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Public Service Commission

February 6, 2013

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Ausley & McMullen
James D. Beasley/J. Jeffrey Wahlen
Post Office Box 391
Tallahassee, FL 32302

STAFF DATA REQUEST

RE: Docket No. 130024-EI – Petition for expedited approval of asset optimization incentive mechanism, by Tampa Electric Company.

Dear Messrs. Beasley and Wahlen:

By this letter, the Commission staff requests that Tampa Electric Company (TECO) provide responses to the following data requests.

1. In paragraph 8(a)(iii) of the Petition, TECO states that the \$6.5 million “Customer Savings Threshold” is based on the “savings achieved by Tampa Electric over the last four years in short-term economic sales and purchases rounded up to the nearest half million dollar amount.” Why does TECO believe that a threshold based on a four-year historical average is more appropriate than a projected year, which was the methodology utilized in the recent Commission-approved FPL settlement agreement?
2. How did TECO calculate the \$2.5 million “Additional Customer Savings” threshold level discussed in paragraph 8(a)(iii) of the Petition?
3. Please refer to the petition, paragraph 8(a)(i). In subsection (a)(i), please define the following terms: short-term wholesale sales, and short-term wholesale purchases. As part of the definition, please distinguish these terms from long-term wholesale sales and purchases.
4. Are the short-term wholesale sales stated in the Petition only reported on Schedule A6 in the fuel A Schedules filed in Docket No. 120001-EI (the fuel docket)?
5. Please refer to Schedule E-12 filed August 31, 2012 in the fuel docket. Also refer to Schedule A-7 of TECO’s fuel A Schedules filed in the same docket. Why does TECO, in paragraph 8(a)(i) of its Petition, include purchases reported on Schedule A7 in short-term wholesale purchases when TECO’s E-12 and A-7 schedules in the fuel docket indicate these purchases are made under long-term contracts?

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6. Are TECO's agreements to supply power under long-term wholesale sale contracts affected by this proposed incentive mechanism? Please explain.
7. Are TECO's long-term power purchase agreements as reflected on the A7, A8, and A12 Schedules affected by this proposed incentive mechanism? Please explain.
8. Refer to paragraphs 8(a)(i) and (ii) of the Petition. Please describe each function – short-term wholesale sales, short-term wholesale purchases, gas storage utilization, etc., in detail and provide examples.
9. Refer to paragraph 8(a)(ii) and to the bullet point on “Production (upstream) area sales.” Why is the use of TECO's existing gas transportation capacity necessary for such a sale? As part of the response to this question, please provide an example of a production area sale.
10. How will a gain on a short-term wholesale purchase be calculated? Please provide a detailed example.
11. Regarding TECO's dispatch model/production cost model and short-term wholesale power sales, and short-term wholesale power purchases, how will TECO's model change or be affected if a base load unit has an unplanned outage?
12. Assume TECO has an unplanned outage at a base load unit. Is this likely to increase TECO's short-term wholesale purchases as described in paragraph 8(a)(i) of the Petition? Please explain and, as part of the response, discuss how different durations of an outage would affect short-term wholesale purchases.
13. Describe the firm gas storage that TECO currently has including the capacity, facility and term of contract(s)?
14. How does TECO currently recover the cost of gas storage? As part of the answer to this question, please state the expense amount in 2010, 2011, and 2012.
15. What are the benefits to retail customers of TECO having firm gas storage?
16. How would these benefits be affected if TECO releases firm storage or sells gas in storage?
17. Currently, if TECO sells gas out of storage at a gain, is that gain credited to fuel costs? Please explain.
18. Currently, if TECO sells temporarily available gas transportation and/or electric transmission, how are those sales recognized and treated for regulatory purposes? Please explain.
19. Currently, how are delivered city-gate gas sales using existing transport recognized and treated for regulatory purposes?

20. Currently, how are production (upstream) area sales recognized and treated for regulatory purposes?
21. Does TECO anticipate an increase in off system wholesale sales through the end of 2015? Please explain, indentify, and describe any anticipated increases in off-system sales.
22. Does TECO anticipate an increase in short-term wholesale purchases through the end of 2015? Please explain.
23. Is TECO, or will TECO be, participating in the expansion of the Southeast Supply Header Pipeline and, if so, will this added pipeline capacity be part of the proposed incentive mechanism? Please explain.
24. Does TECO anticipate new wholesale sales agreements, pipeline capacity, storage capacity, or gas sales opportunities that will contribute to reaching the thresholds in the petition? Please explain and identify these new activities.
25. Regarding the O&M costs in paragraph 8(b) of the Petition, how will these costs be reported in the fuel clause proceeding?
26. Please refer to paragraph 8 of the Petition. In part, this paragraph describes a "Total Gains Schedule" TECO will provide. Will this schedule be added to the current Schedule A7, or will it be a stand-alone schedule? Please explain, and provide a sample of a "Total Gains Schedule."
27. In part, paragraph 8 of the Petition states that revenues from the Incentive Mechanism will be accounted for in the same manner as the Generating Performance Incentive Factor. Please describe all changes to the Company's A Schedules that will be necessary to report revenues from the Incentive Mechanism. Include in your response a sample of an A Schedule with revenues from the Incentive Mechanism.
28. Please refer to paragraph 8(a)(ii) of the Petition and the bullet on the Asset Management Agreement (AMA). Will the third party be independent of Tampa Electric Company and TECO Energy? Please explain and, as part of the response to this question, define "third party" as used in the Petition.
29. The AMA bullet point refers to "assignment of transportation and/or storage rights." Please clarify what functions from the bullet points in paragraph 8(a)(ii) of the Petition would be included in the AMA.
30. Why hasn't TECO already sought to take advantage of these efficiencies stated in paragraph 8(a)(ii) of the Petition and passed the benefits on to its customers?
31. Considering only economy sales and economy purchases, does TECO anticipate savings on economy purchases (short-term wholesale purchases) that, along with gains on economy sales (short-term wholesale sales), will exceed \$9 million for 2013 and 2014? Please explain.

