



July 2, 2024

ELECTRONIC FILING

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

In re: Petition for Rate Increase by Tampa Electric Company

DOCKET NO. 20240026-EI

In re: Petition for approval of 2023 Depreciation and
Dismantlement Study, by Tampa Electric Company

DOCKET NO. 20230139-EI

In re: Petition to implement 2024 Generation Base Rate
Adjustment provisions in Paragraph 4 of the 2021 Stipulation
and Settlement Agreement, by Tampa Electric Company

DOCKET NO. 20230090-EI

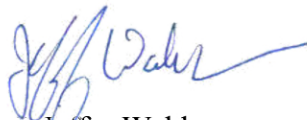
Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company in the above-referenced docket is the Rebuttal Testimony of Chip Whitworth and Exhibit No. CW-2.

Thank you for your assistance in connection with this matter.

(Document 4 of 14)

Sincerely,



J. Jeffrey Wahlen

cc: All parties

JJW/ne
Attachment



TECO[®]
TAMPA ELECTRIC
AN EMERA COMPANY

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20240026-EI

**PETITION FOR RATE INCREASE
BY TAMPA ELECTRIC COMPANY**

**REBUTTAL TESTIMONY AND EXHIBIT
OF
CHIP WHITWORTH**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

CHIP WHITWORTH

1
2
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5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Chip Whitworth. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am employed
10 by Tampa Electric Company ("Tampa Electric" or the
11 "company") as Vice President of Electric Delivery.

12
13 **Q.** Are you the same Chip Whitworth who filed direct testimony
14 in this proceeding?

15
16 **A.** Yes.

17
18 **Q.** Have your title and duties and responsibilities changed
19 since the company filed your prepared direct testimony on
20 April 2, 2024?

21
22 **A.** No.

23
24 **Q.** What are the purposes of your rebuttal testimony?
25

1 **A.** My rebuttal testimony serves three general purposes.

2

3 First, I will address the analysis of Tampa Electric's
4 spare power transformer inventory presented by the Office
5 of Public Counsel's ("OPC") witnesses Kevin Mara and Lane
6 Kollen. I will explain why OPC's analysis is flawed and
7 why it's recommendations should be rejected.

8

9 Second, I will address the inaccuracies relating to the
10 company's Storm Protection Plan ("SPP") spending
11 presented in Mr. Mara's direct testimony and illustrate
12 why the Florida Public Service Commission ("Commission")
13 should reject his recommendations regarding that
14 spending.

15

16 Finally, I will address Mr. Kollen's recommended
17 reduction in depreciation expense for the company's
18 Feeder Hardening activities.

19

20 **Q.** Have you prepared an exhibit supporting your rebuttal
21 testimony?

22

23 **A.** Yes. Rebuttal Exhibit No. CW-2, entitled "Rebuttal
24 Exhibit of Chip Whitworth," was prepared by me or under
25 my direction and supervision. The contents of this

1 rebuttal exhibit were derived from the business records
2 of the company and are true and correct to the best of my
3 information and belief. My rebuttal exhibit consists of
4 the following three documents:

5
6 Document No. 1 Historical Transformer Failures

7 Document No. 2 Historical Transformer Purchases

8 Document No. 3 Order No. PSC-2020-0224-AS-EI

9
10 **I. TAMPA ELECTRIC'S SPARE POWER TRANSFORMER INVENTORY IS**
11 **REASONABLE AND APPROPRIATE**

12 **Q.** Please explain how Tampa Electric plans for and secures
13 spare power transformer inventory.

14
15 **A.** Tampa Electric has two standardized sizes of medium power
16 (69kV/13kV) transformers: 28 MVA and 37 MVA. Tampa
17 Electric purchases one 28 MVA transformer and three 37
18 MVA transformers per year. Tampa Electric typically
19 installs 37 MVA transformers in areas of increased system
20 load growth and utilizes 28 MVA transformers in areas
21 where the existing substation footprint does not allow it
22 and load growth is flat. This policy helps to reduce unit
23 costs by \$240,000. This approach to maintaining inventory
24 is reasonable and prudent given the rate at which the
25 company replaces transformers, as I will explain below.

1 **Q.** On Page 15 of his testimony, Mr. Mara asserts that the
2 company budgeted for "an inordinate amount of
3 transformers." Do you agree with this characterization of
4 the company's plans?

5
6 **A.** No. Tampa Electric has averaged 4.2 medium power
7 transformers (69kV/13kV) transformer failures per year
8 from 2012 through 2023. This is illustrated in Document
9 No. 1 of my rebuttal exhibit. The total actual/estimated
10 spares for years 2021 through 2027 was 29. This equates
11 to 4.8 transformers on average per year that Tampa
12 Electric needs to procure to keep up with future
13 replacements. Additionally, we monitor transformer health
14 and proactively replace transformers that are degrading
15 prior to failure through our Asset Management program,
16 which helps avoid unplanned outages. To illustrate, the
17 company plans to proactively replace three substation
18 transformers under the Asset Management program in 2025.

19
20 **Q.** Please describe the different types of power transformer
21 replacements included in the company's Grid Reliability
22 and Resilience Project and the reasons for those
23 replacements.

24
25 **A.** As explained in Tampa Electric witness David Lukcic's

1 direct testimony, the Grid Reliability and Resilience
2 ("GRR") Projects includes the installation of devices to
3 facilitate automatic fault location, isolation, and
4 system restoration ("FLISR"). FLISR automates system
5 restoration during unplanned outages by facilitating
6 automatic load transfers around the outage elements. This
7 automated FLISR technology will automatically re-route
8 power around faults.

9
10 While the company already monitors and replaces degraded
11 transformers, there may also be instances where
12 distribution substation transformer replacements are
13 needed to improve load transfer coordination and provide
14 needed capacity in certain load pockets of our system.
15 Tampa Electric may also need to replace transformers to
16 support new demand as the system load changes over time.

17
18 As we deploy FLISR, we expect to find situations where
19 existing transformers need to be replaced due to the new
20 switching scheme and new load growth. These transformers
21 will be replaced as part of the GRR Projects. Tampa
22 Electric does not plan to replace end-of-life
23 transformers through the GRR Projects unless that
24 transformer also needs to be upgraded to accommodate
25 FLISR.

1 **Q.** On pages 14 and 15 of his testimony, Mr. Mara asserts
2 that the company's plans to upgrade some transformers to
3 accommodate load restoration switching is evidence that
4 the company failed to follow its own planning criteria.
5 Do you agree with this assertion?
6

7 **A.** No. Tampa Electric's planning criteria do not include the
8 upgrade of transformers (or other facilities) to
9 accommodate load under unplanned outage conditions unless
10 relay service is requested and required upgrades are paid
11 for by the customer. The company's plans to upgrade some
12 transformers to accommodate load restoration switching is
13 part of Tampa Electric's FLISR implementation under the
14 GRR Projects which supports outage restoration for all
15 customers. In addition, it is not included in the
16 company's proposed Subsequent Year Adjustments ("SYA").
17

18 **Q.** Also, on page 15, Mr. Mara notes that "including power
19 transformers in SYA is not necessary." Are there any costs
20 associated with power transformer replacements included
21 within the 2026 and 2027 SYA?
22

23 **A.** No. The costs associated with power transformer
24 replacements for the GRR Projects are not included within
25 the SYA.

1 Q. Mr. Mara recommends on page 16 of his testimony that the
2 Commission should exclude four 37 MVA transformers from
3 the company's rate base. What would be the effect of this
4 exclusion?

5
6 A. Mr. Mara's recommendation would result in adverse
7 reliability and financial impacts for Tampa Electric's
8 customers. The current lead time to obtain a transformer
9 is approximately two to three years, so ordering four
10 spare transformers annually is needed to serve firm load
11 and provide adequate voltage to customers in the event of
12 a transformer failure. I prepared a table to show the
13 company's actual historical lead times for transformer
14 purchases over the last several years, which is included
15 as Document No. 2 of my rebuttal exhibit.

