

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** November 21, 2023

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Wu, Kunkler)  
Office of the General Counsel (Stiller) *JKP*  
*JSC*

**RE:** Docket No. 20230089-EI – Petition for approval of depreciation rate for electric vehicle charging stations, by Tampa Electric Company.

**AGENDA:** 12/05/23 – Regular Agenda – Proposed Agency Action –Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Clark

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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## Case Background

On August 11, 2023, Tampa Electric Company (TECO or Company) filed a petition for approval of a new depreciation account and rate for electric vehicle (EV) charging stations (Petition). The Company's request is in accordance with Rules 25-6.0436(2)(a), Florida Administrative Code (F.A.C.), which provides that "[n]o utility shall change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval;" and Rule 25-6.0436(3)(b), F.A.C., which requires that: "[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category."

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the

Uniform System of Accounts (USOA) for Public Utilities and Licensees, as found in the Code of Federal Regulations,<sup>1</sup> which is incorporated by reference in Rule 25-6.014(1), F.A.C.

On April 21, 2021, TECO received Commission authorization to implement its electric vehicle charging pilot program (Pilot).<sup>2</sup> Under this Pilot, TECO will purchase, install on customer premises within the Company's service territory, own, and maintain 200 Level 2 EV charging ports and 4 direct current fast charging (DCFC) ports.<sup>3,4</sup> The first EV chargers under the Pilot went into service on September 30, 2023.<sup>5</sup> As of October 6, 2023, 50 EV charging ports have been installed on customer premises.<sup>6</sup>

With this Petition, TECO requests the Commission's approval to establish a new depreciation account, 370.10 – Electric Vehicle Charging Stations, with an average service life (ASL) of 10 years, a net salvage (NS) of zero percent, and an annual depreciation rate of 10 percent, for recording all of its Pilot-related EV charging stations.

Currently, TECO also owns some Non-Pilot EV charging stations that are sited on the Company's property. These charging stations are not accessible to the public and are used for internal company purposes. TECO began purchasing these stations in 2019. Given the location and primary use of the stations, TECO recorded these charging stations in existing Account 394.00 – Tool Shop & Garage Equipment, which utilizes an ASL of 7 years.<sup>7</sup> TECO noted that it plans to add more of the Non-Pilot charging stations on Company property.<sup>8</sup> Through the Petition, TECO requests authority to record the costs of its Non-Pilot Company-Use EV charging station equipment in the new Account 370.10 – Electric Vehicle Charging Stations with the same 10 percent annual depreciation rate.

Staff is not aware of any public comments or concerns regarding this matter.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

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<sup>1</sup>Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities, as revised April 1, 2013.

<sup>2</sup> Order No. PSC-2021-0144-PAA-EI, issued April 21, 2021, in Docket No. 20200220-EI, *In re: Petition for approval of electric vehicle charging pilot program, by Tampa Electric Company.*

<sup>3</sup> *Id.*, at page 5.

<sup>4</sup> Level 2 Ports operate at 208 or 240 volts (V) alternating current (AC), and DCFC Ports typically require a 208/480 V AC three phase connection.

<sup>5</sup> Document No. 05565-2023, TECO's Response to Staff's First Data Request, No. 1(c).

<sup>6</sup> *Id.*, No. 1(b).

<sup>7</sup> Document No. 04689-2023, paragraph 16.

<sup>8</sup> *Id.*, paragraph 17.

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## Discussion of Issues

**Issue 1:** Should TECO’s request to establish a new depreciation account with applicable annual depreciation rate for the Company to record its EV charging stations be approved, and if so, what is the appropriate account classification and the associated depreciation rate?

**Recommendation:** Yes. Staff recommends approval of TECO’s petition to establish a new Account 370.10 – EV Charging Stations to record all its Company-owned EV charging stations. Staff further recommends an annual depreciation rate of 10 percent applicable to this account be approved. (Wu, Kunkler)

**Staff Analysis:** TECO seeks the Commission’s approval to establish a new Account 370.10 – EV Charging Stations to record all its Company-owned EV charging stations. The Company proposes an ASL of 10 years, a net salvage (NS) of zero percent, and an annual depreciation rate of 10 percent for this account.

