



August 22, 2024

VIA ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 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 (“Tampa Electric” or the “company”) in the above-referenced dockets is the company’s updated revenue requirement documents described below.

The changes described in this letter reduce the company’s proposed 2025 revenue requirement by \$7,541,065 and reduce its proposed 2026 and 2027 Subsequent Year Adjustments (“SYA”) by \$2,883,620 and \$3,533,773, respectively.

With these changes, the company’s proposed 2025 test year annual revenue increase is \$287,980,900 and its 2026 and 2027 proposed SYA are \$92,373,608 and \$65,473,847, respectively.

Background

On July 24, 2024, and August 1, 2024, Tampa Electric filed letters updating its revenue requirement calculations for its 2025 test year and 2026 and 2027 SYA. These two filings have been identified on the comprehensive exhibit list as Exhibit Nos. 220 and 221, respectively. They are referred to as July Filing and August Filing in the company’s prehearing statement and prehearing order.

Since the issuance of the prehearing order, the company identified three items for which it proposes to change its 2025, 2026, and 2027 revenue requirement increase requests. These changes are summarized in the attached Table 1, which shows how the three changes further adjust the revenue requirement amounts reflected in the August Filing. The three revenue requirement changes are as follows:

1. Change to Production Tax Credit (“PTC”) Rate

In July, the Internal Revenue Service (“IRS”) announced an increase to the PTC rate from \$2.75 per kilowatt-hour to \$3.00 per kilowatt-hour, effective January 1, 2024. Application of this change in this proceeding reduces the company’s proposed revenue requirement calculation for the 2025 test year and 2026 and 2027 SYA as shown on attached Tables 2 and 3. The resulting changes are as follows:

- Lower rate base due to the increase in the 12/31/24 balance of the Regulatory Liability for Deferred PTC Benefit, net of the new amortization of the balance.
- Lower Operations and Maintenance (“O&M”) expense due to the change in the 10-year amortization of the increased December 31, 2024 projected balance of the Regulatory Liability for Deferred PTC Benefit.
- Lower income tax expense due to the change in the flow-through amounts for PTC projected to be earned in 2025, 2026 and 2027.

These changes decrease the company’s proposed 2025 revenue requirement by \$4,917,948 and decrease its proposed 2026 and 2027 SYA by \$1,280,630 and \$1,353,518, respectively.

2. Change to 20-Year Life for Energy Storage Assets

Having considered the positions of the parties, the company agrees and proposes that the depreciation life of its energy storage assets be 20 years rather than its original proposal of 10 years. This change lowers the revenue requirement calculation for the 2025 test year and 2026 and 2027 SYA. Tables 4 and 5 reflect the impacts of the change on 2025, 2026, and 2027 and are summarized as follows:

- Higher rate base due to the decrease in the accumulated depreciation reserve balance.
- Lower depreciation expense due to change in the depreciation life.
- Higher income tax expense due to the downward change in the amortization of ITC resulting from the change in the amortization period from 10 years to 20 years.

These changes decrease the company’s proposed 2025 revenue requirement by \$2,623,117 and decrease its proposed 2026 and 2027 SYA by \$1,352,721 and \$91,305, respectively.

3. Change to Proposed SYA to Focus on the Largest Components of the Grid Reliability and Resilience (“GRR”) Project

In order to simplify its proposed SYA and to focus SYA cost recovery of GRR components on the most significant components, the company is adjusting the GRR element of its SYA to only request cost recovery for the following four components: Grid Communication Network (PLTE Spectrum), Customer Information Device Expansion, Grid Communication Network (Hardware), and Work Management System.

This change eliminates smaller GRR components of the SYA, including those described in testimony as Line Sensor Software and Distribution Planning Software Upgrades, and decreases the incremental 13-month average plant in-service values in 2026 and 2027 by \$1,022,292 and \$12,267,504, respectively. Attached Table 6 reflects the impacts of this change, which are summarized as follows:

- Lower plant in-service due to the adjustment to the components.
- Lower O&M expense due to the adjustment to the components.
- Lower depreciation expense due to the adjustment to the components.
- Lower property tax expense due to the adjustment to the components.

These changes decrease the company's proposed 2026 and 2027 SYA by \$250,269 and \$2,088,950, respectively.