16
17 Disallowing these transformers could also increase costs
18 for customers. The price of these transformers, which the
19 company obtains through competitive bidding, have
20 increased 110 percent since 2020. If Tampa Electric is
21 unable to maintain a healthy spare inventory, it may be
22 required to purchase emergency replacements from other
23 utilities or pay additional manufacturing fees for
24 advanced production slots to shorten lead times, which
25 will increase costs even further. In short, Mr. Mara's

1 proposed disallowance would create additional reliability
2 risk and could also increase costs.

3
4 **II. TAMPA ELECTRIC'S SPP COSTS IN RATE BASE**

5 **Q.** Please describe how the company manages the separation of
6 SPP costs and rate base costs.

7
8 **A.** Tampa Electric identifies all SPP costs using the
9 company's accounting system attributes including Funding
10 Projects, Work Orders, and Plant Maintenance Orders or
11 work requests. Each SPP project is assigned a specific
12 code, which clearly differentiates SPP operations and
13 maintenance ("O&M") and SPP capital investments from the
14 company's other O&M and capital investments in the
15 accounting system. These SPP costs are ultimately
16 recovered through the SPP cost recovery clause
17 ("SPPCRC").

18
19 **Q.** On page 16 of his testimony, Mr. Mara states his
20 "understanding is that investments in SPP are recovered
21 through the SPPCRC and are separated from the base rates."
22 Is Mr. Mara's understanding correct?

23
24 **A.** Mr. Mara is correct that investments in SPP projects are
25 recovered separately from traditional distribution

1 capital projects. Certain SPP activities, however,
2 require installing new equipment as well as removing
3 existing assets. The costs associated with removal of some
4 of these assets are charged to base rates. This accounting
5 treatment is required by the "2020 Settlement Agreement,"
6 which was signed by OPC and approved by the Commission in
7 Order No. PSC-2020-0224-AS-EI, issued on June 30, 2020,
8 in the company's 2020 SPP docket. A copy of this Order is
9 included as Document No. 3 to my rebuttal exhibit.

10
11 **Q.** What does the 2020 Settlement Agreement state with respect
12 to the cost of removal associated with SPP projects?

13
14 **A.** Paragraph 12 of the 2020 Settlement Agreement states: "For
15 assets being retired and replaced with new assets as part
16 of a program in the company's SPP, the company will not
17 seek to recover the cost of removal net of salvage
18 associated with the related assets to be retired through
19 the SPPCRC." Paragraph 13 similarly requires the company
20 to recover the cost of distribution pole replacements,
21 and the O&M expenses associated with asset transfers
22 related to distribution pole replacements, through base
23 rates and not through the SPPCRC. Tampa Electric witness
24 Jeff Chronister will address this topic from an accounting
25 perspective in his rebuttal testimony.

1 Q. Is Mr. Mara correct that a portion of the company's SPP
2 Feeder Hardening costs are included in base rates?

3

4 A. Yes, the SPP Feeder Hardening program requires removal of
5 existing rate base equipment and installation of new
6 equipment. As I previously explained, the 2020 Settlement
7 Agreement requires Tampa Electric to charge the costs of
8 removal to base rates.

9

10 Q. On pages 18 and 19 of his testimony, Mr. Mara asserts
11 that he is "waiting on a response to a data request" for
12 certain feeder hardening information for the year 2024.
13 Are you aware of any outstanding discovery owed to OPC
14 related to SPP Feeder Hardening data?

15

16 A. No. Mr. Mara references OPC's Seventh Set of
17 Interrogatories No. 121 on pages 18 and 19, but that
18 interrogatory did not request Feeder Hardening program
19 data for 2024. Tampa Electric is not aware of any other
20 discovery request to date that asked for that information.
21 Tampa Electric also received confirmation from OPC on June
22 24, 2024, that the company has no outstanding unanswered
23 discovery requests from OPC related to SPP Feeder
24 Hardening.

25

1 **Q.** On page 19 of his testimony, Mr. Mara asserts that the
2 company's separation of SPP and base rate costs is "not
3 working as intended" or that the company is "purposefully
4 moving dollars from SPP to base rates." Are either of
5 these assertions correct?
6

7 **A.** No. Tampa Electric is properly accounting for cost of
8 removal as required by a Commission-approved 2020
9 Settlement Agreement that OPC signed.
10

11 **Q.** Do you agree with Mr. Mara's recommendation that \$7.97
12 million of "feeder hardening costs" be shifted from base
13 rates to the SPP?
14

15 **A.** No. For the reasons I previously described, the cost to
16 remove existing rate base assets associated with the SPP
17 Feeder Hardening program should be recovered through base
18 rates.
19

20 **Q.** Is Mr. Mara correct that a portion of the company's SPP
21 Lateral Undergrounding costs are assigned to base rates?
22

23 **A.** Yes. Like the Feeder Hardening activities mentioned
24 above, the SPP Lateral Undergrounding projects require
25 removal of existing rate base equipment and installation

1 of new equipment. The 2020 Settlement Agreement requires
2 the company to recover these costs through base rates.

3
4 **Q.** Do you agree with Mr. Mara's characterization of the
5 company's SPP Lateral Undergrounding program as including
6 "accelerated costs" on page 21 of his testimony?

7
8 **A.** No. Tampa Electric is not completing more miles of
9 underground conversions than it originally planned.
10 However, I do agree that these SPP costs will be reviewed
11 and explained through the separate SPPCRC proceeding.

12
13 **III. OPC'S PROPOSED CHANGES TO FEEDER HARDENING COSTS IN BASE**
14 **RATES SHOULD BE REJECTED**

15 **Q.** On page 5 of his testimony, Mr. Kollen presents a
16 recommended reduction to Tampa Electric's proposed
17 operating income and rate base to remove feeder hardening
18 costs associated with Mr. Mara's recommendations. Do you
19 agree with these adjustments to the company's projected
20 test year budget?

21
22 **A.** No. For the reasons I previously discussed, the costs
23 associated with removing existing rate base equipment
24 during the course of executing the SPP Feeder Hardening
25 and Lateral Undergrounding projects should remain within

1 Tampa Electric's operating income and rate base and be
2 allowed within the test year budget.

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IV. SUMMARY

Q. Please summarize your rebuttal testimony.

A. My rebuttal testimony addressed statements made by witnesses Mara and Kollen regarding Tampa Electric's management of spare distribution transformers and cost allocation between base rates and SPP. I demonstrated that Tampa Electric is prudently managing spare transformer inventory to ensure system reliability. I also explained that Tampa Electric continues to manage costs appropriately to separate traditional distribution work and SPP work in accordance with previous Commission Orders. The recommended adjustments of witnesses Mara and Kollen are not appropriate and should be rejected.

