



June 8, 2026

VIA ELECTRONIC FILING

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

Re: Docket No. 20260062-EI
Petition for Approval of Revised Depreciation Rates for Bayside Power
Station Assets by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company are the company's answers to Staff's First Data Request (Nos. 1-13), served via email on May 8, 2026.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Malcolm N. Means'.

Malcolm N. Means

MNM/bml
Attachment
cc: All parties of record.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
BATES PAGE(S): 1
FILED: JUNE 8, 2026**

1. Please refer to witness Chronister's Direct Testimony, page 10, line 4, and explain the referenced "Docket No. 20241443-EI."

ANSWER:

The information provided describes Docket No. 20041443-EI (incorrectly referenced as 20241443-EI), which addressed Tampa Electric's 2004 Depreciation Study. Under Order No. PSC-05-0210-PAA-EI, issued on February 22, 2005, the Florida Public Service Commission approved new depreciation rates that specifically included a ten-year life extension for several combustion turbine units.

The Order recognized, among other matters, that Big Bend Station combustion turbine Units 2 and 3 and Polk Power Station combustion turbine Units 2 and 3 remained in good operating condition, justifying an extension of their service life for depreciation purposes. By extending the life of these specific turbines by ten years, the annual depreciation expense for these assets was reduced.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 2 - 5
FILED: JUNE 8, 2026**

2. Please refer to witness Chronister's Direct Testimony, page 10, line 11, through page 11, line 8, for the questions below:
- a. Please identify the benefits to the Company, if any, which would result from deferring the revision of Bayside Power Station assets' depreciation rates until TECO's next full depreciation study.
 - b. Please identify all the detriments to the Company, if any, which would result from deferring the revision of Bayside Power Station assets' depreciation rates until TECO's next full depreciation study.
 - c. Please identify all the benefits to TECO's customers, if any, which would result from deferring the revision of Bayside Power Station assets' depreciation rates until TECO's next full depreciation study.
 - d. Please identify all the detriments to TECO's customers, if any, which would result from deferring the revision of Bayside Power Station assets' depreciation rates until TECO's next full depreciation study.
 - e. Please elaborate on the statement "[a]pproving the company's proposed revised depreciation rates will benefit customers by more accurately matching the costs of providing electric service to the periods in which service is provided" on page 11. Please also explain how the customers would receive benefit starting from the effective date of such revised depreciation rates until the customer rates are changed in TECO's next rate case proceeding.

ANSWER:

Tampa Electric witness Chronister's Direct Testimony, page 10, line 11, through page 11, line 8, reflects Tampa Electric's consideration of impacts to the company and to its customers. Regarding each question in this request, please see the answers below:

- a. Tampa Electric has not identified any benefits to the company which would result from deferring the revision of Bayside Power Station assets depreciation rates until Tampa Electric's next full depreciation study.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 2 - 5
FILED: JUNE 8, 2026**

- b. The detriments to the company which would result from deferring the revision of Bayside Power Station assets' depreciation rates until Tampa Electric's next full depreciation study are described as follows:

Deferral would require the company to continue the use of depreciation rates that no longer accurately reflect the updated remaining service lives and retirement dates for Bayside assets following the steam turbine retrofits and related upgrades. As witness Ned Allis explains, there have been material changes in the outlook for Bayside that warrant revising depreciation now so that the rates better align with current expectations for the assets' useful lives. Continuing to apply outdated rates would therefore cause misalignment between the plant's actual operating outlook and the book and ratemaking depreciation balances.

Additionally, in years between formal rate cases, inflation and other rising costs naturally put downward pressure on return on equity ("ROE"). Lowering depreciation expense serves as a counter-lever, mitigating inflation pressure and extending the period the company can operate within its authorized ROE range.

Finally, in Tampa Electric's most recent general base rate proceeding, the company requested \$71.8 million in 2027 Subsequent Year Adjustment ("SYA") revenues. Only \$9.1 million was approved due to the timing of the project additions. Implementation of the requested \$19.5 million depreciation expense reduction starting, January 1, 2027, has the potential to provide relief from downward ROE pressure in 2027. This supports the company's effort to defer seeking additional rate relief.