Conclusion

The company will propose that this filing be identified as a hearing exhibit and admitted into the record to memorialize the company's changes and to assist the parties during the remaining phases of this proceeding. Mr. Jeff Chronister and Ms. Valerie Strickland will be available to explain and discuss these changes when they testify during the upcoming final evidentiary hearing.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/ne
Enclosure

cc: All parties of record (w/att.)

Tampa Electric**Table 1 - Summary Projected 2025 Test Year and 2026 -2027 SYA Revenue Requirement**

	Revenue Requirements		
	2025 Test Year	2026 SYA	2027 SYA
August Filing	295,521,965	95,257,228	69,007,620
Revenue Requirement Decreases	(7,541,065)	(2,883,620)	(3,533,773)
Revised Test Year and SYA Revenue Requirement Request	<u>287,980,900</u>	<u>92,373,608</u>	<u>65,473,847</u>
Impacts to Revenue Requirements:			
PTC Rate Change (See Table 2 and Table 3)	(4,917,948)	(1,280,630)	(1,353,518)
Energy Storage Life Change (See Table 4 and Table 5)	(2,623,117)	(1,352,721)	(91,305)
Adjustment to GRR Components (See Table 6)	-	(250,269)	(2,088,950)
Total Revenue Requirement Decreases	<u>(7,541,065)</u>	<u>(2,883,620)</u>	<u>(3,533,773)</u>

Tampa Electric

Table 2 - Test Year Revenue Requirement Change - PTC Rate Change

2025 Test Year Revenue Requirement - Line Item Change Detail

1. Rate Base (13-Month Average) (increase deferred PTC Regulatory Liability)	(3,328,907)	(a)
2. Rate of Return (MFR D-1a)	7.37%	(b)
3. NOI Requested	(245,340)	
4. NOI Multiplier (Rev Exp Factor)	1.34364	
5. Return on Rate Base	(329,649)	
6. O&M Expense (higher amortization of deferred PTC Regulatory Liability - see Line 1)	(350,668)	(c)
7. Depreciation Expense		
8. Property Taxes		
9. Income Tax Reduction Due to Higher PTC Rate	(4,237,631)	(d)
10. Revenue Requirement Decrease	<u>(4,917,948)</u>	

- (a) This line reflects the rate base impact of increasing the company's regulatory liability for Deferred PTC to reflect the \$0.25 per kilowatt-hour PTC rate increase effective January 1, 2024. 13-Month Average Jurisdictional Adjusted Rate Base is lower than the original filing by \$3,328,907 due to the revision to the PTC rate, which impacted working capital because of the increase in the regulatory liability for deferred PTC benefit. The 12/31/24 balance increased to \$58,743,299, which reflected \$3,516,213 of additional PTC value. This 2024 year-end balance increase, along with the change in 2025 monthly amortization, resulted in a System Per Books liability increase of \$3,340,402 - which, after jurisdictionalization, is \$3,328,907.
- (b) 13-Month Average System Per Books Deferred Income Taxes in the capital structure changed by \$259,385 due to the revision to the PTC rate; however, this dollar change did not change the weighted average cost of capital from the originally filed 7.37%.
- (c) Because the company has increased its regulatory liability for deferred PTC as of December 31, 2024, to reflect the higher PTC rate (See Note (a)), the annual amortization of that amount increases and further reduces O&M expenses. This line reflects this impact. Jurisdictional Adjusted O&M Expense is lower by \$350,668 than the original filing due to the revision to the PTC rate, which impacted the 10-year amortization of the 12/31/24 balance in the regulatory liability for deferred PTC benefit. The System Per Books amortization increased by \$351,621, which is the \$3,516,213 identified in footnote (a) above divided by 10 years. After jurisdictionalization, the amount is \$350,668.
- (d) This line reflects the income tax expense reduction resulting from the application of the higher PTC rate on PTC forecasted to be earned and flowed through to customers in 2025. PTC Impact is higher due to the revision to the PTC rate; the jurisdictional adjusted credit amount that reduces income tax expense increased \$3,153,844; this change, grossed up for taxes, results in a revenue requirement decrease of \$4,237,631.