Q. Does this conclude your rebuttal testimony?

A. Yes.

TAMPA ELECTRIC COMPANY
DOCKET NO. 20240026-EI
WITNESS: WHITWORTH

REBUTTAL EXHIBIT

OF

CHIP WHITWORTH

TAMPA ELECTRIC COMPANY
DOCKET NO. 20240026-EI
WITNESS: WHITWORTH

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DOCUMENT NO.	TITLE	PAGE
1	Historical Transformer Failures	16
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3	Order No. PSC-2020-0224-AS-EI	18

Transformer Failures (Historical)

2012	3
2013	3
2014	7
2015	3
2016	2
2017	7
2018	6
2019	0
2020	2
2021	5
2022	7
2023	5
2024 ytd	2
Avg	4.2

Tampa Electric Historical Transformer Purchases

Substation	Transformer	PO Date	Delivery	Leadtimes (Days)
CR 672	69-13.8kV, 37MVA transformer	3/31/2020	1/20/2021	295
Pace Rd	69-13.8kV, 37MVA	3/31/2020	2/18/2021	324
Streamsong	69-13.8kV, 12.0 MVA	3/31/2020	2/5/2021	311
McKinley	69-13.8kV, 37MVA transformer	4/13/2020	3/1/2021	322
McKinley	69-13.8kV, 37MVA transformer	4/13/2020	4/1/2021	353
Caloosa	69-13.8kV, 37MVA transformer	4/16/2020	3/31/2021	349
Pendola	69-13.8kV, 37MVA transformer	6/22/2020	8/4/2021	408
Spare (Patterson Rd Failure)	69/13kV, 28MVA Spare	5/6/2020	4/15/2021	344
Spare (Lake Region Failure)	69-13.8kV, 37MVA transformer	5/6/2020	6/15/2021	405
Harney Rd	69-13.8kV, 37MVA transformer	5/6/2020	6/17/2021	407
Cypress Gardens - SPP	69-13.8kV, 37MVA transformer	5/6/2020	10/15/2021	527
30th St	69-13.8kV, 37MVA transformer	5/6/2020	11/29/2021	572
Tucker Jones	69-13.8kV, 37MVA transformer	5/7/2021	12/15/2021	222
SPARE - 2022 #1	69-13.8kV, 28MVA transformer	7/14/2021	1/5/2022	175
SPARE - 2022 #2	69-13.8kV, 28MVA transformer	7/14/2021	1/6/2022	176
SPARE - 2022 #3	69-13.8kV, 37MVA transformer	7/14/2021	1/11/2022	181
SPARE - 2022 #4	69-13.8kV, 37MVA transformer	7/14/2021	1/31/2022	201
FIRST STREET	69-13.8kV, 37MVA transformer	8/28/2021	5/19/2022	264
SPP - THIRD AVE	69-13.8kV, 37MVA transformer	9/24/2021	4/22/2022	210
SPP - SOUTH ELOISE	69-13.8kV, 37MVA transformer	10/1/2021	7/22/2022	294
SPP - LUCERNE PARK	69-13.8kV, 37MVA transformer	10/4/2021	8/26/2022	326
SPP - PEBBLE CREEK	69-13.8kV, 37MVA transformer	10/4/2021	9/2/2022	333
SPP - LAKE ALFRED	69-13.8kV, 37MVA transformer	10/4/2021	10/7/2022	368
SPP - DAIRY RD	69-13.8kV, 37MVA transformer	10/4/2021	10/14/2022	375
Sunset Lane - Asset Mgmt	69-13.8kV, 37MVA transformer	2/9/2022	11/1/2022	265
Fairgrounds	69-13.8kV, 37MVA transformer	2/9/2022	11/1/2022	265
PLANT CITY - 2ND TX	69-13.8kV, 37MVA transformer	12/22/2021	3/15/2023	448
SPARE 2023 28MVA #1	69-13.8kV, 28MVA transformer	4/6/2022	4/19/2023	378
SPARE 2023 37MVA #3	69-13.8kV, 37MVA transformer	6/21/2022	4/24/2023	307
SPARE 2023 37MVA #4	69-13.8kV, 37MVA transformer	6/21/2022	5/22/2023	335
Gordonville	69-13.8kV, 28MVA transformer	4/6/2022	11/1/2023	574
Estuary	69-13.8kV, 37MVA transformer	4/6/2022	11/7/2023	580
SPARE 2023 37MVA #2	69-13.8kV, 37MVA transformer	4/6/2022	12/7/2023	610
Varrea	69-13.8kV, 37MVA transformer	4/6/2022	1/18/2024	652
SPARE 2023 37MVA #1	69-13.8kV, 37MVA transformer	4/6/2022	1/29/2025	1029
SPARE 2023 28MVA #3	69-13.8kV, 28MVA transformer	6/2/2022	2/14/2024	622
SPARE 2023 28MVA #2	69-13.8kV, 28MVA transformer	4/6/2022	2/29/2024	694
CASS ST - CENTER TX	69-13.8kV, 37MVA transformer	7/25/2022	3/20/2024	604
CASS ST - EAST TX	69-13.8kV, 37MVA transformer	7/25/2022	3/27/2024	611
SPARE 2024 28MVA #1	69-13.8kV, 28MVA transformer	11/17/2022	7/10/2024	601
HENDERSON RD WEST TX	69-13.8kV, 37MVA transformer	7/25/2022	7/31/2024	737
SPARE 2024 37MVA #1	69-13.8kV, 37MVA transformer	11/17/2022	10/23/2024	706
ARIANA TX	69-13.8kV, 37MVA transformer	7/25/2022	10/21/2024	819
WINTER HAVEN ILC TX	69-13.8kV, 56MVA transformer	10/6/2022	10/25/2024	750
SPARE 2024 37MVA #2	69-13.8kV, 37MVA transformer	11/17/2022	11/2/2024	716
WINTER HAVEN ILC TX	69-13.8kV, 56MVA transformer	9/6/2022	11/2/2024	788
SPARE 2024 37MVA #3	69-13.8kV, 37MVA transformer	11/17/2022	11/29/2024	743

FILED 6/30/2020
DOCUMENT NO. 03438-2020
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to approve the 2020 settlement agreement by Tampa Electric Company.	DOCKET NO. 20200145-EI
In re: Petition for a limited proceeding to approve fourth SoBRA, by Tampa Electric Company.	DOCKET NO. 20200064-EI
In re: Petition for a limited proceeding to eliminate accumulated amortization reserve surplus for intangible software assets, by Tampa Electric Company.	DOCKET NO. 20200065-EI
In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company.	DOCKET NO. 20200067-EI
In re: Storm protection plan cost recovery clause.	DOCKET NO. 20200092-EI ORDER NO. PSC-2020-0224-AS-EI ISSUED: June 30, 2020

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
JULIE I. BROWN
DONALD J. POLMANN
ANDREW GILES FAY

APPEARANCES:

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On behalf of the Citizen of the State of Florida

ORDER NO. PSC-2020-0224-AS-EI
DOCKET NOS. 20200145-EI, 20200064-EI,
20200065-EI, 20200067-EI, and 20200092-EI
PAGE 2

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Florida Public Service Commission General Counsel.

FINAL ORDER APPROVING SETTLEMENT AGREEMENT

BY THE COMMISSION:

Background

On May 4, 2020, Tampa Electric Company (TECO) filed a Motion to Approve 2020 Agreement, attaching the 2020 Settlement Agreement (2020 Agreement). The 2020 Agreement, attached hereto, is signed and executed by TECO, the Office of Public Counsel (OPC), the

ORDER NO. PSC-2020-0224-AS-EI
DOCKET NOS. 20200145-EI, 20200064-EI,
20200065-EI, 20200067-EI, and 20200092-EI
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Florida Industrial Power Users Group (FIPUG), the Florida Retail Federation (FRF), the Federal Executive Agencies (FEA), and the West Central Florida Hospital Utility Alliance (HUA) (collectively, the Signatories). The 2020 Agreement was filed in Docket Nos. 20200064-EI,¹ 20200065-EI,² 20200067-EI,³ and 20200092-EI⁴ because it impacts, in part, all of these dockets. Docket No. 20200145-EI was opened to have one central docket in which to address the 2020 Agreement. The Signatories are deemed parties for purposes of our consideration of the 2020 Agreement.

TECO contends that if the 2020 Agreement is approved, it will establish, as to TECO, a series of stipulations that will reduce the issues to be litigated in Docket Nos. 20200067-EI and 20200092-EI, thereby allowing the Signatories and us to focus on the merits of TECO's Storm Protection Plan and the recovery of the costs associated with that Plan in 2020 and 2021 in Docket No. 20200092-EI. TECO states that if the 2020 Agreement is approved, it will resolve all issues currently pending in Docket No. 20200065-EI, and reduce the issues to be litigated in Docket No. 20200064-EI.

