	6,400,000	(1,915,202)
Land	12,902,680	13,100,000	(197,320)
Owner's Costs	<u>1,632,323</u>	<u>1,300,000</u>	<u>332,323</u>
Total Installed Cost	108,487,581	108,200,000	287,581
AFUDC	<u>6,475,023</u>	<u>2,400,000</u>	<u>4,075,023</u>
Total All-in Cost	\$ 114,962,604	\$ 110,600,000	\$ 4,362,604
Total (\$/kW _{ac})	1,537	1,479	58

Notes:

¹ Major Equipment includes modules, inverters, and transformers.

² Balance of System includes racking, posts, collection cables, EPC contract, and project management.

LMR Solar Project Actual and Estimated Costs

	Actual	Estimated	Difference
Project Output (MW _{ac})	74.5	74.5	-
EPC Contract Costs:			
Major Equipment			\$ 7,724,829
Balance of System			1,206,295
Development	<u>138,521</u>	<u>1,800,000</u>	<u>(1,661,479)</u>
Total EPC Contract	101,469,645	94,200,000	7,269,645
Trans. Interconnect	3,134,628	9,700,000	(6,565,372)
Land	0	0	0
Owner's Costs	<u>643,663</u>	<u>1,200,000</u>	<u>(556,337)</u>
Total Installed Cost	105,247,935	105,100,000	147,935
AFUDC	<u>0</u>	<u>0</u>	<u>0</u>
Total All-in Cost	\$ 105,247,935	\$ 105,100,000	\$ 147,935
Total (\$/kW _{ac})	1,413	1,410	3

Notes:

¹ Major Equipment includes modules, inverters, and transformers

² Balance of System includes racking, posts, collection cables, EPC contract, and project management



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 2021____-EI
IN RE: PETITION BY TAMPA ELECTRIC COMPANY
FOR A LIMITED PROCEEDING TO TRUE-UP THIRD
SOBRA

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
JEFFREY S. CHRONISTER

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **JEFFREY S. CHRONISTER**

5
6 **Q.** Please state your name, address, occupation, and
7 employer.

8
9 **A.** My name is Jeffrey S. Chronister. My business address is
10 702 North Franklin Street, Tampa, Florida 33602. I am
11 employed by Tampa Electric Company ("Tampa Electric" or
12 "the company") as Vice President Finance and Controller,
13 Tampa Electric.

14
15 **I. Introduction**

16
17 **Q.** Please describe your duties and responsibilities in that
18 position.

19
20 **A.** I am responsible for maintaining the financial books and
21 records of the company and for the determination and
22 implementation of accounting policies and practices for
23 Tampa Electric. I am also responsible for budgeting
24 activities within the company.

25

1 **Q.** Please provide a brief outline of your educational
2 background and business experience.

3

4 **A.** I graduated from Stetson University in 1982 with a
5 Bachelor of Business Administration degree in Accounting.
6 Upon graduation I joined Coopers & Lybrand, an independent
7 public accounting firm, where I worked for four years
8 before joining the company in 1986. I started in Tampa
9 Electric's Accounting department, moved to TECO Energy's
10 Internal Audit department in 1987, and returned to the
11 Accounting department in 1991. I am a Certified Public
12 Accountant in the State of Florida and I am a member of
13 both the American Institute of Certified Public
14 Accountants ("AICPA") and the Florida Institute of
15 Certified Public Accountants ("FICPA"). I have served as
16 Controller of Tampa Electric since July 2009, and in my
17 current position since July 2018.

18

19 **Q.** Have you previously testified before the Florida Public
20 Service Commission ("Commission")?

21

22 **A.** Yes, I have testified or filed testimony before this
23 Commission in several dockets. I testified for Tampa
24 Electric in Docket No. 20130040-EI, which was Tampa
25 Electric's 2013 base rate proceeding, and I have filed

1 testimony in the company's current base rate case in Docket
2 No. 20210034-EI. I filed testimony in Docket No. 20080317-
3 EI, Tampa Electric Company's Petition for An Increase in
4 Base Rates and Miscellaneous Service Charges, Docket No.
5 19960007-EI, Tampa Electric's Environmental Cost Recovery
6 Clause, and Docket No. 19960688-EI, Tampa Electric's
7 environmental compliance activities for purposes of cost
8 recovery. I filed testimony in Docket No. 20170271-EI,
9 Petition for recovery of costs associated with named
10 tropical systems during the 2015, 2016, and 2017 hurricane
11 seasons and replenishment of storm reserve subject to final
12 true-up, Tampa Electric Company. I also filed testimony in
13 Docket No. 20200144-EI, Petition for true-up of First and
14 Second SoBRAs.

