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STATE OF FLORIDA

KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

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STAFF'S SECOND DATA REQUEST
VIA E-MAIL
jwahlen@ausley.com
jbeasley@ausley.com
mmeans@ausley.com

Jeffry Wahlen, Esq.
James D. Beasley, Esq.
Malcom N. Means, Esq.
Ausley McMullen Law Firm
P. O. Box 391
Tallahassee, FL 32302

Re: Docket No. 20200264-EI - In re: Petition of Tampa Electric Company for approval of 2020 Depreciation and Dismantlement Study and capital recovery schedules.

Dear Mr. Wahlen, Mr. Beasley and Mr. Means:

By this letter, Commission staff respectfully requests the following information from Tampa Electric Company (TECO; Company):

Please refer to TECO's Petition for Approval of its 2020 Depreciation and Dismantlement Study and Capital Recovery Schedules (Petition), its Exhibit H "2020 Depreciation and Dismantlement Study" (Study), and the associated MS Excel file "2020 Depr Study Life Analysis - TDG Master File - Filed.xlsx" (TDG Master) for the following questions.

<u>Depreciation - Transmission, Distribution & General (Bates-stamped pages 1437-1630)</u>

1. Please refer to Rule 25-6.0436(5)(e) and (f) for the questions below:

   a. Please provide a narrative, consistent with the requirements of the cited rule, to explain and justify the Company's proposed depreciation parameters and rate for each transmission, distribution and general (including transportation and intangible) account.

   b. Please summarize the statistical or mathematical methods of analysis or calculation, including the computing procedure and software, used in deriving the proposed rates and parameters.

2. Please provide, in MS Excel worksheet(s), TECO's actual (or estimate if the actual is not available) plant and reserve activities, in the same format as TDG Master, tabs "2019 B-7" and "2019 B-9" for the year ending December 31, 2020.

3. Please provide, in MS Excel worksheet(s), TECO's 2021 budget of plant and reserve activities, in the same format as TDG Master, tabs "2019 B-7" and "2019 B-9."

4. Please refer to TDG Master, tab "PP DS Query" for the questions below:

   a. For Account 35200, Structures & Improvements, please elaborate on why there is a $32,571.43 variance between the amount of surviving plant used in calculating the proposed rate and the amount reported in the 2019 Annual Depreciation Status Report.

   b. Please explain what is mean by "Actual Reserve Spread" for an account, and whether it differs from the actual accumulated depreciation reserve of that account.

   c. For the calculations that lead to the results presented in the tab, please clarify whether they were performed at the level of an account's total surviving plant, or at the level of the vintage of the account's surviving plant? Please explain your response.

   d. Please complete Table 1 below [e.g., Avg Weighted Age Dollar (8) = (6) x (7)]:

Table 1: Formulas Used in Tab "PP DS Query"

	Column Name	Formula Used for Calculation (If applicable)
(1)	B-7 Variance	
(2)	B-9 Variance	
(3)	Curve Id	
(4)	Curve Year	
(5)	Future Net Salvage Pct	
(6)	Surviving Plant	
(7)	Avg Weighted Age	
(8)	Avg Weighted Age Dollars	
(9)	Avg Service Life	
(10)	Avg Service Life Dollars	
(11)	Avg Remaining Life	
(12)	Avg Rem Life Dollars	
(13)	Depr Reserve Ratio	
(14)	Theoretical Reserve	
(15)	Est Future Net Salvage	
(16)	Actual Reserve Spread	

   e. It appears that different formulas were applied to different accounts in calculating the Avg Rem Life Dollars. Staff believes, by simulating the computation, that the formula "Avg Rem Life Dollars" = "Surviving Plant" x "Avg Remaining Life", or per the numbered rows in Table 1, (12) = (6) x (11), was used for Accounts 30315 –

37300 and 39725; but different formula(s) were applied to the other accounts (e.g., Accounts 39000 – 39700 and 39800 – 39910) for deriving the "Average Rem Life Dollars." Please explain why, and provide the details of every formula used.

5. Referring to Bates-stamped page 1449, where the "Round Average Age" of Account 37001 AMI Meters is zero (0) years, and TDG Master, tab "PP DS Query," where the "Avg Weighted Age" for the same account is 4.3 years, please explain the difference. Please also explain how the 4.3 years average age was derived, and support your response with an MS Excel Worksheet.