The 2020 Agreement also presents a base rate revenue reduction amount and reflects a determination of certain expenses for which TECO plans to seek cost recovery through the Storm Protection Plan Cost Recovery Clause, Docket No. 20200092-EI. TECO contends that approval of the 2020 Agreement promotes regulatory economy and administrative efficiency, and avoids the time and expense associated with litigating the settled issues in the various existing and continuing Commission dockets.

TECO, with the support of the Signatories, requested an administrative hearing for us to consider the 2020 Agreement. TECO stated that the Signatories to the 2020 Agreement believe that approval of the 2020 Agreement is in the best interests of the customers the Signatories represent, and that the 2020 Agreement in its totality is in the public interest. TECO stated that the Signatories agree that if the 2020 Agreement is approved, then the approval of the 2020 Agreement will resolve specified matters in Docket Nos. 20200064-EI, 20200065-EI, 20200067-EI, and 20200092-EI.

We held an administrative hearing on June 9, 2020. In addition to oral argument by the Signatories, we heard testimony from two TECO witnesses and admitted documentary exhibits into the record, all in support that approval of the 2020 Agreement is in the public interest. As part of this hearing, we provided notice that there was an opportunity for members of the public who wished to testify on this matter to do so either telephonically or by submitting written comments. No requests for public testimony were made, and no written comments were filed. At the conclusion of the evidentiary portion of the hearing, the parties indicated that they were

¹ *In re: Petition for a limited proceeding to approve fourth SoBRA, by Tampa Electric Company.*

² *In re: Petition for a limited proceeding to eliminate accumulated amortization reserve surplus for intangible software assets, by Tampa Electric Company.*

³ *In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company.*

⁴ *In re: Storm protection plan cost recovery clause.*

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willing to waive the filing of post-hearing briefs, and we approved the 2020 Agreement, as set forth herein, by bench vote.

The 2020 Settlement Agreement

The 2020 Agreement reduces the scope of potentially litigated issues in three dockets and fully resolves all matters in one docket.

Docket No. 20200064-EI: Petition for a Limited Proceeding to Approve Fourth SoBRA

Section I, paragraphs 1-4

In Docket No. 20200064-EI, a potential issue concerns whether TECO's solar projects qualify for treatment under the Solar Base Rate Adjustment (SoBRA) provisions of its 2017 Amended and Restated Stipulation and Settlement Agreement (2017 Agreement).⁵ A requirement for eligibility of a 2021 SoBRA is that the calculation of the actual average installed cost value for the First and Second Solar Base Rate Adjustments (SoBRAs) is below a set threshold of \$1,475 per KWac. The provisions of Section I of the 2020 Agreement will resolve how this calculation should occur, and the values to be input will be based on the outcome of pending Docket No. 20200144-EI, Petition to True-up First and Second SoBRAs. TECO's petition and prefiled testimony in Docket No. 20200144-EI purportedly will show that its average cost of the SoBRA projects are at or below the threshold value. In this way, the Signatories assert that approval of the 2020 Agreement potentially simplifies the issues that will be litigated in Docket 2020064-EI.

Docket No. 20200065-EI: Petition to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets

Section II, paragraphs 5-9

TECO is required to record a credit of approximately \$16.0 million to amortization expense over 12 months beginning retroactively in January 2020. This is the relief TECO has requested in its revised petition filed in Docket No. 20200065-EI. Furthermore, the Signatories agree that granting TECO's revised petition will not violate the 2017 Agreement or require amendments to the 2017 Agreement. Approval of the 2020 Agreement would therefore grant the relief TECO is now requesting and Docket No. 20200065-EI can be closed.

⁵ Order No. PSC-2017-0456-S-EI, issued on November 27, 2017, in Docket Nos. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement, by Tampa Electric Company*, and 20160160-EI, *In re: Petition for approval of energy transaction optimization mechanism, by Tampa Electric Company*, approving the 2017 Amended and Restated Stipulation and Settlement Agreement (2017 Agreement).

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Docket No. 20200067-EI: Review of TECO's 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C.

Section III of the 2020 Agreement discusses the Signatories' agreements pertaining to TECO's Storm Protection Plan (SPP) filings in Docket No. 20200067-EI and TECO's anticipated filings in the Storm Protection Plan Cost Recovery Clause (SPPCRC) Docket No. 20200092-EI.

Section III, paragraph 10

The Signatories agree that TECO will provide project-level details in the SPP docket for years 2020 and 2021. Furthermore, the Vegetation Management Program, Infrastructure Inspection Program, and Legacy Storm Hardening Plan Initiatives Program⁶ do not have project components. Similarly, the Signatories agree that TECO's Extreme Weather Hardening Study does not have project components during 2020 and 2021.

Section III, paragraph 15(a)

The Signatories agree that nothing in the 2020 Agreement shall be construed to prevent any party from challenging the reasonableness and/or prudence of all or part of any SPP program or project in any future proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200067-EI or 2020092-EI.

Section III, paragraph 15(c)

The Signatories will meet beginning October 1, 2020, and for a period of up to 60 days, to identify a method to modify the analytical framework TECO used in developing its SPP in Docket No. 20200067-EI. The good faith objective is to establish a unanimous and mutually agreed-upon method consistent with applicable statutes and rules that TECO will use thereafter unless the resulting framework is changed by agreement of the Signatories.

Docket No. 20200092-EI: Storm Protection Plan Cost Recovery Clause

Section III of the 2020 Agreement sets forth matters pertaining to TECO in Docket No. 20200092-EI and discusses a one-time reduction in base rates of approximately \$15 million.

Section III, paragraph 10

Pursuant to the 2020 Agreement, TECO is required to provide project level details for projects it is planning for 2020 and 2021 when it files its petition for cost recovery.

⁶ The term "Legacy Storm Hardening Plan Initiatives" refers to seven initiatives contained in TECO's approved storm hardening plan pursuant to Order No. PSC-2019-0302-PAA-EI, issued July 29, 2019, in Docket No. 20180145-EI. The seven initiatives are now grouped as one program with that name.

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Section III, paragraph 11

This section and its subparts describe the Signatories' agreement to regulatory methods that allow TECO to recover through the SPPCRC its SPP operations and maintenance (O&M) expenses incurred during 2020 and 2021 that are incremental to its base rates. The O&M expenses are for six activities identified in TECO's SPP: Planned Distribution Vegetation Management, Planned Transmission Vegetation Management, Transmission Vegetation Management-ROW Maintenance, Infrastructure Inspections, Distribution and Transmission Wood Pole Inspections, and Transmission Asset Upgrades.

TECO may seek recovery of its 2020 O&M expenses for the period May through December in excess of the total expenses of approximately \$10.3 million shown on Exhibit 3 of the 2020 Agreement. Recovery of all of TECO's 2021 SPP O&M expenses through the SPPCRC is contingent on a one-time base rate reduction of approximately \$15 million shown on Exhibit 2 of the 2020 Agreement. The one-time base rate reduction is to be effective contemporaneous with the beginning of cost recovery via the SPPCRC.⁷

Section III, paragraph 12

Concerning capital projects, the Signatories agree that cost recovery shall remain in base rates for projects initiated prior to April 10, 2020. The Signatories define the term "initiated" to mean when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in TECO's accounting system in accordance with its standard procedures.

Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets recovered in retail rate base from capital and assets recovered through the SPPCRC. The return on investment and depreciation expense associated with capital projects initiated on or after April 10, 2020, shall be eligible for cost recovery through the SPPCRC, subject to a prudence review in the SPPCRC docket.

For assets being retired and replaced with new assets as part of an SPP program, TECO will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to TECO's accumulated depreciation reserve according to normal regulatory plant accounting procedures. Additionally, any depreciation expense from SPP asset additions will be reduced by the depreciation expense savings that results from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

⁷ Section III, paragraph 15(b) notes that to the extent the base rate adjustment is inconsistent with paragraph 4 of the 2017 Agreement, the Signatories agree that the 2017 Agreement is hereby amended, as necessary to accomplish the base rate adjustment.