15
16 **Q.** What are the purposes of your direct testimony?

17
18 **A.** My testimony relates to the two projects, Wimauma Solar
19 and Little Manatee River Solar, for which cost recovery
20 was granted by the Commission via the company's Third
21 SoBRA in Docket No. 20190136-EI. The company's Third SoBRA
22 was contemplated in the company's 2017 Amended and
23 Restated Stipulation and Settlement Agreement ("2017
24 Agreement") that was approved by the Florida Public
25 Service Commission in Order No. PSC-2017-0456-S-EI,

1 issued in Docket Nos. 20170210-EI and 20160160-EI on
2 November 27, 2017.

3
4 My testimony serves two purposes. My first purpose is to
5 describe the calculation of two SoBRA true-ups - the
6 timing true-up and the cost true-up - for the two projects
7 in the company's Third SoBRA. Both true-ups are
8 contemplated in the 2017 Agreement.

9
10 The timing true-up ensures that customers are made whole
11 for differences between the actual project in-service
12 dates for the two projects compared to the period that
13 the company began charging customers the Third SoBRA
14 rates. The cost true-up is related to the actual installed
15 project costs for the two projects compared to the
16 estimated costs used to set SoBRA rates. The timing true-
17 up, if applicable, is returned to customers through the
18 capacity cost recovery clause ("capacity clause"). The
19 actual cost true-up includes a permanent base rate
20 adjustment and a calculation of the amount of the actual
21 cost true-up due since the projects were placed in service
22 and before the permanent base rate adjustment is enacted.
23 The latter amount is included in the capacity clause.

24
25 **Q.** Have you prepared an exhibit to support your direct

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testimony?

A. Yes, Exhibit No. JSC-1 was prepared by me or under my direction and supervision. The exhibit reflects the calculation of the true-up amounts.

Q. How does your testimony relate to the prepared direct testimony of Tampa Electric's other witnesses?

A. Tampa Electric witness Steven G. Smith's direct testimony describes the actual in-service dates and installed cost per kilowatt alternating current ("kW_{ac}") for the two projects in the Third SoBRA. Tampa Electric witness Jose A. Aponte uses the actual installed project costs in Mr. Smith's direct testimony to calculate the actual revenue requirement for the Third SoBRA and compares it to the projected revenue requirement determined in Docket No. 20190136-EI.

The timing true-up I present reflects the in-service dates presented in Mr. Smith's testimony and the cost true-up I present reflects the installed cost and revenue requirements presented in Mr. Aponte's testimony.

1 **II. True-Up Calculations**

2 **Q.** Please provide perspective for the true-ups related to
3 SoBRA revenues.

4
5 **A.** The first consideration is the applicability of the true-
6 ups. Below I will describe how the 2017 Agreement provides
7 for the true-up of SoBRA revenues. The next consideration
8 is that there are two types of true-up involved. The
9 timing true-up is related to the actual project in-service
10 dates for the SoBRA projects compared to the period that
11 the company began charging customers the SoBRA rates. The
12 cost true-up is related to the actual installed project
13 costs for the SoBRA projects compared to the estimated
14 costs used to set SoBRA rates. The timing true-up is
15 calculated for the period from the beginning of each
16 tranche's SoBRA billing to the project in-service dates,
17 while the cost true-up applies to the period from the
18 project in-service dates to January 2022, when the actual
19 costs of the SoBRA projects will be included in the
20 company's base rates.

21
22 **Q.** Does the 2017 Agreement provide for a true-up of SoBRA
23 revenues?

24
25 **A.** Yes. The 2017 Agreement anticipated the estimated and

1 actual annual revenue requirement and in-service dates for
2 the two projects could be different and included provisions
3 to protect customers should differences occur.