6. A portion of Bates-stamped page 1474 is shown below:

Broad Group Procedure
January 1 2020

	Plant Amt	Deprecation Reserve Amount	Deprecation Reserve Ratio	Net Plant Amount	Net Plant Ratio
Recorded	$318,281,546.97	$69,030,066.22	0.2169	$265,165,558.10	0.8331
Computed	$318,281,546.97	$73,365,345.24	0.2305	$260,830,279.08	0.8195
Difference		($4,335,279.02)	-0.0136	$4,335,279.02	0.0136

a. Please indicate whether the "Computed" "Depreciation Reserve Amount" refers to the theoretical reserve. If not, please explain what it represents.

b. Please provide an MS Excel Worksheet to show how each of the amounts and the ratios appearing in the table are related to each other.

7. A portion of Bates-stamped page 1475 is shown below:

Remaining Life Depreciation Accrual

Account : 353.00 Station
Equipment Scenario: TEC 2019
A - T&D 20200428
Dispersion: 45.00 • SO

Average Net Salvage Rate: -5.00 %
Future Net Salvage Rate: -5.00 %

Broad Group Procedure

January 1 , 2020

	Plant Amt	Remaining Life	Accrual (Dollars)	Accrual Rate (Gross Plant)	Accrual Rate (Nat Plant)
Pre- 2020 Additions	$318,281,546.97	35.12	$7,550,006.87	2.372116%	2.847280%
2020 Additions	$0.00	0.00	$0.00	0.000000%	
2020 Retirements	($3,311,001.97)	0.50	($38,628.36)	1.166667%	
Total:	$318,281,546.97 •		$7,511,378.51	2.359979%	2.832713'¼
Average:	$316,626, 045.99		$7,511,378.51	2.372319%	2.851405%

*Excluding 2020 Retirements

a. Please define each of the following items as well as explain how each item was derived; and provide an MS Excel Worksheet to support your responses.

(i) "Average Plant Amt" $316,626,045.99;
(ii) "Pre-2020 Additions Accrual (Dollars)" $7,550,006.87;
(iii) "2020 Retirements Accrual (Dollars)" ($38,628.36);
(iv) "Total Accrual (Dollar)" $7,511,378.51;
(v) "Total Actual Rate (Gross Plant)" 2.359979%;
(vi) "Average Actual Rate (Gross Plant)" 2.372319%;
(vii) "Pre-2020 Additions Accrual Rate (Net Plant)" 2.847280%;
(viii) "Total Accrual Rate (Net Plant)" 2.832713%; and
(ix) "Average Accrual Rate (Net Plant)" 2.851405%.

b. Please explain how each of the rates discussed above relates to the Commission-approved depreciation/accrual rate.

8. Please refer to Bates-stamped pages 1471-1477 and 1527-1533 for the questions below regarding Station Equipment Accounts 35300 (transmission) and 36200 (distribution).

   a. Please list the major items comprising the investment in Accounts 35300 and 36200, respectively.

   b. Have there been any changes in the design and performance of equipment contained in Account 35300 and Account 36200 since TECO's last depreciation study? If affirmative, please detail the changes and explain how each is expected to impact the average life of the given account.

   c. Have any operational procedures changed since the last depreciation study that would affect the average life of transmission and/or distribution station equipment? If affirmative, please explain what operational procedures changed, how they changed, and how the changes are expected to impact the life of Accounts 35300 and 36200.

   d. Please explain TECO's replacement policy applicable to the power transformers contained in Accounts 35300 and 36200.

   e. Referring to Bates-stamped page 1476, please explain the causes of the 2014 - 2017 peak for retirement amounts for Account 35300 relative to all other years since 1982.

9. Please refer to Bates-stamped pages 1449 and 1478-1489 for the questions below regarding Account 35400, Towers and Fixtures and Account 35500, Poles and Fixtures:

   a. Please confirm that all poles and towers contained in Account 35400 are comprised of steel. If not, please identify the portion of investment associated with wood or other materials.

   b. Please identify the respective portions of the steel, concrete and wood poles contained in Account 35500.

   c. Please explain the major causes for the transmission tower and pole retirements.

d. Is TECO experiencing any corrosion problems in Accounts 35400 and 35500? If affirmative, please explain.

e. Referring to Bates-stamped pages 1480-1481, please explain the cause of Account 35400 budgeted 2020 retirement, in the amount of $341,869, given that the total retirements from 1982 – 2019 in the account was only $220,010.

f. Referring to Bates-stamped pages 1449 and 1481-1482, please explain the basis for proposing to retain the average future net salvage (NS) percentage of (15) for Account 35400, given that TECO experienced a zero NS percentage each year since 2014 and the total average of the NS percentage experienced is (5) since 1982.

g. TECO proposed to increase the Average Service Life (ASL) of Accounts 35400 and 35500 by five and two years, respectively. Please explain the specific reasons justifying the proposed changes, other than it results from statistical analyses.