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TECO retains the option to seek to move prospective cost recovery from the SPPCRC to base rates for costs that have been determined prudently incurred through a final true-up in the SPPCRC. This request would be through a petition pursuant to Sections 366.06 and/or 366.07, Florida Statutes.

Section III, paragraph 13

The Signatories acknowledge that TECO's Distribution Pole Replacement program is a legacy storm hardening activity that is included in TECO's SPP. However, cost recovery for the plant additions and retirements associated with all distribution pole replacements will remain through base rates. This includes O&M expenses from asset transfers related to distribution pole replacements.

Section III, paragraph 14

The Signatories agree that TECO will not aggregate certain SPP capital projects as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction in Rule 25-6.0141, Florida Administrative Code. The 2020 Agreement includes guidance on this matter addressing factors such as geographic vicinity, same SPP program, contractor, or project manager.

Decision

The standard for approval of a settlement agreement is whether it is in the public interest.⁸ A determination of public interest requires a case-specific analysis based on consideration of the proposed settlement taken as a whole.⁹ By approving the 2020 Agreement, the 2020 Agreement promotes regulatory economy and administrative efficiency, and avoids the time and expense associated with litigating the settled issues in the various existing and continuing Commission dockets.

Based upon TECO's motion, our review of the 2020 Agreement, and evidence and testimony on the record, we find that the 2020 Agreement is in the public interest and it is hereby

⁸ Order No. PSC-13-0023-S-EI, issued on January 14, 2013, in Docket No. 120015-EI, *In re: Petition for increase in rates by Florida Power & Light Company*; Order No. PSC-11-0089-S-EI, issued February 1, 2011, in Docket Nos. 080677 and 090130, *In re: Petition for increase in rates by Florida Power & Light Company* and *In re: 2009 depreciation and dismantlement study by Florida Power & Light Company*; Order No. PSC-10-0398-S-EI, issued June 18, 2010, in Docket Nos. 090079-EI, 090144-EI, 090145-EI, 100136-EI, *In re: Petition for increase in rates by Progress Energy Florida, Inc.*, *In re: Petition for limited proceeding to include Bartow repowering project in base rates*, by *Progress Energy Florida, Inc.*, *In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C.*, by *Progress Energy Florida, Inc.*, and *In re: Petition for approval of an accounting order to record a depreciation expense credit*, by *Progress Energy Florida, Inc.*; Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, *In re: Petition for rate increase by Progress Energy Florida, Inc.*

⁹ Order No. PSC-13-0023-S-EI, at p. 7.

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approved. The 2020 Agreement resolves all of the issues in Docket Nos. 20200145-EI and 20200065-EI.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations, findings, and rulings herein are hereby approved. It is further

ORDERED that each utility that was a party to this docket shall abide by the stipulations, findings, and rulings herein which are applicable to it. It is further

ORDERED that the attached 2020 Settlement Agreement is approved. It is further

ORDERED that Docket Nos. 20200145-EI and 20200065-EI shall be closed.

By ORDER of the Florida Public Service Commission this 30th day of June, 2020.


ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

BYL

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a Limited Proceeding to Approve) Fourth SoBRA by Tampa Electric Company) _____)	Docket No. 20200064-EI
In re: Petition of Tampa Electric Company) To Eliminate Accumulated Amortization) Reserve Surplus for Intangible Software Assets) _____)	Docket No. 20200065-EI
In re: Review of 2020-2029 Storm Protection) Plan pursuant to Rule 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI

2020 SETTLEMENT AGREEMENT

THIS AGREEMENT is dated this 27th day of April 2020 and is by and between Tampa Electric Company (“Tampa Electric” or the “company”) and the Office of Public Counsel (“OPC” or “Citizens”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), the Federal Executive Agencies (“FEA”) and the West Central Florida Hospital Utility Alliance (“HUA”). Collectively, Tampa Electric, OPC, FIPUG, FRF, FEA and HUA shall be referred to herein as the “Parties” and the term “Party” shall be the singular form of the term “Parties.” OPC, FIPUG, FRF, FEA and HUA will be referred to herein as the “Consumer Parties.” This document shall be referred to as the “2020 Agreement.”

Recitals

2017 Agreement

A. Tampa Electric is operating under its 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved by the Florida Public Service Commission

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(“FPSC” or “Commission”).¹ Among other things, paragraph 6 of the company’s 2017 Agreement contains a provision that authorizes the company to recover the costs of certain qualifying solar generating projects through a solar base rate adjustment mechanism (“SoBRA”) based on projected costs and estimated in-service dates, with true-ups for both. It also contains provisions addressing depreciation [paragraph 8], customer rates [paragraph 3(a)], other cost recovery [paragraph 4], storm damage [paragraph 5] and changes in federal and state income tax rates [paragraph 9].

B. The Commission has approved three SoBRAs for Tampa Electric totaling 550 MW of solar capacity. The First SoBRA was approved by Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI. The Second SoBRA was approved by Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI. The Third SoBRA was approved by Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 20190136-EI. The Commission has also approved two base rate reductions for Tampa Electric to reflect changes to federal and state corporate income tax rates (Docket Nos. 20180045-EI and 20190203-EI) and approved cost recovery for four named storms by Tampa Electric without a base rate increase or storm surcharge appearing on customers’ bills (Docket No. 20170271-EI) — all pursuant to the 2017 Agreement. The 2017 Agreement has promoted regulatory certainty and efficiency and has proven to be in the public interest.

Fourth SoBRA
and First and Second SoBRA True-Up

C. On February 27, 2020, Tampa Electric filed a notice with the Commission advising the Commission and Consumer Parties to the 2017 Agreement that it has met the requirements to

¹ The Commission approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

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qualify to petition for approval of its Fourth SoBRA totaling 45.7 MW with an effective date of January 1, 2021. The Commission opened Docket No. 20200064-EI for use when the company files its final SoBRA petition.

D. Tampa Electric will soon be filing a petition to true-up its First and Second SoBRAs. The company will request approval of tariff changes that reflect the actual annual revenue requirements for the seven projects in the First and Second SoBRAs and permission to implement those changes effective with the first billing cycle for January 1, 2021, or another date to be decided by the Commission. The company will also request that the FPSC approve the company's proposed revenue true-up — a credit to customers — and to allow the company to apply the credit amount to customers through the Capacity Cost Recovery Clause for 2021. The Office of Public Counsel plans to intervene in that proceeding.

Software Amortization Petition

E. On February 28, 2020, Tampa Electric filed a petition (Docket No. 20200065-EI) seeking FPSC permission to eliminate an approximately \$16 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. OPC filed a notice of intervention in that docket on March 24, 2020. The Commission acknowledged OPC's intervention by Order No. PSC-2020-0091-PCO-EI, issued on March 27, 2020.

Storm Protection Plan and Cost Recovery Clause

F. In 2019, the Florida Legislature enacted section 366.96, Florida Statutes, entitled "Storm protection plan cost recovery." Section 366.96(3) requires Tampa Electric and the other public electric utilities to file a transmission and distribution storm protection plan ("SPP") at least every three years that covers the immediate 10-year planning period, and explain the systematic

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approach they will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. The Commission must determine whether it is in the public interest to approve, approve with modification, or deny each utility's transmission and distribution storm protection plan no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule. The new statute also creates a storm protection plan cost recovery clause ("SPPCRC") to promote the timely recovery of costs incurred by a utility pursuant to its Storm Protection Plan. Rules 25-6.030 and 25-6.031, Florida Administrative Code, were adopted by the Commission to implement section 366.96.