4
5 Subparagraph 6(n) of the 2017 Agreement states that a
6 revised SoBRA will be computed using the same data and
7 methodology incorporated in the initial SoBRA, with the
8 exception that the actual capital expenditures after
9 sharing will be used in lieu of the capital expenditures on
10 which the estimated annualized revenue requirement was
11 based. The difference between the cumulative base revenues
12 since the implementation of the initial SoBRA factor and
13 the cumulative base revenues that would have resulted if
14 the revised SoBRA factor had been in place during the same
15 time period will be trued up with interest at the AFUDC
16 rate used for the projects, and will be made through a one-
17 time, twelve-month adjustment. The true-up also reflects
18 any differences between the actual and estimated in-service
19 dates for the two projects.

20
21 **Q.** Please describe the calculation of the timing true-up.

22
23 **A.** The timing true-up consists of the portion of the annual
24 revenue requirement for each of the two projects from the
25 estimated in-service date to the actual in-service date.

1 The company charged rates to customers based on the
2 estimated annual revenue requirement for the two projects
3 beginning on the estimated in-service dates for the
4 projects, and the projects did not enter service until
5 after the estimated date. The company owes its customers
6 the ratable portion of the annual revenue requirement
7 attributable to any period when the new SOBRA rates were
8 in effect and the underlying projects were not in service.
9 The company also owes its customers any applicable
10 interest. The calculation of the timing true-up is shown
11 on Page 3 of Exhibit No. JSC-1.

12
13 **Q.** Please describe the calculation of the cost true-up.

14
15 **A.** The cost true-up consists of the difference between the
16 estimated and actual (final) revenue requirement for the
17 projects from the time when each project entered service
18 to January 1, 2022, which is the date the company expects
19 the final Third SOBRA costs will be included in base
20 rates. The company is requesting to charge its customers
21 this true-up plus any applicable interest. The
22 calculation of the cost true-up is shown in Exhibit No.
23 JSC-1.

24
25 **Q.** What is the dollar amount of the timing true-up?

1 **A.** The dollar amount of the timing true-up owed to customers
2 is \$4,064,011, as shown on Line 11, Page 1 of Exhibit No.
3 JSC-1. On Page 3, [a] I show the estimated revenue
4 requirement for each of the two projects as approved by
5 the Commission and [b] using the daily average for the
6 estimated annual revenue requirement for each project, I
7 show the revenue requirement attributable to the period
8 of time the individual projects were not in service as
9 estimated. This schedule uses the actual in-service dates
10 by project as described in the testimony of Mr. Smith.
11 The company calculated the interest due on the true-up
12 amount using the AFUDC rate specified in the 2017
13 Agreement.

14
15 **Q.** What is the dollar amount of the cost true-up?
16

17 **A.** The dollar amount of the cost true-up owed to the company
18 is \$282,112, as shown on Line 10, Page 1 of Document No.
19 1 in my exhibit. The calculation compares the estimated
20 annual revenue requirement for each project with the
21 actual final annual revenue requirement and shows the
22 difference for the period when a project was placed in
23 service to January 1, 2022. This schedule uses the actual
24 in-service dates by project as described in the testimony
25 of Mr. Smith and the actual annual revenue requirements

1 by project presented by Mr. Aponte. The company calculated
2 the interest due on the true-up amount using the AFUDC
3 rate specified in the 2017 Agreement.

4
5 The cost true-up is applicable beginning at the in-service
6 date of the project. Since Tampa Electric returned the
7 entire amount of revenue collected prior to the in-service
8 date, a cost true-up amount is not needed for those days
9 and, if applied, would be double-counting the true-up
10 amount. On Page 4 of my exhibit, I provide the calculation
11 of adjusted monthly true-up amounts to reflect the project
12 in-service dates. The adjustment is calculated using the
13 actual in-service dates and the daily average for the
14 difference between estimated and actual annual revenue
15 requirement for each project.

16
17 The company calculated the interest due on the true-up
18 amount using the AFUDC rate specified in the 2017
19 Agreement.

20
21 **Q.** For what period will the timing true-ups be applied to
22 customer bills?

23
24 **A.** An estimated \$4,069,905 for the Third SoBRA true-up was
25 included in the capacity clause in June 2020 and is

1 currently being returned to customers in the company's
2 capacity factors that went into effect for January 2021.
3 The final net true-up amount of \$85,648 owed to the
4 customers, consisting of the difference between the
5 estimated and actual true-up amounts, will be applied to
6 customer bills beginning with the first billing cycle of
7 January 2022 through the final billing cycle of December
8 2022.

9
10 **Q.** Given that the true-ups are being provided to customers
11 in two parts, what is the total net amount of the true-
12 ups?