10. Please refer to Bates-stamped pages 1534-1539 for the questions below regarding Account 36400, Poles Towers and Fixtures (distribution):

    a. Please explain the major causes of the retirement of distribution poles.

    b. Please provide a percentage breakdown, by pole type, of the investment and the quantity, respectively, in Account 36400.

    c. Please explain TECO's pole treatment program, if any.

    d. Please explain TECO's pole replacement program, if any.

    e. Is TECO's pole replacement performed by contract labor or in-house labor? Please provide the average cost rates per pole, identifying a breakdown of the labor costs and the overhead amount separately.

    f. Please explain how TECO disposes of its retired distribution poles.

    g. Please explain TECO's pole inspection program including what the program entails.

    h. Please identify the estimates of each year's plant additions and retirements, if any, that are resulting from TECO's Storm Protection Plan for the period 2021 - 2025.

    i. TECO proposed to increase the ASL of the account by one year. Please explain the specific reasons justifying the proposed change, other than it results from statistical analyses.

11. The following questions refer to transmission and distribution conductors and devices, Accounts 35600, 35800, 36500, and 36700.

a. Please identify any and all material changes, since TECO's last depreciation study, for each of these four accounts in terms of:

   (i) equipment types,
   (ii) percentage breakdown of the kinds of conductors,
   (iii) conductors' quality and life resulting from the technology advance in material, design and manufacturing, and
   (iv) TECO's reconductoring policy.

b. Please explain the causes of the retirement of conductors in each of these accounts.

c. Please explain any environmental impacts on the actual life expectancy of conductors in each account.

d. Please explain how retired overhead conductors and underground conductors are disposed of, respectively.

e. Referring to Bates-stamped pages 1510-1511, Account 35800, please explain the cause of the relatively high amount of retirement dollars budgeted for 2020 given the history of the account's retirement activities.

f. Referring to Bates-stamped pages 1544-1545, Account 36500, please explain the cause of the 2020 budgeted retirement amount of $4,959,483, which is significantly higher than all other year's retirement amounts since 2009.

g. TECO proposed to increase the ASL of Accounts 35800, 36500 and 36700 by five, two, and five years, respectively. Please explain the specific reasons justifying the proposed changes, other than the increases are resulting from statistical analyses.

12. Referring to Bates-stamped pages 1500-1501, please explain the cause of the 2020 budgeted retirement amount of $96,777 for Account 35601, Clearing Rights of Way, given that this account has no retirement, except $22,630 in 2007, since 1982.

13. The following questions regarding are related to transmission and distribution underground conduit, Accounts 35700 and 36600.

    a. Please explain the causes for the retirement of transmission and distribution underground conduit.

    b. TECO proposed to increase the ASL of Account 35700 by five years. Please explain the specific reasons justifying the proposed change, other than it results from statistical analyses. Please also explain why TECO proposed to retain the existing ASL for Account 36600.

c. When an underground conduit is retired, is it cut and sealed, abandoned in place, or physically removed?

d. Referring to Bates-stamped page 1506, please explain the cause of the positive gross salvage amount in Account 35700, realized in 2017.

e. Referring to Bates-stamped pages 1551-1552, please explain the budgeted 2020 retirement amount of $764,187 for Account 36600 which is the highest since 2010.

14. Please refer to Bates-stamped pages 1449, 1561-1566 for the questions below regarding Account 36800, Line Transformers.

a. Please identify any large line construction projects, if any, by which this account was/will be affected for the period 2013 – 2019 and 2020 – 2025.

b. Referring to Bates-stamped pages 1564-1565, please explain the budgeted 2020 retirement amount of $16,655,859, which is significantly higher than any other year's retirement since 1982.

c. Please explain the process involved in determining when a line transformer is replaced.

d. TECO proposes to increase the ASL of this account by five years. Please explain the specific reasons justifying the proposed change, other than it results from statistical analyses.

e. Referring to Bates-stamped page 1449, please explain the basis for the proposed significant reduction in NS percentage for the account, from 10 to (20).

f. Does TECO have an inspection and/or replacement program(s) for line transformers? Please explain.

g. Does TECO's Storm Protection Plan affect this account? Please explain.

h. Please explain when an overhead transformer was changed as a part of the pole replacement program, how the related COR was booked among the pole and transformer accounts.

i. For the transformers replaced during 2014 - 2019, what is the approximate percentage of replacements that were performed as part of the pole replacement program?