- c. Tampa Electric has not identified any benefits to its customers which would result from deferring the revision of Bayside Power Station assets' depreciation rates until the company's next full depreciation study.
- d. The detriments to the company's customers which would result from deferring the revision of Bayside Power Station assets' depreciation rates until Tampa Electric's next full depreciation study are described as follows:

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 2 - 5
FILED: JUNE 8, 2026**

As discussed in the response to Data Request 2b., continuing to apply outdated rates would cause misalignment between the plant's actual operating outlook and the book and ratemaking depreciation balances. This is detrimental to customers because it furthers a circumstance where current customers are paying for expenses that would be more appropriately paid for by future customers. Future customers will be served by Bayside assets because of the extension of their useful lives.

Also, as discussed in the response to Data Request 2b, January 1, 2027, implementation supports the company's effort to defer seeking additional rate relief. Rather than propose revenue requirements for the solar assets or other projects excluded from 2027 SYA revenues – which would increase 2027 customers' bills, the company is proposing a 2027 depreciation expense reduction - which would not increase customers' bills.

- e. Witness Chronister's statement on page 11 that "[a]pproving the company's proposed revised depreciation rates will benefit customers by more accurately matching the costs of providing electric service to the periods in which service is provided" can be explained as follows:

As discussed in the response to Data Request 2d, continuing to apply outdated rates is detrimental to customers because it furthers a circumstance where current customers are paying for expenses that would be more appropriately paid for by future customers. Future customers will be served by Bayside assets because of the extension of their useful lives.

Tampa Electric's explanation of how the customers would receive benefit starting from the effective date of such revised depreciation rates until the customer rates are changed in Tampa Electric's next rate case proceeding is as follows:

As discussed in the response to Data Request 2d, January 1, 2027, implementation supports the company's effort to defer seeking additional rate relief. Rather than propose revenue requirements for the solar assets or other projects excluded from 2027 SYA revenues – which would increase 2027 customers' bills, the company is

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 2
BATES PAGE(S): 2 - 5
FILED: JUNE 8, 2026**

proposing a 2027 depreciation expense reduction - which would not increase customers' bills.

3. Please refer to witness Stryker's Direct Testimony, page 9, lines 10 - 25, and TECO's Petition, Exhibit 1, for the questions below:
- a. Please explain the modeling process and software used pertaining to the witness's testimony at lines 14 - 17.
 - b. The witness testified that "[t]he next expected rotor replacements for Bayside Unit 1 and Unit 2 combustion turbines would be 2051 and 2056, respectively." (lines 24 - 25) What impacts do the dates of the next expected rotor replacements have on Bayside Units 1 and 2's respective Probable Retirement Dates of 12-2048 and 12-2049 (listed in Exhibit 1 of TECO's Petition)? Please explain the relationship between these two set of dates.

ANSWER:

- a. The company uses PLEXOS for system planning, which is an industry standard, optimization-based power system simulation software developed by Energy Exemplar and used by utilities worldwide. It applies advanced mathematical optimization to simulate both the physical operation and economics of generation fleets. The software determines the most cost-effective way to operate generating units while strictly adhering to real world physical limits and reliability standards.

To evaluate the 10-year life extension of the Bayside units, the company used PLEXOS to model hourly system operations under two distinct futures: a Base Case, in which the units retire as scheduled, and an Extension Case, in which the units operate for an additional 10 years.

In each case, PLEXOS optimized system operations by balancing hourly electricity demand against the fleet's operational constraints, including fuel costs, ramp rates, minimum up/down times, and start costs.

From these multi-year simulations, PLEXOS quantified the expected operating hours for the Bayside units.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 3
BATES PAGE(S): 6 - 7
FILED: JUNE 8, 2026**

- b. The next expected rotor replacement dates have no impacts to the Probable Retirement Dates because the next rotor replacement dates are later in time. If the next expected rotor replacement dates were earlier than the Probable Retirement Dates, the Probable Retirement Dates would need to be moved sooner to match the next expected rotor replacement dates. As discussed in Tampa Electric witness Kris Stryker's direct testimony, the next expected rotor replacement dates being later in time than the Probable Retirement Dates means it is possible the units' lives may be able to be extended more than the proposed ten years, but given the uncertainty in forecasting that far in the future, the company has elected to be conservative.

