

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
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COMMISSION
CLERK

12 AUG 28 PM 2:37

RECEIVED-FPSC

DATE: August 28, 2012

TO: Ann Cole, Commission Clerk, Office of Commission Clerk

FROM: Charles Murphy, Senior Attorney, Office of the General Counsel *CM*

RE: Docket Number 110262-EI - Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company

Please place the attached company response to capital question in the above-referenced docket file.

CWM

DOCUMENT NUMBER-DATE

05874 AUG 28 2012

FPSC-COMMISSION CLERK

Charles Murphy

From: Jenny Wu
Sent: Tuesday, August 28, 2012 11:53 AM
To: David Dowds; Charles Murphy
Subject: FW: Response to Capital Question
FYI

From: Bryant, Howard T. [mailto:htbryant@tecoenergy.com]
Sent: Tuesday, August 28, 2012 11:48 AM
To: Jenny Wu
Cc: Hornick, Mark J.; Smotherman, Bill A.; Sizemore, Ashley
Subject: Response to Capital Question

Jenny,

In response to the question concerning the capital NPV of Storage Area Original Scope (\$83,351,452) and the capital NPV of Storage Area Revised Cost Original Scope (\$78,768,785) on Request No. 2, Page 8 of 10, the difference in capital NPV is primarily due to the time period difference in the two NPV calculations. For the Original Scope, the capital NPV calculation was from 2015 through 2049. For the Revised Cost Original Scope, the capital NPV calculation was from 2012 through 2049 thereby adding three years of zero capital costs at the beginning of the analysis period. The zeros for the first three years is due to AFUDC treatment of capital expenditures and the project having an in-service date of 2015. By increasing the number of years on the front end of the revised scenario, and having those years reflect zero dollars, the capital NPV of that stream of numbers became less.

However, one additional input was included in capital dollars for the revised scenario, namely, the \$11,500,000 expenditure for the lining of the existing site. As previously stated, this was done to be as comprehensive as possible with all analyses. Although this inclusion increased capital spending in the revised scenario, the increase was not enough to overtake the decreasing change in capital NPV resulting from the added length of the time period of analysis for the revised scenario. It's also important to note those dollars associated with the lining of the existing site were not included in any ECRC rate impact calculations.

I believe this answers the last of the outstanding questions. Please advise if additional questions arise during your review. Thanks, Howard

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DOCUMENT NUMBER-DATE

05874 AUG 28 02

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8/28/2012