15. Please refer to Bates-stamped pages 1567-1578 for the questions below regarding Overhead and Underground Services, Accounts 36900 and 36902:

a. Please provide a list of the major items that comprise the investment in each account.

b. Please explain the specific reasons justifying the change in the ASL for Account 35900, other than it results from statistical analyses.

c. Referring to Bates-stamped pages 1570-1571, please explain the cause of the 2020 budgeted $1.85 million retirement for Account 36900, which is the highest in history since 1982 with every year's retirements being less than $0.4 million since 2008.

d. Referring to Bates-stamped pages 1576-1577, please explain the cause of the 2020 budgeted $1.80 million retirement for Account 36902, which is the highest in history with every year's retirements amount being less than $0.3 million since 1982.

16. Please refer to Bates-stamped pages 1449 and 1585-1591 for the questions below regarding Account 37300, Street Lighting and Signal Systems.

a. Please identify the major categories of street lights contained in Account 373 and the percent of the account's December 31, 2020 investment associated with each.

b. Please explain the technology changes in last decade that have affected the life of street lighting and signal systems.

c. In Document No. 05429-2011, Docket No. 110131-EI, TECO noted:

> LED lighting that provides energy and maintenance efficiency could increase the expected fixture life by 50 percent. There is induction lighting that provides energy and maintenance efficiency that could increase the expected fixture life by 75 percent. And there is remote detection that identifies component failures in progress, which might enable utilities to perform preventative maintenance extending the life of the unit.

Have the above envisioned life extensions been realized? If so, please explain why TECO proposed to retain the existing 20-year ASL of the account as shown on Bates-stamped Page 1449.

d. Does TECO have an inspection and/or replacement program(s) for street lighting and signal systems? Please explain.

e. Does TECO's Storm Protection Plan affect the activities of this account? Please explain.

f. Referring to Bates-stamped pages 1589-1590, please explain the cause of the 2020 budgeted $10.5 million retirement, which is the highest since 1982.

17. The following questions related to Accounts 37000 and 37001, AMR Meters & Analog Equip and AMI Meters.

a. Referring to Bates-stamped page 1449, please explain the specific reasons justifying the proposed decrease in the ASL for Account 37001, AMI Meters, from 18 years to 15 years, given that (i) no historical data was provided to support this proposed change because "AMI meters additions will occur in January 1, 2022" as indicated on Bates-stamped page 1442 and (ii) the Commission approved ASL for the AMI account for the only Florida utility which maintains an AMI meters account is 20 years (as indicated in TDG Master File, tab "Comparison").

b. In Document No. 04177-2019, Docket No. 20190107-EI, TECO noted:

> When the company prepares its next depreciation study, which could be after the AMI project is complete, the AMI meters statistics will be reflected in the life analysis of FERC Account – 370 – Meters based on their then existing remaining life.

Please provide the aforementioned AMI meters statistics, if available, to support the proposed decrease in the ASL of the AMI meters account.

c. Please provide a percentage breakdown of the investment by the type of meters in Account 37000, AMR Meters & Analog Equip. as of December 31, 2019 (actual), and as of January 1, 2022 (prospectively).

d. Please refer to Bates-stamped pages 30 and 1441. Assuming TECO's requested AMR Capital Recovery Schedule is approved, what is the expected remaining plant assets balance in Account 37000, as of January 1, 2022? Please provide a description of each major item and the net book value of its associated investment, as well as the total plant balance as of January 1, 2022.

e. TECO's instant Petition, Item 43, states:

> Tampa Electric is in the process of a system-wide replacement of AMR meters and associated infrastructure with state-of-the-art AMI metering infrastructure. Over a four-year period, the company will replace its AMR meters with over 800,000 AMI meters, which will be part of a new, fully functional AMI system that will bring many new customer benefits and company efficiencies to Tampa Electric's service area in January 2022.

(i) Please provide the number, and the associated dollar amount, of AMR meters to be replaced/retired in each of the aforementioned four years.

(ii) How many AMR meters will be remaining in service as of January 1, 2022, if any?

(iii) Does TECO have a plan to continuously replace the remaining AMR meters, if any, with AMI meters after January 2022? Please explain.

f. With respect to the replaced AMR meters, are they junked for scrap salvage? Please explain and identify the impact to depreciation accounts.

g. Please refer to TECO's instant Petition, items 44 – 47, and identify all the depreciation accounts that are affected by the implementation of the AMI system.

18. Referring to Bates-stamped pages 1596-1597, please explain the cause of the 2020 budgeted $2.2 million retirement for Account 39000, Structures and Improvements, which is significantly higher than any other year's retirement amounts since 2007.