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Table 3 - SYA Revenue Requirement Change - PTC Rate Change

	August Filing	Current Submission
2026 Incremental Revenue Requirement		
1. Original In-Service Amount (13-Month Average)	315,176,879	315,176,879
2. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%
3. NOI Requested - Debt	5,830,772	5,830,772
4. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310
5. Return on Rate Base - Debt	5,848,833	5,848,833
6.		
7. Original In-Service Amount (13-Month Average)	315,176,879	315,176,879
8. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%
9. NOI Requested - Equity	17,397,764	17,397,764
10. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364
11. Return on Rate Base - Equity	23,376,331	23,376,331
12. O&M Expense	3,799,583	3,799,583
13. Depreciation Expense	9,672,887	9,672,887
14. Property Taxes	789,029	789,029
15. ITC Amortization / PTC	(14,086,935)	(15,367,565) (a)
16. Total Revenue Requirement	<u>29,399,729</u>	<u>28,119,099</u>
17.		
18. Revenue Requirement Decrease		<u>(1,280,630)</u>
2027 Incremental Revenue Requirement		
19. Original In-Service Amount (13-Month Average)	323,985,153	323,985,153
20. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%
21. NOI Requested - Debt	5,993,725	5,993,725
22. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310
23. Return on Rate Base - Debt	6,012,291	6,012,291
24.		
25. Original In-Service Amount (13-Month Average)	323,985,153	323,985,153
26. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%
27. NOI Requested - Equity	17,883,980	17,883,980
28. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364
29. Return on Rate Base - Equity	24,029,631	24,029,631
30. O&M Expense	3,234,343	3,234,343
31. Depreciation Expense	11,284,805	11,284,805
32. Property Taxes	1,367,298	1,367,298
33. ITC Amortization / PTC	(14,888,701)	(16,242,219) (a)
34. Total Revenue Requirement	<u>31,039,668</u>	<u>29,686,150</u>
35.		
36. Revenue Requirement Decrease		<u>(1,353,518)</u>

(a) The grossed up PTC Impact is higher due to the revision to the PTC rate.

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Table 4 - Test Year Revenue Requirement Change - Energy Storage Life Change

2025 Test Year Revenue Requirement - Line Item Detail	August Filing	Current Submission	
1. Rate Base NBV (13-Month Average)	91,794,516	94,151,679	(a)
2. Rate of Return (MFR D-1a)	<u>7.37%</u>	<u>7.37%</u>	
3. NOI Requested	6,765,256	6,938,979	
4. NOI Multiplier (Rev Exp Factor)	<u>1.34364</u>	<u>1.34364</u>	
5. Return on Rate Base	9,090,068	9,323,489	
6. O&M Expense	1,393,333	1,393,333	
7. Depreciation Expense	9,428,652	4,714,326	(b)
8. Property Taxes	3,414	3,414	
9. ITC Amortization	(3,715,576)	(1,857,788)	(c)
10. Total Revenue Requirement	<u>16,199,891</u>	<u>13,576,774</u>	
11.			
12. Revenue Requirement Decrease		<u>(2,623,117)</u>	

(a) 13-month Average Rate Base is higher than the August Filing due to the revision to depreciation life, which decreased accumulated depreciation.

(b) Depreciation Expense is lower than the August Filing due to the revision to depreciation life.

(c) ITC Amortization is lower than the August filing due to the revision to depreciation life, which changed the ITC amortization period.

