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September 10, 2019

VIA: ELECTRONIC TRANSMISSION

Ms. Sevini Guffey  
Public Utility Analyst II  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No. 20190131-EU: Proposed adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and Rule 25-30.031, F.A.C., Storm Protection Plan Cost Recovery Clause

Dear Ms. Guffey:

This letter will serve as Tampa Electric Company's response to your letter August 27, 2019 setting forth Staff's First Data Request for use in preparing a statement of estimated regulatory costs in the above matter. Your letter indicates that the Commission Staff seeks information to prepare a statement of estimated regulatory costs Tampa Electric may incur if the rules discussed at the August 22, 2019 rule development workshop are adopted.

Tampa Electric's responses to Staff's First Data Request, therefore, focus on regulatory costs as opposed to costs the company may incur in planning and creating a Storm Protection Plan (the "SPP") and implementing programs or projects included in the SPP. With this focus in mind, the company responds as follows to Staff's First Data Request:

1. Commission Rule 25-6.030, Storm Protection Plan, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the attached staff draft rule, utilities are required to file an updated Storm Protection Plan at least every three years.
  - a) Please explain whether or not you anticipate that the new statutory and Commission rule requirement will result in a need by your company to perform additional analyses, system reprogramming, or to make other business process changes to prepare for submission with the Commission the first Storm Protection Plan.

**Tampa Electric's Response:** Tampa Electric does anticipate that the new statutory and Commission rule requirement will result in a need for Tampa Electric to perform additional analyses, system reprogramming, and other

business process changes to prepare for submission with the Commission the company's SPP.

- b) If the answer to 1a is affirmative, please describe the additional work that will be conducted.

**Tampa Electric's Response:** In preparing to submit with the Commission its first SPP for Commission approval, the company expects to perform many of the same tasks it has performed in the past in preparing other proposals for regulatory approval. These tasks include the preparation of a petition and supporting testimony and exhibits addressing the SPP and explaining the benefits it is expected to provide to customers, engaging in the discovery and hearing process, as needed, and other regulatory tasks.

- c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answers to 1b.

**Tampa Electric's Response:** While it is difficult at this early stage to estimate the incremental costs of these regulatory efforts, Tampa Electric believes the costs could approximate \$85,000 in the aggregate. Since this question asks about the costs of preparing for submission with the Commission the company's first SPP, it is anticipated that all or most of this amount would be expended on the front end and not over a five year period. These costs could obviously be more or less than this amount, depending upon the exigencies of the regulatory process. This cost estimate addresses the regulatory costs of pursuing approval of the SPP and not the costs of developing and implementing the SPP.

2. Commission Rule 25-6.031, Storm Protection Plan Cost Recovery Clause, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.), In accordance with the statute and the staff draft rule, utilities may petition for recovery of Commission-approved transmission and distribution storm protection plan costs through the Storm Protection Plan Cost Recovery Clause.

- a) Please explain whether or not you anticipate participating in the annual Storm Protection Plan Cost Recovery Clause hearings.

**Tampa Electric's Response:** Tampa Electric does anticipate participating in the annual Storm Protection Plan Cost Recovery Clause hearings.

- b) If the answer to 2a is affirmative, please describe the additional work that will be conducted to file annual petitions for recovery of storm protection plan costs and associated cost recovery factors.

**Tampa Electric's Response:** In filing its annual petitions for recovery of SPP costs and associated cost recovery factors, Tampa Electric expects to perform the

same type of work it performs with respect to other clauses, e.g., fuel and purchase power cost recovery, conservation cost recovery and environmental cost recovery clauses.

- c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 2b.

**Tampa Electric's Response:** Tampa Electric estimates that the additional (i.e., incremental) costs to the company for the next five years will total \$125,000 in the aggregate. Actual costs could be more or less than this estimate, depending upon discovery and other aspects of the regulatory process. The company believes that most of these costs will be incurred in connection with year one and it is not possible at this time to predict with any reliable accuracy how the total will break down over the first five years.

3. Please explain whether or not you anticipate that the billing of new storm protection cost recovery factors will result in the need by your company to perform any system reprogramming and provide an estimate of the additional cost to your company to bill a new factor per year for the next five years if the storm protection cost recovery clause is incorporated on customers' bills in the non-fuel energy charge.

**Tampa Electric's Response:** Tampa Electric anticipates that the billing of new storm protection cost recovery factors will require the company to perform some system reprogramming. It is not possible at this time to estimate with any degree of accuracy the cost of such system reprogramming, nor to break down that cost by year for the first five years of cost recovery. However, it is not anticipated at this time that the incremental regulatory costs for the five year period will exceed \$40,000.

4. Please discuss any economic impacts to the utility and its customers that may occur as a result of Section 366.96, F.S. and attached draft rules 25-6.030 and 25-6.031, F.A.C.

**Tampa Electric's Response:** Tampa Electric expects that its economic impacts as a result of Section 366.96, F.S. and the related proposed Commission rules will include the costs of the various programs and projects approved as part of its approved SPP. It is not possible at this time to estimate any dollar amount of such economic impacts, but the company should recover those costs through the Storm Protection Plan Cost Recovery Clause with respect to any programs and projects included in an approved SPP. The economic impacts to Tampa Electric's customers should be favorable, as the plan must be determined under the statute and the proposed rules to be beneficial to customers in order to be approved. The benefits to the company's customers will include improved resiliency of transmission and distribution systems which will reduce energy delivery outages,

thus providing customers greater reliability, less economic downtime and other detrimental economic impacts of storm related outages.

Again, the foregoing cost estimates relate only to the identified regulatory costs of complying with the provisions of Section 366.96 and the related proposed rules (assuming the rules are adopted in a form similar to the proposed draft rules) and not the costs of planning, designing or implementing an SPP or any of the programs or projects that may be included in an approved SPP.

Please contact the undersigned if you have any questions, or require further information.

Sincerely,



James D. Beasley