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COMMISSION
CLERK

December 20, 2010

HAND DELIVERED

Ms. Ann Cole, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition for approval of extending the small general service price responsive load management program pilot, by Tampa Electric Company;
FPSC Docket No. 100435-EG

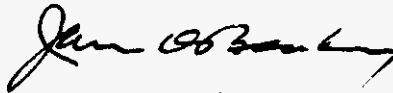
Dear Ms. Cole:

Enclosed for filing are the original and five (5) copies of Tampa Electric Company's responses to Staff's Second Data Request.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Enclosure

COM	_____	cc:	Lee Eng Tan (w/enc.)
APA	_____		Division of Regulatory Analysis (Traci Matthews) (w/enc.)
ECR	_____		Paula K. Brown (w/enc.)
GCL	_____		
RAD	<u>3</u>		
SSC	_____		
ADM	_____		
OPC	_____		
CLK	_____		

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FPSC-COMMISSION CLERK

**TAMPA ELECTRIC COMPANY
DOCKET NO. 100435-EG
STAFF'S SECOND DATA REQUEST
REQUEST NO. 1
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1. Based on TECO's responses, it appears that TECO has already overspent in 3 categories (Marketing, Installation & Maintenance, and Equipment). Please provide a clear and detailed justification for the current expenditures being over the initially approved amounts for Marketing, Installation & Maintenance, and Equipment.

Category	Initially Approved	Expended to Date	Remaining Current Term Expenditures	Current Term Totals
Marketing	\$750	\$2,951	\$0	\$2,951
Installation & Maintenance	\$27,560	\$39,782	\$500	\$40,282
Equipment	\$36,013	\$55,288	\$0	\$55,288

- A. The order approving the small general service price responsive load management pilot program did not place approval limits on expenditures for the various resource categories necessary to accomplish the pilot program. The Commission approved an overall expenditure limit of \$286,000 through January 14, 2011. However, Tampa Electric provided expenditure estimates for resource categories that comprised the overall spending limit. With no experience in the small commercial customer market, the company derived its resource expenditure estimates from its residential price responsive load management program. While residential installations are fairly standard the company discovered that each commercial installation configuration was somewhat unique and not easily repeated. Variance explanations from those original estimates are provided below.

Marketing – Marketing costs were greater than anticipated due to the need to specifically market to customers having 200 ampere service or less in a non-banked meter configuration. Additionally, traditional "landline" telephone service was necessary and when the company initiated marketing efforts, it found that IP phone or compressed signal phone service such as Vonage was not compatible with the load control equipment to be installed.

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Installation and Maintenance – Installation and maintenance costs were higher due to the uniqueness of installations noted above as well as the configuration of the installations required additional time to complete. In some instances, installations were initiated but could not be completed due to construction issues that were too difficult to overcome.

Equipment Costs - Equipment costs were higher due to the uniqueness of installations noted above as well as over 30 percent of the installations had multiple air-conditioning units which required additional thermostats and network communication modules.

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2. The additional \$10,000 for Installation & Maintenance and the additional \$10,000 for Equipment that TECO is now requesting would bring the total amount in each category to almost twice the originally estimated costs.
- a. Please provide a clear and detailed explanation of the reasons that these costs are expected to be higher than the originally estimated amount.
 - b. What equipment remains to be purchased?
 - c. What remains to be installed?

Category	Initially Approved	Current Term Totals	Projected Additional Expenditures	Expected Total Expenditures
Installation & Maintenance	\$27,560	\$40,282	\$10,000	\$50,282
Equipment	\$36,013	\$55,288	\$10,000	\$65,288

- A.
- a. Tampa Electric has included \$10,000 for both installation and maintenance and equipment costs in the event severe weather occurs during the extension of the pilot program. Should lightning strikes occur and damage existing equipment components at customer facilities, the company will need to utilize contractors to replace equipment and make the necessary repairs to restore program functionality. The estimated amount for these two resource categories is not viewed by Tampa Electric as an absolute expenditure that will definitely occur; it is only precautionary in the event severe weather occurs. Absent a severe weather event(s), the magnitude of the expenditure will not occur.
 - b. See response to Part a above. There is no equipment remaining to be purchased for new installations.
 - c. See response to Part a above. There are no new installations remaining.

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3. TECO is now requesting \$56,000 in additional payroll expenses for an additional 6 months, when slightly less than \$35,000 will be expended on payroll for the first 18 months. Please provide a clear and detailed explanation of the reasons for these costs being less than expected for the first 18 months and then being relatively high for the next 6 months.

Category	Initially Approved	Current Term Totals	Projected Additional Expenditures	Expected Total Expenditures
Payroll	\$67,677	\$34,357	\$56,000	\$90,357

- A. After January 2011, the University of South Florida ("USF") will no longer be engaged in the pilot program. Therefore, Tampa Electric must use the format established by the university and complete the data collection, perform demand and energy reduction analysis, aggregate the winter data to be collected with the existing summer data, and perform a cost-effectiveness evaluation necessary to determine future program permanency. This accounts for \$25,000 of the total payroll estimate.

An additional \$5,000 is projected for field monitoring and rectification of any customer trouble calls that may occur during the extension through June 2011. In the event severe weather does not occur, this expense will be greatly curtailed.

Finally, a provisional estimate of \$26,000 has been included in the event the pilot program cannot be delivered cost-effectively and removal of all equipment from customer premises must occur. However, if the pilot proves to be cost-effective and permanency is ultimately granted by the Commission, this expense will not occur.

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4. Please provide a detailed explanation of the work performed by University of South Florida in this program.
- a. Are they currently collecting data?
 - b. Have they provided any analysis or reporting to date?
 - c. Is their work completed?
 - d. If not, what remains to be done?
 - e. How is the work performed by University of South Florida different from the "additional company monitoring and evaluation of program results" to be performed by TECO?
- A.
- a. USF will be monitoring, collecting and analyzing daily load shape data through January 2011. In addition, the university will conduct analysis on the recent notch test performed by Tampa Electric to determine customer energy usage and demand reduction during a critical pricing event. This overall analysis effort will be aggregated into a summary report provided to the company in January 2011.
 - b. USF has been providing quarterly updates on the progress of its work.
 - c. USF's work will be complete when it finishes the work described in Part a above. The USF deliverables over the original life of the pilot program included developing criteria and a model for participant selection in the pilot program, assisting in pilot program technologies selection, monitoring and evaluating the winter and summer demand and energy impacts on Tampa Electric's system, and creating progress reports and a final report summarizing the overall pilot program findings.
 - d. See Part c above.
 - e. There is no difference in the work Tampa Electric will perform during the extension of the pilot program relative to the work done by USF. The company will use the USF format for data collection and analysis, incorporate the winter data collected during the extension with USF's existing summer data, and finally make a recommendation for program permanency if cost-effectiveness is proven.

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5. The company's projected expenses for the six month extension include \$2,000 for vehicles, which exceeds the vehicles expense for the initial 18 months of the pilot. Please explain the basis for the proportionally higher vehicles expense.
- A. Tampa Electric has estimated the vehicle expense to allow for three potential activities during the extension period: 1) a severe weather event that would require additional travel for field personnel to conduct repairs, 2) travel for normal field work associated with regular maintenance activity that may occur, and 3) travel necessary to conduct equipment removal in the event the pilot program is discontinued for lack of cost-effectiveness. Consistent with other responses in this Second Data Request, the potential exists for all projected expenditures associated with vehicles to not occur.