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| State of FloridapscSEAL | Public Service CommissionCapital Circle Office Center ● 2540 Shumard Oak BoulevardTallahassee, Florida 32399-0850-M-E-M-O-R-A-N-D-U-M- |
| DATE: | September 3, 2015 |
| TO: | Office of Commission Clerk (Stauffer) |
| FROM: | Division of Economics (Draper)Office of the General Counsel (Janjic) |
| RE: | Docket No. 150178-EI – Petition for approval of tariff rate changes to implement approved step increase by Tampa Electric Company. |
| AGENDA: | 09/15/15 – Regular Agenda – Tariff Filing – Participation is at the discretion of the Commission |
| COMMISSIONERS ASSIGNED: | All Commissioners |
| PREHEARING OFFICER: | Administrative |
| CRITICAL DATES: | Pursuant to Order No. PSC-13-0443-FOF-EI tariff is effective first billing cycle in November 2015 |
| SPECIAL INSTRUCTIONS: | None |

 Case Background

On August 3, 2015, Tampa Electric Company (Tampa Electric) filed a petition for approval of tariff rate changes to implement an approved step increase. The step increase was approved in Order No. PSC-13-0443-FOF-EI, in which the Commission approved a stipulation and settlement in Tampa Electric’s 2013 rate case (settlement order).[[1]](#footnote-1) The settlement order provides a phased-in approach to the rate increase: an initial $57.5 million increase effective November 2013, an additional $7.5 million increase effective November 2014, and an additional $5 million increase effective November 2015.

During the 2015 session, the Legislature enacted CS/HB 7109, which provides that:

New tariffs and changes to an existing tariff, other than an administrative change that does not substantially change the meaning or operation of the tariff, must be approved by the majority vote of the commission, except as otherwise specifically provided by law.

This is staff’s recommendation on Tampa Electric’s proposed tariffs to implement the $5 million increase effective November 2015. The Commission has jurisdiction pursuant to Chapter 366, Florida Statutes, (F.S.).

Discussion of Issues

Issue :

 Should the Commission approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order?

Recommendation:

 Yes, the Commission should approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order. Pursuant to the settlement order, the rate changes should become effective with the date of the meter reading for the first billing cycle of November 2015, which falls on November 1, 2015. Tampa Electric should notify customers of the approved new rates in the October bills. (Draper)

Staff Analysis:

 Tampa Electric’s petition includes the proposed tariff sheets, the allocation of revenue increase to the various rate classes, calculations showing the revenue from sale of electricity by rate schedule under current and proposed rates, and bill comparisons for the various rate classes under current and proposed rates. A residential customer who uses 1,000 kilowatt-hours (kwh) per month will see an increase of $0.45 on the monthly bill.[[2]](#footnote-2)

The cost of service methodology and allocation of the increase to the rate classes has been addressed in the settlement. The only adjustment the settlement provides for is to reflect actual residential tier proportion billing determinant data (i.e., usage below 1,000 kwh and usage above 1,000 kwh) on a 12-month basis ending July 31, 2015. The residential tier proportion billing determinants are used to calculate the inverted non-fuel energy charges.

Attachment A to the recommendation shows current and proposed base rates for the major rate classes. The settlement order provides that the interruptible rate schedules receive no change to the base rate charges in effect at the time of Tampa Electric’s filing of the 2013 rate case, and the General Service Demand base energy charge remains at 1.583 cents per kwh, with the increase being allocated to the demand charge.

Staff has reviewed Tampa Electric’s proposed tariff sheets and supporting documentation. The calculations are correct and reflect the settlement order. The Commission should approve Tampa Electric's tariff rate changes to implement the step increase approved in the settlement order. Pursuant to the settlement order, the rate changes should become effective with the date of the meter reading for the first billing cycle of November 2015, which falls on November 1, 2015. Tampa Electric should notify customers of the approved new rates in the October bills.

Issue :

 Should this docket be closed?

Recommendation:  Yes, if the Commission approves Issue 1, the docket should be closed. (Janjic)

Staff Analysis:

 If the Commission approves Issue 1, the docket should be closed.

**Present and Proposed Rates for Major Rate Schedules**

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|  |  | Current | Proposed |
| Residential Service | Basic Service Charge Energy Charge (1st 1,000 kwh)Energy Charge (above 1,000 kwh) | $154.650 ¢/kwh5.650 ¢/kwh | $154.694 ¢/kwh5.694 ¢/kwh |
| General Service – Non Demand | Basic Service ChargeEnergy Charge | $184.965 ¢/kwh  | $185.009 ¢/kwh |
| General Service Demand | Basic Service Charge (Sec. Metering)Energy Charge Demand Charge  | $301.583 ¢/kwh9.22 $/kw | $301.583 ¢/kwh9.25 $/kw |

1. Order No. PSC-13-0443-FOF-EI, issued September 30, 2013, in Docket No. 130040-EI, *In re: Petition for rate increase by Tampa Electric Company*. [↑](#footnote-ref-1)
2. The current 1,000 kwh residential bill is $108.47 and will increase to $108.92, or by $0.45. [↑](#footnote-ref-2)