Tampa Electric

Table 5 - SYA Revenue Requirement Change - Energy Storage Life Change

	August Filing	Current Submission	
2026 Incremental Revenue Requirement			
1. Original In-Service Amount (13-Month Average)	45,350,142	45,350,142	
2. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%	
3. NOI Requested - Debt	838,978	838,978	
4. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310	
5. Return on Rate Base - Debt	841,576	841,576	
6.			
7. Original In-Service Amount (13-Month Average)	45,350,142	45,350,142	
8. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%	
9. NOI Requested - Equity	2,503,328	2,503,328	
10. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364	
11. Return on Rate Base - Equity	3,363,571	3,363,571	
12. O&M Expense	502,300	502,300	
13. Depreciation Expense	4,896,916	2,448,458	(a)
14. Property Taxes	1,237,061	1,237,061	
15. ITC Amortization / PTC	(2,191,474)	(1,095,737)	(b)
16. Total Revenue Requirement	<u>8,649,951</u>	<u>7,297,230</u>	
17.			
18. Revenue Requirement Decrease		<u>(1,352,721)</u>	
2027 Incremental Revenue Requirement			
19. Original In-Service Amount (13-Month Average)	1,686,310	1,686,310	
20. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%	
21. NOI Requested - Debt	31,197	31,197	
22. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310	
23. Return on Rate Base - Debt	31,293	31,293	
24.			
25. Original In-Service Amount (13-Month Average)	1,686,310	1,686,310	
26. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%	
27. NOI Requested - Equity	93,084	93,084	
28. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364	
29. Return on Rate Base - Equity	125,072	125,072	
30. O&M Expense	42,408	42,408	
31. Depreciation Expense	182,609	91,304	(a)
32. Property Taxes	40,800	40,800	
33. ITC Amortization / PTC	-	-	
34. Total Revenue Requirement	<u>422,182</u>	<u>330,877</u>	
35.			
36. Revenue Requirement Decrease		<u>(91,305)</u>	

(a) Depreciation Expense for 2026 and 2027 is lower than the August Filing due to the revision to depreciation life.

(b) ITC Amortization for 2026 is lower than the August filing due to the revision to depreciation life, which changed the ITC amortization period.

Tampa Electric

Table 6 - SYA Revenue Requirement Change - Adjustment to GRR Components

	August Filing	Current Submission	
2026 Incremental Revenue Requirement			
1. Original In-Service Amount (13-Month Average)	33,327,170	32,304,878	(a)
2. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%	
3. NOI Requested - Debt	616,553	597,640	
4. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310	
5. Return on Rate Base - Debt	618,462	599,491	
6.			
7. Original In-Service Amount (13-Month Average)	33,327,170	32,304,878	(a)
8. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%	
9. NOI Requested - Equity	1,839,660	1,783,229	
10. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364	
11. Return on Rate Base - Equity	2,471,840	2,396,018	
12. O&M Expense	146,335	(9,141)	(b)
13. Depreciation Expense	905,313	905,313	
14. Property Taxes	247,434	247,434	
15. ITC Amortization / PTC	-	-	
16. Total Revenue Requirement	<u>4,389,385</u>	<u>4,139,116</u>	
17.			
18. Revenue Requirement Decrease		<u>(250,269)</u>	
2027 Incremental Revenue Requirement			
19. Original In-Service Amount (13-Month Average)	128,546,521	116,279,017	(a)
20. Rate of Return - Debt (MFR D-1a)	1.85%	1.85%	
21. NOI Requested - Debt	2,378,111	2,151,162	
22. Revenue Expansion Multiplier (Rev Exp Factor)	1.00310	1.00310	
23. Return on Rate Base - Debt	2,385,477	2,157,825	
24.			
25. Original In-Service Amount (13-Month Average)	128,546,521	116,279,017	(a)
26. Rate of Return - Equity (MFR D-1a)	5.52%	5.52%	
27. NOI Requested - Equity	7,095,768	6,418,602	
28. NOI Multiplier (Rev Exp Factor)	1.34364	1.34364	
29. Return on Rate Base - Equity	9,534,158	8,624,290	
30. O&M Expense	1,369,336	1,310,315	(b)
31. Depreciation Expense	13,390,644	12,617,377	(c)
32. Property Taxes	1,298,931	1,179,788	(d)
33. ITC Amortization / PTC	-	-	
34. Total Revenue Requirement	<u>27,978,546</u>	<u>25,889,595</u>	
35.			
36. Revenue Requirement Decrease		<u>(2,088,950)</u>	

(a) 13-Month Average Original In-Service Amount for 2026 and 2027 is lower than the August filing due to the adjustment to components.

(b) O&M Expense for 2026 and 2027 is lower than the August filing due to the adjustment to components.

(c) Depreciation Expense for 2027 is lower than the August filing due to the adjustment to components.

(d) Property Taxes for 2027 are lower than the August filing due to the adjustment to components.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that electronic copies of the foregoing Updated Revenue Requirement Letter has been served by electronic mail on this 22nd day of August, 2024 to the following:

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