G. Rule 25-6.030 requires each utility to file a SPP at least every three years with the Commission, and specifies the required elements of the utility's SPP. Subsection 25-6.030(3)(h) requires a Plan to include "an estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility's typical residential, commercial, and industrial customers." Pursuant to the Order Establishing Procedure for the SPP Dockets, each public electric utility, including Tampa Electric, must file a SPP by April 10, 2020.

H. Rule 25-6.031 governs the new SPPCRC created by section 366.93, Florida Statutes. Subsection 6(b) of that rule states: "Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism."

I. The FPSC established Docket No. 20200067-EI for the filing and approval of Tampa Electric's SPP. It also opened Docket No. 20200092-EI for the consideration of issues related to SPP costs through the SPPCRC. Tampa Electric anticipates filing its petition for storm protection plan cost recovery in Docket No. 20200092-EI (SPPCRC), as required by the Docket Schedule, in late July 2020.

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Overall Regulatory Activity

J. The cumulative total of the regulatory activity described above, together with the other annual clause proceedings and other dockets pending at the FPSC, is greater than normal and led Tampa Electric, OPC, and the other Consumer Parties to discuss ways to resolve some or all of the potentially time-consuming issues in the dockets listed above by agreement or stipulation in a manner that promotes regulatory economy and administrative efficiency and that serves the public interest. This 2020 Agreement is the product of those discussions and is being filed for approval in the above-styled four Dockets to resolve some or all of the issues in those dockets as discussed further below.

K. The Parties have entered into this 2020 Agreement in compromise of positions taken in accord with their rights and interests under chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties to this 2020 Agreement, each Party has agreed to concessions to the others with the expectation, intent, and understanding such that all provisions of the 2020 Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties. The Parties agree that this 2020 Agreement is in the public interest and should be approved.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this 2020 Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

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Terms

I. Docket No. 20200064-EI: Petition to Approve Fourth SoBRA

The Parties agree and stipulate as follows:

1. OPC has taken the position that, for the company to meet the cost cap trigger for the 2021 Tranche specified in paragraph 6 of the 2017 Agreement ("Fourth SoBRA"), a two-part test applies, namely: the average cost of the projects in the First SoBRA must be less than or equal to \$1,475 per kWac and, in addition, the average cost of the projects in the Second SoBRA must be less than or equal to \$1,475 per kWac.

2. The company believes that for the company to meet the cost cap trigger for the Fourth SoBRA, a one-step test applies, namely: the average cost of the projects in the First and Second SoBRAs, taken together, must be at or below \$1,475 per kWac.

3. To the extent the costs of the actual First and Second SoBRA projects as determined in the company's First and Second SoBRA True-Up docket make this difference an issue in Docket No. 20200064-EI, the Parties stipulate that the one-step test as described in paragraph 2 above shall be used to assess eligibility of the Fourth SoBRA for recovery under the SoBRA mechanism.

4. Nothing in this agreement shall limit any party to Docket No. 20200064-EI from taking any position, offering any evidence or advocating as it desires in Docket No. 20200064-EI, except as specified in paragraph 3.

II. Docket No. 20200065-EI: Intangible Software Amortization Surplus.

The Parties agree and stipulate as follows:

5. The surplus in the company's accumulated amortization reserve for Intangible Software in Account 303.15 as of December 31, 2019, was \$15,971,292.

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6. Granting the relief requested by Tampa Electric in Docket No. 20200065-EI (“Software Amortization Petition”) will not violate the 2017 Agreement or require the 2017 Amendment to be amended.

7. The relief requested by Tampa Electric in Docket No. 20200065-EI shall be granted.

8. Tampa Electric shall eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020.

9. Tampa Electric shall record the approximately \$16.0 million credit to amortization expense ratably over 12 months beginning retroactively in January 2020.

III. Storm Protection Plan, Cost Recovery Clause and Base Rate True-Up

The Parties agree and stipulate as follows:

10. Project-level Detail. Except for the four Programs specified below, Tampa Electric has included project-level detail for all Projects for 2020 in its initial Storm Protection Plan filed on April 10, 2020, for approval by the FPSC. It will provide project-level detail for all Projects it is planning for 2021 to the Consumer Parties on or before April 23, 2020. It will also include project-level detail for Projects it is planning for 2020 and 2021 when it files its petition for cost recovery through the SPPCRC. The Parties agree that the following three Programs do not have project components: (1) Vegetation Management, (2) Infrastructure Inspections and (3) Legacy Storm Hardening Plan Initiatives,² so project level detail is not needed or required for these three

² The term “Legacy Storm Hardening Plan Initiatives” refers to seven initiatives contained in the company’s last approved storm hardening plan that it has included in its SPP as one program with that name. The seven programs are Geographic Information System, Post-Storm Data Collection, Outage Data – Overhead and Underground Systems, Increase Coordination with Local Governments, Collaborative Research, Disaster Preparedness and Recovery Plan and Distribution Pole Replacement, and are described in Section 6.8 of the company’s SPP.

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Programs for 2020 and 2021. The Parties further agree that the company's Extreme Weather Hardening Study³ does not have project components for at least 2020 and 2021; therefore, project level detail is not needed or required for this program in 2020 and 2021.

11. Operations and Maintenance Expenses. Tampa Electric will seek recovery of incremental Operations and Maintenance (O&M) expenses related to its proposed SPP programs in the following manner:

(a) Rather than recovering incremental SPP O&M expenses (i.e., SPP O&M costs that are over and above the O&M costs already recovered through base rates) through the SPPCRC, the company will seek to recover all of the O&M expenses associated with activities in its SPP through the SPPCRC (except as otherwise provided herein) and will reduce its base rates on a one-time basis by an agreed-upon amount. The agreed-upon, one-time base rate reduction amount is specified in paragraph 11(c), below, and reflects a good faith determination of the annual O&M expenses associated with six activities ("Six Activities")⁴ that were being incurred prior to the filing of the company's SPP⁵, are currently being recovered through the company's base rates,

³ As explained in section 6.4 of its SPP, the company's Substation Extreme Weather Hardening Program is designed to harden existing substations to minimize outages, reduce restoration times and enhance emergency response during extreme weather events. Hardening Projects within this Program could involve the installation of extreme weather protection barriers; installation of flood or storm surge prevention barriers; additions, modifications or relocation of substation equipment; modification to the designs of the company's substations; or other approaches identified to protect against extreme weather damage in or around the company's substations.

⁴ The six activities are Planned Distribution Vegetation Management, Planned Transmission Vegetation Management, Transmission Vegetation Management – ROW Maintenance, Infrastructure Inspections, Distribution and Transmission Wood Pole Inspections and Transmission Asset Upgrades. The first three are now included the company's proposed Vegetation Management SPP program. The next two have been included the company's proposed SPP Infrastructure Inspection program. Transmission Asset Upgrades is included in the company's proposed SPP in a program by that name.

⁵ There are two additional activities (Targeted Critical Facilities/Flood Damage Mitigation and Targeted Distribution Overhead Feeder Hardening) that are included in the company's SPP and shown on Exhibit One; however, the company did not incur O&M expenses for these activities in 2017, 2018 and 2019 and the agreed-to base rate reduction in paragraph 11(c) does not include O&M expenses for these activities. The costs associated with a third category of activity included in the SPP — Joint Use Pole Attachments Audits — are borne by the entities that attach to the company's poles, so the net expense to Tampa Electric for that activity is zero and did not factor into the calculation of the agreed-to base rate reduction.

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have been included in the company's proposed SPP and for which the company will seek cost recovery through the SPPCRC. The purpose of the one-time, agreed-upon base reduction is to streamline cost recovery for the expenses associated with the Six Activities, so that all O&M expenses associated with the activities reflected in the SPP will be recoverable (subject to prudence review) via the SPPCRC, except as otherwise provided herein. The intent of this base rate true-up is to promote transparency and to ensure that the O&M expenses the company will recover through the SPPCRC do not include O&M expenses recovered through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with section 366.96(8).