### Account Classification

Regulatory guidance regarding account classification of electric vehicle charging stations and related equipment is not clearly defined, as there is currently no listing of electric vehicle charging stations under any plant account within the USOA. In its Petition, TECO references two utilities that currently record depreciation of EV charging stations. These two referenced utilities are Duke Energy Florida, LLC. (DEF) and Florida Power & Light Company (FPL).<sup>9</sup>

On December 2, 2021, the Commission approved FPL’s request to record EV charging stations in Account 371.00 – Installations on Customer Premises.<sup>10</sup> On May 20, 2022, the Commission approved DEF’s request to establish Account 370.70 – EV Charging Stations for recording EV DCFC assets.<sup>11</sup>

DEF’s chargers were installed on customer premises as part of a pilot program, and the stations incorporated a meter that DEF utilized for its own purposes.<sup>12</sup> TECO stated that its Pilot EV charging stations also include a metering device which is used in part for the Company’s own purposes.<sup>13</sup> TECO explained that one of the purposes of the Pilot is to collect “a variety of data points” regarding EV charging, which will provide TECO with the ability “to understand any potential system planning impacts.”<sup>14</sup> Based on these aspects of TECO’s charging stations, the Company concluded that Account 370.10 is the appropriate account for TECO’s charging stations.

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<sup>9</sup> Document No. 04689-2023, paragraphs 12 and 18.

<sup>10</sup> Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increases by Florida Power & Light Company*.

<sup>11</sup> Order No. PSC-2022-0183-PAA-EI, issued May 20, 2022, in Docket No. 20220029-EI, *In re: Petition for approval of a plant account and depreciation rate for electric vehicle DC fast charge stations by Duke Energy Florida, LLC*.

<sup>12</sup> *Id.*

<sup>13</sup> Document No. 04689-2023, paragraph 14.

<sup>14</sup> *Id.*

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As mentioned earlier, TECO currently books all EV charging stations, both Pilot and Non-Pilot Company-Use, in Account 394.00 – Tool Shop & Garage Equipment. As of September 30, 2023, the total plant amount for both Pilot-related Customer Premise and Non-Pilot, Company-Use EV charging stations is \$663,191 and \$398,747, respectively.<sup>15</sup> The Company additionally requests approval to transfer the plant and reserve associated with these existing EV charging stations from Account 394.00 to Account 370.10 – EV Charging Stations, if the establishment of Account 370.10 is approved. TECO claimed that this accounting treatment is more appropriate than the existing classification in Account 394.00, and will also ensure consistency across both types of charging stations owned by the company.<sup>16</sup>

Staff notes that Account 370.10 is a subaccount of Account 370 – Meters. To determine if this account is the most appropriate account for recording TECO’s EV charging stations, staff considered the nature of the Pilot EV charging stations and their control and monitoring capabilities. Additionally, staff considered that Account 370.10 – EV Charging Stations will also be used to record TECO’s Non-Pilot, Company-Use EV charging stations, which are located on company property. Staff believes that Account 370.10 – EV Charging Stations is more appropriate than Accounts 371.00 – Installations on Customer Premises or 394.00 – Tool Shop & Garage Equipment due to the service functions of data collection and consistency discussed previously.

Staff recommends approval of TECO’s request to establish Account 370.10 and transfer the plant and reserve that are associated with the existing EV charging stations from Account 394.00 to Account 370.10.

### **Requested Depreciation Parameters and Depreciation Rate**

TECO proposes an ASL of 10 years, a NS of zero percent and an annual depreciation rate of 10 percent for its petitioned Account 370.10 – EV Charging Stations. This proposal is consistent with the depreciation parameters and rate that the Commission approved for DEF’s EV charging account.<sup>17</sup>

TECO stated that, as the Commission noted in Order No. PSC-2022-0183-PAA-EI, DEF relied on guidance from the manufacturer of the charging stations and the advice of a third-party depreciation consultant to establish that a 10-year ASL is typical for DCFC stations.<sup>18</sup> In its Petition, TECO acknowledged that it similarly based its proposal of the petitioned account’s service life and depreciation rate on feedback from the manufacturer of the Pilot charging stations.<sup>19</sup>

According to the distributor/manufacturer of TECO’s Pilot charging stations, the recommended minimum design life of the EV charging stations is 7 years.<sup>20</sup> TECO stated that the Company’s

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<sup>15</sup> Document No. 05565-2023, No. 5(a).

<sup>16</sup> Document No. 04689-2023, paragraph 17.

<sup>17</sup> See Order No. PSC-2022-0183-PAA-EI.

<sup>18</sup> Document No. 04689-2023, paragraph 15.