32. Please refer to paragraph 8 (a)(i) of the Petition. Does TECO expect a decrease in economy purchases for 2013 and 2014 compared to 2009 to 2012?
33. Does TECO anticipate changes in generating capacity for 2013 and 2014 that would affect short-term power sales and short-term wholesale purchases for those years? Please explain.
34. Please complete the table below summarizing TECO's actual and projected gains from the functions in paragraph 8(a)(i) and (ii) of the Petition.

	Short-Term Wholesale sales	Short-Term Wholesale Purchases	Gas Storage Utilization	Delivered city-gate gas sales using existing transport	Production (upstream) area sales	Capacity Release of gas transport	Capacity Release of electric transmission	Asset Management Agreement	Solid Fuel Purchasing, transportation, and storage/Other
2007									
2008									
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									

35. Please explain in detail how TECO would calculate and/or predict any sales related to "temporarily available gas transportation" for 2013 and 2014.
36. How would TECO calculate and/or predict any availability for sale of electric transmission capacity?
37. Please provide and describe three plausible, likely scenarios of what has to occur for the incentive mechanism gains to exceed \$9 million.
38. Provide and describe the best case for TECO's customers regarding the incentive mechanism?
39. Provide and describe the worst case for TECO's customers regarding the incentive mechanism?
40. Has TECO performed any sensitivity analysis and/or simulations regarding the incentive mechanism? If yes, please identify and describe the extreme examples of customer impact from this analysis.

41. Please complete the table below summarizing TECO's projected Incremental Optimizations Costs.

	Incremental O&M
2013	
2014	
2015	

42. Will Peoples Gas System (or affiliates) engage in (or be likely to engage in) transactions with TECO or a third party administrator involving the incentive mechanism? Please explain.
43. Please refer to paragraph 8(a)(ii) of the Petition. For each year 2013 and 2014 please state and describe the amount of temporarily available electric transmission that TECO expects.
44. How much of this temporarily available transmission capacity will be a part of the incentive mechanism?
45. Please identify any electric transmission system upgrades for 2013 and 2014 that could affect providing electric transmission capacity sales.
46. Currently, are personnel, software, and variable O&M costs associated with short-term wholesale power sales and purchases charged to base rates? Please explain.
47. Please provide a hypothetical Asset Management Agreement that TECO believes would be eligible for inclusion in the incentive mechanism.
48. Please identify and describe companies TECO has considered or evaluated to be top candidates to provide the asset management services.
49. Could the incentive mechanism create rates, credits, rebates, or incentives that will benefit specific customers and not the general body of ratepayers? If yes, please explain.
50. In paragraph 8(b) of the Petition, TECO explains that the final true-up of incremental optimization costs would be provided for the prior year and subject to review and Commission approval. Is TECO requesting the Commission to approve annually the incremental optimization costs involving asset optimization to determine eligibility for inclusion (and recovery) in the incentive mechanism?
51. Could the asset optimization measures described in paragraph 8(a)(ii) of the Petition result in negative gains (losses), and what could cause such a result?
52. Would TECO engage in any asset optimization measures that could negatively impact system reliability, or otherwise force TECO into the open market to purchase short-term fuel, power, or transmission at potentially higher prices to maintain its system reliability?

53. What are the risks to TECO and its customers associated with the incentive mechanism?
54. What safeguards are necessary to address these risks?
55. Does TECO intend to recover the incremental O&M costs described in paragraph 8(b) of the Petition even if no "total gains" are achieved?

Production of Documents:

1. Please provide a complete copy of all workpapers, calculations, and source documents used or prepared in preparing the responses to the above interrogatories.
2. Please provide a hypothetical Asset Management Agreement that TECO believes would be eligible for inclusion in the incentive mechanism.

Please file the original and five copies of the requested information by February 13, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6212 if you have any questions.

Sincerely,



Martha F. Barrera
Senior Attorney

MFB/nah

cc: Office of Commission Clerk ✓
J.R. Kelly/P. Christensen, Office of Public Counsel
Paula K. Brown, Tampa Electric Company