13
14 **A.** The net true-up amount owed to customers, to be credited
15 through the capacity clause is a credit of \$4,155,553.

16
17 **Q.** What is the effect of the final net true-up amount on a
18 typical 1,000 kWh residential bill?

19
20 **A.** The remaining net amount of the final true-up, the \$85,648
21 referred to above, would reduce a typical 1,000 kWh bill by
22 \$0.01 per 1,000 kWh.

23
24 **Q.** How will the permanent base rate adjustment reflecting
25 the actual cost true-up amount be implemented going

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forward?

A. The final base rate adjustment for the Third SoBRA project actual costs is already reflected in the 2022 test year revenue requirement included in the company's base rate request in Docket No. 20210134-EI, submitted on April 9, 2021. The company's proposed base rate changes would take effect with the first billing cycle of January 2022, which is coincident with the time that the final base rate adjustment for the Third SoBRA true-up would take effect. Thus, the base rate adjustment is already accounted for as the costs will be trued up in the course of the resolution of that docket. Therefore, there is no need to provide an additional permanent base rate adjustment as this would double count the impact of the true-up. If the proposed base rate changes do not take effect as proposed, in the first billing cycle for January 2022, Tampa Electric proposes that any additional true-up amount be handled as a temporary timing adjustment and addressed in the capacity clause at a future date.

IV. Summary

Q. Please summarize your direct testimony.

A. In my testimony I explain the true-up associated with the

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Third Tranche of our SoBRA solar projects. I explain that there is both an in-service timing true-up and an actual cost true-up. I discuss the regulatory support for the true-ups as well as the way in which each true-up was calculated.

Q. Does this conclude your direct testimony?

A. Yes.

EXHIBIT

OF

JEFFREY S. CHRONISTER

Tampa Electric
Third SoBRA True-Up Calculation

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total	Total
(1) Total Installed Cost True-up	(2,034,623)	1,145	1,444	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	13,311	122,384
(2) In-Service Date Timing True-up	(2,034,623)	(1,122,674)	(906,714)	-	-	-	-	-	-	-	-	-	(4,064,011)
(3) Total Installed Cost and Timing True-Up	(2,034,623)	(3,156,153)	(4,061,423)	(4,048,112)	(4,034,801)	(4,021,491)	(4,008,180)	(3,994,869)	(3,981,559)	(3,968,248)	(3,954,938)	(3,941,627)	(3,941,627)
(4) Annual Interest Rate	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%
(5) Monthly Interest Rate ¹	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%
(6) Interest Adjustment (Line 5 x Line 6 Prior Month)	-	(10,953)	(17,050)	(22,015)	(22,062)	(22,109)	(22,155)	(22,201)	(22,246)	(22,293)	(22,339)	(22,386)	(22,808)
(7) Less Interest Expense Accrued in Capacity Clause at Commercial Paper Rate	-	-	-	-	-	161	380	424	339	288	407	407	2,416
(8) Total Installed Cost and Timing True-Up with Interest	(2,034,623)	(3,167,106)	(4,089,425)	(4,086,129)	(4,106,880)	(4,115,517)	(4,123,972)	(4,132,438)	(4,141,035)	(4,149,729)	(4,158,350)	(4,167,018)	(4,167,018)
(9) Total Installed Cost True-up	122,384	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	282,112
(10) In-Service Date Timing True-up	(4,064,011)	-	-	-	-	-	-	-	-	-	-	-	(4,064,011)
(11) Total Installed Cost and Timing True-Up	(3,941,627)	(3,928,316)	(3,915,006)	(3,898,384)	(3,875,074)	(3,861,763)	(3,848,452)	(3,835,142)	(3,821,831)	(3,808,520)	(3,795,210)	(3,781,899)	(3,781,899)
(12) Estimated True-Up Included in 2021 Capacity Factors ²	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,156	4,069,905
(13) Annual Interest Rate	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%	6.460000%
(14) Monthly Interest Rate ¹	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%	0.538333%
(15) Interest Adjustment (Line 15 x Line 18 Prior Month)	(22,808)	(22,432)	(20,654)	(18,866)	(15,263)	(13,447)	(11,622)	(9,786)	(7,941)	(6,086)	(4,221)	(2,346)	(377,541)
(16) Less Interest Expense Accrued in Capacity Clause at Commercial Paper Rate	2,416	358	312	148	74	138	109	89	69	50	30	10	3,887
(17) Total Installed Cost and Timing True-Up for Interest Calculation ³	(4,167,018)	(3,836,623)	(3,504,495)	(3,170,744)	(2,835,259)	(2,497,978)	(2,156,818)	(1,817,861)	(1,300,451)	(784,057)	(435,778)	(85,648)	(85,648)
(18) Total Installed Cost and Timing True-Up with Interest	(4,167,018)	(4,175,782)	(4,182,813)	(4,188,221)	(4,193,773)	(4,199,325)	(4,204,877)	(4,210,429)	(4,215,981)	(4,221,533)	(4,227,085)	(4,232,637)	(4,238,189)
(19) Less Estimated True-Up Included in 2021 Capacity Factors ²	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,159	339,156	4,069,905
(20) Final Net True-Up Charge / (Credit) to Be Included in the Capacity Clause	-	-	-	-	-	-	-	-	-	-	-	-	(85,648)