4. Please refer to witness Stryker's Direct Testimony, page 5, lines 1 - 7; page 9, lines 4 - 8; page 10, lines 7 - 11; and TECO's Petition, Exhibit 1, for the question below:

On page 9 of his testimony, witness Stryker indicated that TECO proposed to extend the Probable Retirement Date of Bayside Units 1 and 2 by ten years due to the recent retrofits and the currently ongoing retrofitting of these units. However, as described on page 5 of witness Stryker's Direct Testimony, Bayside Units 3 through 6 are also CTs; but there is no mention of these units having been retrofitted, or undergoing any retrofitting like that being included in Units 1 and 2. Please explain why TECO also proposed to extend the Probable Retirement Date of Units 3, 4, 5 and 6 by ten years, from 12-2049 to 12-2059, as shown in TECO's Petition, Exhibit 1.

ANSWER:

Tampa Electric proposes to also extend the life of Units 3, 4, 5 and 6 by ten years, not due to any recent retrofit work, but because we expect these units to be viable beyond the current retirement date of December 2049 due to their relatively low utilization, since they are peaking units. This would be in-line with the life of peaking assets at other major electric utilities in Florida.

- 5.** Please refer to witness Allis' Direct Testimony, page 16, lines 8 - 13, and provide responses to the following:
- a. Please elaborate on the statement "estimating the lives of several years' installation for a particular facility inasmuch as a single concurrent retirement for all the years of installation will occur at that specified date."
 - b. Please explain the difference between a facility's "years of installation" and the facility's "in-service years."

ANSWER:

- a. The statement describes how the life span method is applied to production plant. For life span property, each vintage, or installation year, of plant is expected to retire at the estimated retirement date. The interim survivor curve for each installation year of plant is truncated at the age of the estimated retirement date. The average service life for each vintage is the area under the interim survivor curve, truncated at the date of estimated plant retirement. The average remaining life is the area under the interim survivor curve from the age of the vintage to retirement date, divided by the percent surviving at the age of the vintage.
- b. The cited portion of Mr. Allis's testimony does not use the phrase "in-service year" in reference to a facility. However, Mr. Allis would interpret this to mean the year that a generating facility was originally placed in service. The years of installation would refer to each year assets were installed at a given facility, which would include more years than just the original in service year.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 6
BATES PAGE(S): 10
FILED: JUNE 8, 2026**

- 6.** Please refer to witness Allis' Direct Testimony, page 17, lines 14 - 15, and briefly summarize the "Contractual Service Agreements."

ANSWER:

Account 343.1 records the installed cost of certain combustion turbine components associated with contractual service agreement ("CSA") arrangements for Bayside gas-cycle equipment. These include hot gas path components, turbine blades and transition components. These components are inspected on regular maintenance intervals and typically have shorter service lives than the balance of plant.

7. Please refer to witness Allis' Direct Testimony, page 18, lines 8 - 12, and identify the survivor curve estimates for Account 343.1 that are currently used by each of the stated "other utilities in the state."

ANSWER:

The currently approved survivor curve for Florida Power & Light is 9-L0, and the currently approved survivor curve for Duke Energy Florida is 7-L0.5.

8. Please refer to witness Allis' Direct Testimony, pages 19 - 20. The witness testified that "First, as discussed above, the Company has performed additional upgrades including GE Vernova Advanced Gas Path upgrades across Bayside units. [. . .] Based on these considerations, it is reasonable to increase the life spans for the combined cycle and simple cycle units at Bayside by 10 years. This results in a 45-year life span for the combined cycle units and a 50-year life span for the simple cycle units."