19. Please refer to Bates-stamped pages 1599-1603 of the Study for the following questions related to Account 39725, Communication Equipment-Fiber:

   a. Please provide a list of the major items that comprise the investment in Account 39725 as of December 31, 2019 and December 31, 2021, respectively.

   b. Referring to Bates-stamped pages 1602-1603, please explain the cause of the 2020 budgeted $5.6 million retirements, given that all of the annual retirement amounts booked to the account were less than $0.4 million since 1982 and zero retirements were booked to the account since 2010.

   c. Will this account have any early retirements due to TECO's deployment and transition from AMR to AMI technology? If yes, please identify the related unrecovered net book value (NBV) of the investment, if any, and explain how the identified NBV will be treated.

20. Referring to Bates-stamped page 1450, Transportation Equipment accounts, please provide, in MS Excel worksheet, a list of each vehicle in-service as of December 31, 2019, by vehicle account, showing the associated vintage, original cost, and age.

21. Referring to Bates-stamped page 1450, Transportation Equipment accounts, please provide, in MS Excel worksheet, a list of each vehicle retired by vehicle account with the associated in-service date, amount retired, salvage realized, and COR incurred for each of the years 2016 - 2020.

22. Please describe TECO's vehicle retirement policy, e.g., based on vintage, mileage.

23. Please describe TECO's vehicle leasing policy, if any, including the lease buyouts policy that would affect the retirement activities of the vehicle accounts.

24. Please refer to Bates-stamped pages 1607-1608 for the following questions related to Account 39202, Energy Delivery Light Trucks:

   a. In general, please explain why there is removal cost incurred when retiring a vehicle. Please also explain in what situation a positive, or a negative, amount of removal cost will be booked.

b. In general, please explain the logic and general causes of the negative Gross Salvage associated with the retirement of a vehicle.

c. Please explain why this account incurred negative Gross Salvage in 2016.

25. Please refer to Bates-stamped pages 1612-1613 for the questions below related to Account 39203, Energy Delivery Heavy Trucks:

a. Please explain the causes of the relatively high amount of retirements for the year 2019 and 2020 compared to 2015-2018.

b. Please explain the cause and logic of the negative CORs recorded in 2018 and 2019.

c. In 2016, this account retired $0.43 million investments, but the related cost of removal was more than $1.2 million. Please explain the specific reasons associated with these account activities.

d. Please explain the causes and logic of the negative Gross Salvage recorded in 2016 and 2019, respectively.

26. Please refer to Bates-stamped pages 1617-1618 for the questions below related to Account 39212, Energy Supply Light Trucks:

a. Please explain the cause of the 2020 budgeted retirement which is the highest retirement amount since 2011.

b. In 2015, this account retired a $46,124 investment but incurred a negative $99,959 COR and a negative $53,162 Gross Salvage. Please explain the causes and logic

c. behind these account activities.

d. Please explain the logic and causes of the negative Gross Salvage recorded in 2016.

27. Please refer to Bates-stamped pages 1622-1623 for the questions below related to Account 39213, Energy Supply Heavy Trucks:

a. Please explain the logic and cause of the negative COR recorded in 2019.

b. Please explain the logic and cause of the negative Gross Salvage recorded in 2019.

c. For 2013 – 2015, this account had zero retirement but incurred relatively high amount of negative COR each year. Please explain the reasons behind.

28. The following questions are related to Accounts 39315 and 39399, Software.

a. Please provide a list of the major items that comprise the investment in Accounts 39315 and 39355, respectively.

b. Please explain whether each of these accounts will be affected by deployment and transition from AMR to AMI technology. If yes, please provide details.

29. Please refer to Bates-stamped page 1450 for the questions below regarding the general amortizable accounts:

a. Please explain the Company's policy of retirements of investments in the amortizable accounts. As investments are fully amortized, are they retired regardless of whether or not the related equipment has retired? If no, how do retirements affect the amortization expenses? Please explain.

b. For each of these amortizable accounts, please identify the Commission Order with which the amortization year is prescribed.

30. Please refer to Petition, pages 7 – 15, for the questions below:

a. Please identify all of the transmission, distribution and general accounts, if any, that will be affected by the Big Bend Modernization Project (Project) for the period 2022 – 2025 during which TECO's proposed new depreciation rates applicable to the accounts will be effective if approved by the Commission.

b. For all of the accounts identified above, if any, please explain how each of the account will be affected by the Project, e.g., expecting large amount of plant addition.

Please file all responses electronically no later than March 26, 2021, via the Commission's Electronic Filing Web Form. Please contact me at sbrownle@psc.state.fl.us or at 850.413.6218 if you have any questions.

Very truly yours,

/s/ Suzanne Brownless
Suzanne Brownless
Special Counsel

cc: Commission Clerk