(b) The specified amount of base revenue reduction described above will be accomplished through one-time reductions to base rates using the cost allocation and rate design principles reflected in paragraph 3 of the 2013 Stipulation among the Parties as modified by paragraph 3 of the 2017 Agreement, and those same cost allocation and rate design principles shall be used to develop the cost recovery factors/rates that will be used for SPP cost recovery in the SPPCRC beginning in 2020 and annually thereafter as provided in paragraph 3(g) of the 2017 Agreement. The one-time base rate reductions will become effective contemporaneous with the beginning of cost recovery via the SPPCRC and remain in effect until the next Commission-approved change in the company's general base rates (i.e., in the company's next general base rate case). The company will file the revised tariffs necessary to implement the one-time base rate reduction specified herein for Commission approval in Docket No. 20200092-EI within a reasonable time following approval of this 2020 Agreement and on a schedule such that the necessary customer notices can be given and the proposed base rate reduction can become effective contemporaneous with the effective date of cost recovery by the company under the SPPCRC.

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(c) For each category of O&M expense for which cost recovery will be moved from base rates to SPPCRC (i.e., the Six Activities), the specified amount of base revenue reduction should be calculated as the company's average actual O&M expense for the most recent two years and grossed up for the regulatory assessment fee which is not reflected as a separate line-item on customers' bills. Based on the company's current plan to seek cost recovery under the SPPCRC in 2020, the company has calculated, and the Parties agree, that Tampa Electric's 2-year average actual annual O&M expense amounts for the Six Activities for 2018 and 2019 totals \$15.0 million per year as shown on Exhibit One and the grossed-up amount of the annual base revenue reduction is \$15,010,800. The manner in which this \$15.0 million O&M expense amount has been grossed up to reflect the \$15,010,800 annual base revenue reduction to be made is set out in Exhibit Two to this agreement.

(d) For purposes of this paragraph 11, the Parties intend that the \$15,010,800 agreed-upon base revenue reduction be final and not subject to further true-up, unless any of the Six Activities as a category used to calculate the \$15.0 million annual O&M expense amount are not allowed for cost recovery through the SPPCRC, in which case, the \$15.0 million amount and related base revenue reduction shall be reduced by the associated amounts shown in Exhibit One multiplied by the Regulatory Assessment Fee Multiplier shown on Exhibit Two. Notwithstanding the foregoing, the Parties agree that nothing in this Agreement shall preclude any Consumer Party from challenging the recovery of any specific cost or level of cost proposed for recovery by the company through the SPPCRC.

(e) In its 2020 SPPCRC filing, Tampa Electric may seek to recover 2020 SPP O&M expense for the Six Activities in the period May to December 2020 only to the extent that the May 2020 to December 2020 total expense for those activities exceeds the average of the total expense

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incurred by the company for those activities in May through December 2018 and May through December 2019 as shown on Exhibit Three (i.e., \$10.4 million).

(f) Most of the Vegetation Management Program activities in the company's SPP are planned, meaning that the company develops a scheduled Vegetation Management plan that it intends to follow, i.e., trim specific circuits, etc. The company engages in two other general types of vegetation management activities, namely: (1) Vegetation Management associated with named storms, the costs of which are subject to recovery under paragraph 5 of the 2017 Agreement and the FPSC's storm cost recovery rules and (2) unscheduled or unplanned vegetation management activities necessitated by minor storm damage, identification of danger trees, automobile accidents, routine repair work and the like ("Unplanned Vegetation Management"). Even though the company's SPP includes Unplanned Vegetation Management as part of its overall Vegetation Management program, the company will continue to recover costs associated with Unplanned Vegetation Management activities through base rates and will not seek recovery of costs associated with those activities through the SPPCRC.

12. Rate Base Items. Tampa Electric will seek recovery of return on capital expenditures and assets related to the SPP programs, as well as the incremental depreciation expense for the SPP assets, in the following manner:

(a) Cost recovery for capital projects initiated prior to April 10, 2020, shall remain recovered through base rates. This means that both the return on investment associated with a capital project initiated before April 10, 2020 and the related depreciation expense shall continue to be recovered through base rates and will not be recoverable through the SPPCRC. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's

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accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order in which costs have been posted before April 10, 2020 shall not be eligible for cost recovery through the SPPCRC.

(b) The return on investment and depreciation expense associated with capital projects initiated on or after April 10, 2020, shall be eligible for cost recovery through the SPPCRC, subject to a prudence review in the SPPCRC docket. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order that did not have any costs charged to it before April 10, 2020, or opened on or after April 10, 2020, may be eligible for cost recovery through the SPPCRC, subject to a prudence review in the SPPCRC docket.

(c) To ensure that there is no double recovery between base revenue and SPPCRC revenue, the company will employ the following protocols for capital items:

(i) For assets being retired and replaced with new assets as part of a program in the company's SPP, the company will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to the company's accumulated depreciation reserve according to normal regulatory plant accounting procedures.

(ii) For SPP capital projects, any depreciation expense from SPP asset additions will be reduced by the depreciation expense savings that results from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

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(iii) Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets in retail rate base from capital and assets being recovered through the SPPCRC.

(iv) Whenever the company petitions for a change to its base rates and charges pursuant to sections 366.06 and/or 366.07, Florida Statutes, the assets being recovered that have been determined prudent through a final true-up in the SPPCRC by the Commission as of the end of the historic year presented in the company's minimum filing requirement schedules may, at the Company's option, be simultaneously removed from SPPCRC recovery and included in retail rate base for the applicable test year by appropriate proforma adjustments. Thereafter, new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates may be submitted for recovery through the SPPCRC petition process.

13. Distribution Pole Replacements. Distribution Pole Replacement is a legacy storm hardening activity that is included in the company's SPP in section 6.8.7. Due to the large number of annual pole replacements and the challenges associated with accounting for the associated mass asset additions and retirements, and as a matter of accounting and administrative efficiency, the company will include distribution pole replacements within its SPP; however, cost recovery for the plant additions and retirements associated with all distribution pole replacements (for the avoidance of doubt, this includes like kind replacements, replacements of existing poles with higher class wood poles, and/or concrete or steel for wood distribution poles identified through the company's Infrastructure Inspection Program) will remain through base rates, not through the SPPCRC. The company will also not seek recovery of the O&M expenses from asset transfers related to distribution pole replacements⁶ through the SPPCRC.

⁶ During a capital project that involves changing out a distribution pole, the costs associated with moving supporting fixtures and conductors and transferring them to new distribution poles, which sometimes involves rearranging and

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14. No Bundling. The company will not, as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction ("AFUDC") in Rule 25-6.0141, Florida Administrative Code, aggregate SPP capital projects (a) that are not in the same geographic vicinity or (b) that would otherwise only be aggregated solely because the projects or activities: (i) are part of the same SPP program; (ii) will be performed by the same contractor; (iii) are part of the same SPP program budget or (iv) are being managed by the same company project manager.

15. Other SPP items.

(a) Nothing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudence of all or part of any SPP program or project in any future proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200067-EI or 2020092-EI.

(b) To the extent the base rate adjustment described in paragraph 11 is inconsistent with paragraph 4 of the 2017 Agreement, the Parties agree that the 2017 Agreement is hereby amended, as necessary to accomplish the base rate adjustment.

(c) Beginning October 1, 2020 and for a period of up to 60 days thereafter, Tampa Electric shall meet with the Parties and will work in good faith with them to identify a method acceptable to all of the Parties to modify the analytical framework used in the development of the company's SPP in Docket No. 20200067-EI that: (1) complies with applicable statutes and rules and (2) reasonably recognizes the importance of protecting transmission and distribution facilities serving public safety customers and critical public infrastructure (e.g., hospitals, fire stations,

changing the location of plant not retired, are considered an O&M expense pursuant to CFR Title 18, Chapter 1, Subchapter C, Part 101: Operating Expense Instructions, 2. Maintenance, and CFR Title 18, Chapter 1, Subchapter C, Part 101: Account 593.