Please refer to witness Allis' Exhibit No. NA-1, Document 1. Page 93 of 95, which reads "[s]ince the last depreciation study, several changes support extending the life span estimates for the Bayside combined cycle and simple cycle units." Page 95 of 95 in the same document reads "Tampa Electric has implemented performance and reliability upgrades consistent with continued long-term operation, including GE Vernova Advanced Gas Path technology across Bayside units, which is expected to extend major maintenance intervals for these types of components."

- a. What does "across Bayside units" mean? Does it include Bayside Units 3 through 6?
- b. Please provide details regarding the upgrades, including GE Vernova Advanced Gas Path technology, for Bayside Units 3, 4, 5 and 6, and identify the locations where this may be discussed in the relevant testimonies of TECO's witnesses and/or TECO's Petition.
- c. If Units 3 through 6 have not been retrofitted, please explain in detail why the Probable Retirement Date/life span for Bayside Units 3, 4, 5 and 6 should be extended for ten years.

ANSWER:

- a. The phrase "across Bayside units" in the context of the cited portion above refers to the combustion turbines for the Bayside combined cycle units. It is not in reference to Bayside Units 3 through 6.
- b. The cited portion does not refer to Bayside Units 3, 4, 5 and 6. Please see the response to part (a).

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 8
BATES PAGE(S): 12 - 13
FILED: JUNE 8, 2026**

- c. While Units 3 through 6 have not been retrofitted, the other factors discussed on pages 93 and 94 of 95 of Exhibit No. NA-1 provide support for extending the life spans of these facilities. Also see the response to Staff's First Data Request, No. 4.

9. On pages 19 - 20 of his Direct Testimony, witness Allis testified that “[t]here are several factors impacting the service life of Bayside that have changed since the last depreciation study. [. . .] Second, future demand for electricity is expected to be stronger than anticipated, which increases capacity and reliability needs on the system. [. . .] Based on these considerations, it is reasonable to increase the life spans for the combined cycle and simple cycle units at Bayside by 10 years.”

Since a stronger than anticipated future demand for electricity would result in the generation unit running more frequently, hence, leading to more wear and tear to the unit, please explain how the stronger future demand for electricity would contribute to a longer service life of Bayside units (extended Probable Retirement Date).

ANSWER:

Overall, the increase in demand for electricity in the time since the last depreciation study means there is a need for more generation to be in operation. This impacts existing generation by increasing the economic need for facilities to be in operation for a longer period of time, particularly if life extensions are more economical than constructing new generation. Because increases in demand have also increased the cost of new generation, the overall impact is expected to favor longer life spans of combined cycle generating facilities, offset to a lesser degree by the impact of wear and tear on individual components. The impact of stronger demand on wear and tear is affected by the operating profile as well as the run hours. For example, if stronger demand leads to less cycling, the impact of run-hours on wear and tear may be somewhat mitigated. Finally, as stated in the company's response to Staff's First Data Request No. 3, the lives of these units could potentially be extended by more than 10 years, but the company chose a more conservative life extension estimate in this case.

10. Please refer to witness Allis' Direct Testimony, pages 19 - 20. In explaining the reasons for his proposed longer life span, witness Allis testified that "[t]here are several factors impacting the service life of Bayside that have changed since the last depreciation study. [. . .] Finally, the outlook for fossil generation has evolved in a way that supports continued use of Bayside, including its role in supporting system reliability and following variable solar load. Based on these considerations, it is reasonable to increase the life spans for the combined cycle and simple cycle units at Bayside by 10 years."

In his Rebuttal Testimony, pages 18 - 20, pertaining to TECO's 2023 Depreciation Study, in Docket No. 20240026-EI, witness Allis testified that "it has become common for even newer base load facilities to follow load (or more precisely follow renewable generation) and cycle more frequently. [. . .] increased cycling – particularly if there are more starts throughout the year – can limit or reduce the life span of the facility. [. . .] operations of the Tampa Electric's combined cycles will likely favor a shorter life, all else equal."

Please explain how Bayside units' role of "following variable solar load" would contribute to a longer service life of the Bayside units (extended Probable Retirement Date).