<sup>19</sup> *Id.*

<sup>20</sup> Document No. 05565-2023, No. 1(f).

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proposal of a 10-year ASL is based on the expectation that EV charging stations will last longer than the vendor's minimum design life of 7 years.<sup>21</sup>

Staff inquired of TECO about the warranty terms for its EV charging stations. The Company responded that all Pilot charging stations have a 4-year warranty which includes maintenance and labor.<sup>22</sup> The warranty terms of the Non-Pilot EV charging stations vary based on the manufacturer. Some existing Company-Use EV charging stations are no longer under warranty and the warranty for those stations may have varied from one to five years at the time of installation. However, the Non-Pilot charging stations that were installed more recently are warrantied to be free of defects in materials and workmanship under normal use for a period of 4 years.<sup>23</sup>

Staff notes that the Commission approved FPL's request to use an ASL of 15 years for its EV charging stations account;<sup>24</sup> and the Commission also approved DEF's request to use an ASL of 10 years for its EV charging stations account.<sup>25</sup> Staff believes that an ASL of 10 years is more appropriate for TECO's currently petitioned Account 370.10 – EV Charging Stations based on the design life and the warranty period of the Company's EV charging stations.

TECO proposed a NS of zero percent for the petitioned Account 370.10. The Company reported that it began installation of the Non-Pilot EV charging station in 2019, and has not had to retire or remove any assets.<sup>26</sup> As such, there is no TECO-specific retirement data available, at this time, to either support or oppose the Company's proposed zero present NS. Staff agrees with the Company's NS proposal which is consistent with the Commission's prior order for DEF.<sup>27</sup>

Using the proposed ASL of 10 years and NS of zero percent, the resulting annual remaining life depreciation rate for Account 370.10 is 10 percent. Staff notes that the appropriateness of these depreciation parameters and rate will be evaluated periodically through the Commission's review of TECO's depreciation study that will be filed at least every four years per Rule 25-6.0436(4)(a), F.A.C.

In conclusion, staff recommends approval of TECO's petition to establish a new Account 370.10 – EV Charging Stations to record all of its Company-owned EV charging stations. Staff further recommends an ASL of 10 years, a NS of zero percent, and an annual depreciation rate of 10 percent applicable to this account be approved.

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<sup>21</sup> *Id.*, No. 2(b).

<sup>22</sup> *Id.*, No. 1(g).

<sup>23</sup> *Id.*, No. 3(e).

<sup>24</sup> Document No. 04689-2023, paragraph 18.

<sup>25</sup> See Order No. PSC-2022-0183-PAA-EI.

<sup>26</sup> Document No. 05565-2023, No. 3(h).

<sup>27</sup> See Order No. PSC-2022-0183-PAA-EI and Document No. 04689-2023, paragraph 12.

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**Issue 2:** If a new depreciation rate for TECO’s EV charging stations is authorized in Issue 1, what should be the effective date?

**Recommendation:** If the Commission approves staff’s recommendation in Issue 1, staff recommends that any newly-authorized depreciation rate for TECO’s EV charging stations applicable to Account 370.10 – EV Charging Stations become effective October 1, 2023. (Wu)

**Staff Analysis:** TECO indicated that it would like its petitioned 10 percent depreciation rate to be effective October 1, 2023, as the first Pilot-related EV charging stations were placed into-service in September, 2023.<sup>28</sup> The Company reported that, as of September 30, 2023, all existing EV charging ports that were placed in-service are booked to the existing Account 394.00. The total plant amounts for Pilot-related customer-premise and Non-Pilot Company-Use charging ports are \$663,191 and \$398,747, respectively.<sup>29</sup> TECO noted that, if authorized, it would perform the necessary asset cost transfers and related reserve transfers for the EV charging stations from the current Account – 394.00 Tool Shop & Garage Equipment to the new Account 370.10 – EV Charging Stations.

Depreciation is the recovery of invested capital representing equipment that is providing service to the public. This recovery is designed to take place over the related period of service to the public, which begins with the equipment’s in-service date. Therefore, staff recommends an implementation date of October 1, 2023, based on the aforementioned plant in-service status of the EV charging stations.

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<sup>28</sup> Document No. 05565-2023, Nos. 1(c) and 6.

<sup>29</sup> *Id.*, No. 5(a).

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**Issue 3:** Should this docket be closed?

**Recommendation:** Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Stiller)

**Staff Analysis:** At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.