(23) ¹ Calculated at the AFUDC rate for the projects, 6.46%.
(24) ² Estimated true-up amount of \$4,069,905 included in the capacity clause 2021 cost recovery factors.
(25) ³ Amount for interest calculation reflects return of estimated true-up through the 2021 capacity factors.

**Tampa Electric
Installed Cost Revenue Requirement True-up**

(A)	(B) Annual (\$)	(C) Monthly (\$)
(1) Third SoBRA ¹	159,728	13,311

¹ Effective January 2020

**Tampa Electric
In-Service Date (Timing) True-Up**

	(\$)
(2) Third SoBRA ¹	(4,064,011)

¹ Effective January 2020

Tampa Electric
In-Service Date (Timing) True-Up Calculation

(A) (B) (C) (D) (E) (F) (G) (H) (I) (J) (K) (L) (M) (O)

Third SoBRA

Project	Estimated Annual Revenue Requirements (\$MM)	Portion of SoBRA Revenue Requirements	Estimated In-Service Date	Actual In-Service Date	# Days Delayed	2020 Estimated Revenue			Revenue Requirement True-Up			
						January (\$)	February (\$)	March (\$)	January (\$)	February (\$)	March (\$)	Total (\$)
(1) Wimauma	13.225	50.0%	1/1/2020	4/1/2020	91	1,017,235	930,191	906,714	1,017,235	930,191	906,714	2,854,140
(2) Little Manatee River	13.227	50.0%	1/1/2020	2/7/2020	37	1,017,389	930,332	906,851	1,017,389	192,483	-	1,209,871
(3)												
(4) Total	26.452	100%				2,034,623	1,860,524	1,813,564	2,034,623	1,122,674	906,714	4,064,011

Tampa Electric
Actual Installed Cost True-Up Calculation

(A) (B) (C) (D) (E) (F) (G) (H) (I) (J) (K) (L) (M)

	Estimated Annual Revenue Requirements (\$MM)	Actual Annual Revenue (\$MM)	Difference (\$)	Estimated In-Service Date	Actual In-Service Date	# Days Delayed
(1) Third SoBRA						
(2) Wimauma	13,225	13,367	142,405	1/1/2020	4/1/2020	91
(3) Little Manatee River	13,227	13,244	17,323	1/1/2020	2/7/2020	37
(4) Total	26,452	26,612	159,728			

	January 2020 Estimated Revenue (\$)	Portion of Estimated Annual Revenue Requirements (%)	February 2020 Estimated Revenue (\$)	Portion of Estimated Annual Revenue Requirements (%)	Cost True-Up Already Returned in Timing True-Up (\$)	Difference (\$)	March 2020 Estimated Revenue (\$)	Portion of Estimated Annual Revenue Requirements (%)	Cost True-Up Already Returned in Timing True-Up (\$)	Difference (\$)
(5) Third SoBRA										
(6) Wimauma	1,017,235	7.7%	930,191	7.0%	10,953	10,016	906,714	6.9%	10,016	9,763
(7) Little Manatee River	1,017,389	7.7%	930,332	7.0%	1,332	1,218	906,851	6.9%	252,08	1,188
(8) Total	2,034,623		1,860,524		12,286	11,235	1,813,564		10,268	10,951
(9) Monthly True-Up Amount Prior to Consideration of the Timing True-Up					13,311				13,311	
(10) Monthly True-Up Amount with Timing True-Up Adjustment					1,025				3,042	