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OPC’s Response to Staff's First Set of Interrogatories Nos.1-2

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Storm Protection Plan, pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company.	DOCKET NO. 20220048-EI FILED: July 7, 2022

OFFICE OF PUBLIC COUNSEL'S RESPONSE TO STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-2)

The Citizens of the State of Florida, (OPC) by and through Richard Gentry, Public Counsel, by the requirements set forth in the Commission Order No. PSC-2022-0119-PCO-EI, Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, submit the following response to Staff's First Set of Interrogatories to the Office of Public Counsel (Nos. 1-2).

INTERROGATORIES

QUESTION:

Please refer to page 10 of OPC's witness Kollen's direct testimony.

1. Witness Kollen recommended that SPP projects that do not have a benefit-to-cost ratio of least 100 percent are not economical.

a. What process should be use to develop a benefit-to-cost ratio?

b. What should be the inputs for the cost benefit analysis to determine the ratio?

c. Why are those inputs appropriate for this analysis?

OPC RESPONSE:

a. The utility should provide a benefit to cost ratio for each program and/or project calculated as the net present value of the expected benefits divided by the net present value of the costs. The benefits should reflect the sum of the expected avoided storm cost savings and the expected avoided non-storm cost savings over the range of potential damages calculated with and without the storm protection plan programs and projects in a manner similar to the benefit quantifications performed by Tampa in Docket No. 20220048-EI, but excluding the subjective value to customers of avoided service interruptions.

b. Refer to the response to part (a) of this question.

c. The goal is to implement storm protection plan programs and projects that meet the objectives of the SPP statute, but to do so in a cost-effective manner. The benefit to cost ratio provides a quantitative measure of cost-effectiveness of programs and projects that allows the utility and the Commission to select, prioritize, sequence, and size the programs and projects to ensure that there are incremental benefits to customers that equal or exceed the incremental costs or at least provide a threshold level of benefits to costs.

QUESTION:

Please refer to page 13 of OPC's witness Mara's direct testimony.

2. Witness Mara provided a table summarizing his recommendations to reduce the 10-year capital budget for the individual SPPs of FPL, DEF, TECO, and FPUC. For the program(s) where a reduction was recommended to "limit impact to customers," please explain how the cost reduction amount was calculated.

OPC RESPONSE:

2. For TECO, the method used is described in Mr. Mara's testimony on page 14. Using 1898's graph of optimal benefits, the curve peaks for expenditure of $1.5 billion and yields benefits of $3.5 billion for a 50P storm cycle. However, if expenditures are reduced to $850 million, the resulting benefits are $3.2 billion.

As part of the determination for this lower level of spending, certain programs are recommended to stay at the levels of spending proposed by TECO's 2020 SPP. Mr. Mara found no justification for an increase in spending amounts for these programs which include Distribution Feeder Strengthening Program (page 21) and Distribution Lateral Undergrounding Program (page 25). Mr. Mara also notes that a priority system is set in place to upgrade feeders or laterals which will correct issues with the worst performing portions of the system. Thus as the program progresses, the need for upgrade diminishes since the worst performers are already corrected.

Other programs are recommended for exclusion from SPP because these programs do not meet the criteria set forth in Rule 25-6.030(2)(a), F.A.C.