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police stations, military installations, ports, airports, etc.). The company shall use any such unanimously and mutually agreed-upon method consistent with applicable statutes and rules when it prepares and files its next SPP for FPSC approval and thereafter unless the resulting modified framework is changed by agreement of the Parties.

IV. Other Provisions

16. Commission Approval.

(a) The provisions of this 2020 Agreement are contingent on approval of this 2020 Agreement in its entirety by the Commission without modification, regardless of the sequence of the individual above styled Docket decisions; further, any decision by the Commission not to approve any provision of this Agreement shall, per se and as a matter of law, render the Agreement null and void and of no force or effect. The Parties further agree that this 2020 Agreement is in the public interest, that they will support this 2020 Agreement and that they will not request or support any order, relief, outcome, or result in conflict with the terms of this 2020 Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this 2020 Agreement or the subject matter hereof.

(b) No Party will assert in any proceeding before the Commission that this 2020 Agreement or any of the terms in the 2020 Agreement shall have any precedential value. The Parties' agreement to the terms in the 2020 Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this 2020 Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this 2020 Agreement by virtue of that Party's signature on, or participation in, this

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2020 Agreement. It is the intent of the Parties to this 2020 Agreement that the Commission's approval of all the terms and provisions of this 2020 Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this 2020 Agreement endorses a specific provision, in isolation, of this 2020 Agreement by virtue of that Party's signature on, or participation in, this 2020 Agreement.

(c) The Parties intend, and agree to request, that the Commission's order state that approval of this 2020 Agreement in its entirety will resolve the matters as specified herein in Docket Nos. 20200064-EI, 20200065-EI, 20200067-EI, and 20200092-EI and in accordance with section 120.57(4), Florida Statutes.

(d) No Party shall seek appellate review of any Commission order approving this 2020 Agreement in its entirety.

17. Disputes. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this 2020 Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

18. Execution. This 2020 Agreement is dated as of April 27, 2020. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this 2020 Agreement by their signature(s):

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REBUTTAL EXHIBIT NO. CW-2
WITNESS: WHITWORTH
DOCUMENT NO. 3
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FILED: 07/02/2024

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IP: 66.35.152.98
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Signature Page to 2020 Agreement

Office of Public Counsel
J. R. Kelly, Esquire
Public Counsel
Charles Rehwinkel, Esquire
Deputy Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

By:



J.R. Kelly

TAMPA ELECTRIC COMPANY
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Signature Page to 2020 Agreement

The Florida Industrial Power Users Group
Jon C. Moyle, Jr., Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  4/27/20
Jon C. Moyle, Jr.

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Florida Retail Federation
Robert Scheffel Wright
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By: 
Robert Scheffel Wright

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Federal Executive Agencies

Thomas Andrew Jernigan, Esquire
AFLOA/JACL-ULFSC
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Tyndall Air Force Base, FL 32403

By: 
Thomas Jernigan

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WCF Hospital Utility Alliance
Mark F. Sundback
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By: Mark F. Sundback - jps
Mark F. Sundback

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TAMPA ELECTRIC'S STORM PROTECTION PLAN O&M EXPENSES (\$ Million)

Recovered Through SPP Clause	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Planned	10.3	13.8	12.0
Transmission Vegetation Management - Planned	0.8	0.8	0.8
Transmission Vegetation Management - ROW Maintenance	0.4	0.5	0.5
Infrastructure Inspections	0.4	0.5	0.4
Distribution & Transmission Wood Pole Inspections	1.2	1.3	1.3
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.1	0.1	0.1
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total SPP Clause	13.2	16.9	15.0

Recovered Through Base Rates	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Unplanned	1.6	2.2	1.9
Transmission Vegetation Management - Unplanned	-	-	0.0
Distribution Pole Replacement	0.8	0.7	0.8
Disaster Preparedness and Recovery Plan	0.2	0.3	0.2
Geographical Information System	-	-	-
Post Storm Data Collection	-	-	-
Outage Data - Overhead and Underground	-	-	-
Increase Coordination with Local Governments	-	-	-
Collaborative Research	-	-	-
Total Base Rates	2.6	3.2	2.9
Total SPP O&M Expenses	15.8	20.1	17.9

Note: Totals may not sum due to rounding.

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2020 AGREEMENT
EXHIBIT ONE

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TAMPA ELECTRIC'S STORM PROTECTION PLAN BASE RATE REVENUE
REQUIREMENT REDUCTION FOR CLAUSE RECOVERY

(\$)

Revenue Requirement Calculation:	
Agreed Upon SPP O&M Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	15,000,000
Agreed Upon SPP Capital Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	0
Agreed Upon Expense Amount Related to Base Revenue Reduction	15,000,000
Regulatory Assessment Fee Multiplier ⁷	1.00072
Revenue Requirement to Be Used for Base Rate Revenue Reduction	15,010,800

Proof of Net Impact of Base Rate Revenue Reduction:	
Lower Base Revenue	(15,010,800)
Resulting Lower Regulatory Assessment Fee Expense	10,800
Net Reduction to Pre-Income-Tax Operating Income	(15,000,000)

TAMPA ELECTRIC COMPANY
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⁷ Each investor-owned electric company shall pay a regulatory assessment fee in the amount of .00072 of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives or any combination thereof. *Rule 25-6.0131(1)(a), F.A.C.*

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TAMPA ELECTRIC COMPANY
(\$ Million)

Actual May – December	2018	2019	2018-2019
STORM PROTECTION PLAN O&M EXPENSES	ACTUAL	ACTUAL	AVERAGE
TO BE RECOVERED THROUGH SPP CLAUSE			
Distribution Vegetation Management - Planned	6.9	10.1	8.5
Transmission Vegetation Management - Planned	0.4	0.3	0.4
Transmission Vegetation Management - ROW Maintenance	0.2	0.4	0.3
Infrastructure Inspections	0.3	0.3	0.3
Distribution & Transmission Wood Pole Inspections	1.2	0.6	0.9
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total - Clause	9.0	11.8	10.4

"Exhibit Three"

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(S Million)

STORM PROTECTION PLAN O&M EXPENSES	2018 (May - Dec) Actual									
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
TO BE RECOVERED THROUGH SPP CLAUSE										
Distribution Vegetation Management - Planned	0.8	0.8	0.7	1.0	0.6	0.8	1.0	1.2	6.9	
Transmission Vegetation Management - Planned	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4	
Transmission Vegetation Management - ROW Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	
Infrastructure Inspections	0.0	0.0	0.1	(0.0)	0.0	0.0	0.0	0.0	0.3	
Distribution & Transmission Wood Pole Inspections	0.0	(0.0)	-	0.1	0.2	0.2	0.4	0.3	1.2	
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-	
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-	
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-	
Total - Clause	1.0	0.9	0.9	1.2	0.9	1.1	1.5	1.6	9.0	

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TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES TO BE RECOVERED THROUGH SPP CLAUSE	2019 (May - Dec) Actual									
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Distribution Vegetation Management - Planned	1.4	1.0	1.3	1.2	0.9	1.3	1.2	1.9	10.1	
Transmission Vegetation Management - Planned	0.0	0.1	(0.0)	0.0	0.2	0.1	0.0	0.0	0.3	
Transmission Vegetation Management - ROW Maintenance	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.4	
Infrastructure Inspections	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3	
Distribution & Transmission Wood Pole Inspections	0.1	0.2	0.0	0.0	0.0	0.0	0.3	0.0	0.6	
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-	
Transmission Assct Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-	
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-	
Total - Clause	1.7	1.3	1.4	1.2	1.1	1.5	1.6	2.0	11.8	

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing rebuttal testimony and exhibit have been served by posting on a shared document site, hand delivery of a USB drive or by electronic mail on this 2nd day of July, 2024 to the following:

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