ANSWER:

While cycling of units can impact the service lives of components, the need to follow solar load combined with increased demand can impact the economics of continued operation. For the reasons discussed in the company's response to Staff's First Data Request Nos. 1-9, on balance each of these factors supports a longer life span estimate because the economics of continued operation outweigh the impacts of more run-hours and following solar load. Physical cycling effects can be addressed through maintenance, inspections, CSA component replacement/refurbishment cycles, and interim retirements. Advanced gas path upgrades mean longer maintenance intervals and more robust components as well, which mitigates the impact of cycling to some degree. Those factors support continued operation of Bayside even though cycling may affect individual components over time.

- 11.** Please refer to witness Allis' Direct Testimony, page 26, lines 8 - 16, and elaborate on the statement "using remaining lives weighted consistent with the average service life procedure."

ANSWER:

The calculated depreciation rates are based on the average remaining lives for each property group. For each vintage of plant, the average remaining life is the area under the survivor curve from the age of the vintage to the end of the curve, divided by the percent surviving at the age of the vintage. For each depreciable group, the average remaining lives are weighted based on the average service life procedure as described on page 138 of NARUC's Public Utility Depreciation Practices. The calculations of average remaining lives are shown in Part IX of the depreciation study, starting on page 60 of 95 of Document No. 1 of Exhibit NA-1.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 12
BATES PAGE(S): 17
FILED: JUNE 8, 2026**

- 12.** Please refer to witness Allis' Direct Testimony, Exhibit No. NA-1, Document 1, page 38 of 95. On this page, the last sentence of the second paragraph reads "A narrative discussion of the considerations for each interim net salvage estimate for production plant accounts is provided in the section beginning on page X-2." However, the section beginning on page X-2 (Exhibit No. NA-1, Document 1, pages 93 through 95) does not contain any discussion of net salvage. Please provide the "narrative discussion of the considerations for each interim net salvage estimate for production plant accounts" as stated.

ANSWER:

The interim net salvage estimates used in the 2026 Bayside Study are unchanged from the estimates currently approved in Order No. PSC-2025-0038-FOF-EI in Docket No. 20230139-EI. Those estimates apply only to interim retirements of production plant, and the resulting composite net salvage percentages are developed in the study's weighted net salvage calculations. For the narrative discussion of how the interim net salvage estimates were determined, please refer to Part X of Mr. Allis' 2024 Depreciation Study for Tampa Electric Company.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20260062-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 13
BATES PAGE(S): 18
FILED: JUNE 8, 2026**

- 13.** Please refer to witness Allis' Direct Testimony, Exhibit No. NA-1, Document 1, pages 39 and 59 of 95, for the requests below:
- a. Please provide a comparison of each account's Net Salvage Estimate, as listed at top of page 39 of 95, and the Net Salvage Estimate approved in TECO's last depreciation study.
 - b. Please explain in detail, with examples and supporting data, how each Net Salvage Estimate appearing in Column 6, Interim Retirements Net Salvage (%), Table 4 at page 59 of 95, was derived.

ANSWER:

- a. The interim net salvage estimates used in the 2026 Bayside Study are unchanged from those currently approved in Order No. PSC-2025-0038-FOF-EI in Docket No. 20230139-EI. Those listed on page 39 of 95 are the same as currently approved in Tampa Electric's last depreciation study.
- b. Table 4 applies the approved interim net salvage estimates to forecasted interim retirements and combines those amounts with terminal retirement net salvage to develop the composite net salvage percentage for each account. The interim retirements are the retirements forecasted to occur before the applicable life span retirement date based on the interim survivor curve. The terminal retirements are the remaining plant balances forecasted to survive to the applicable life span retirement date, after application of the interim survivor curve. The terminal net salvage percentage is zero because terminal dismantlement costs are recovered separately.

For example, for Account 341.00, Table 4 shows terminal retirements of \$121,709,699 and interim retirements of \$66,438,148, for total retirements of \$188,147,847. Applying the negative 40 percent interim net salvage estimate to the interim retirements produces \$26,575,259 of net removal cost. Because terminal net salvage is zero, dividing that \$26,575,259 by total retirements of \$188,147,847 produces approximately negative 14 percent composite net salvage.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing answers, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 8th day of June, 2026 to the following:

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