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Public Service Commission

February 14, 2013

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

STAFF'S SECOND  
DATA REQUEST

RECEIVED-FPSC  
13 FEB 14 PM 3:41  
COMMISSION  
CLERK

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. How are transactions, described in paragraphs 8(a)(i) and (ii) of the petition, recorded for financial accounting and general ledger purposes? Please describe the accounting for each function under paragraph 8(a)(i) and (ii) of the petition.
2. What permanent records and documentation – paper or electronic – are created by a short-term wholesale sale or a short-term wholesale purchase?
3. What permanent records and documentation – paper or electronic – are created by a power purchase transaction that would be reported on the A7 schedule?
4. What permanent records and documentation – paper or electronic – are created by any other activities under paragraph 8(a)(ii) of the petition?
5. What permanent records and documentation – paper or electronic – are created by any activities under paragraph 8(a)(ii) of the petition that are executed under an AMA?
6. Are any of the records and documentation in the questions above independent of Tampa Electric Company?
7. Will any transactions carried out under the proposed incentive mechanism be subject to GAAP accounting for derivatives and financial hedges?

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8. Will TECO prepare a business plan/operating plan for the AMA activities on an annual basis?
9. Please refer to paragraph 8(a)(i) of the petition. Regarding purchases that are reported on the A-7 Schedule, how does TECO propose to measure fuel savings regarding these purchases?
10. Regarding purchases that are reported on the A-7 Schedule, are the amounts of capacity payments associated with these purchases dependent, in part, on the amount of power purchased? Please explain.
11. If a TECO baseload unit experiences an unplanned outage, this event could contribute to TECO receiving a GPIF penalty (or less of a reward) and it could increase power purchases during the outage. Should the power purchased during an unplanned outage be eligible for inclusion in the calculation of incentive mechanism gains? Please explain.
12. In part, the Generating Performance Incentive Factor (GPIF) program provides a reward incentive to the Company if availability targets are met for certain generating units during a given review period. In contrast, a penalty is imposed if the targets are not met. Please answer the following:
  - a. If TECO receives a GPIF reward for meeting its targets, could the Company also benefit under the "Incentive Mechanism?" Please explain your response.
  - b. If TECO receives a GPIF penalty for not meeting its targets, could the Company receive an off-setting benefit under the "Incentive Mechanism" because it purchased power, rather than generated power? Please explain your response.
13. In paragraph 8(iii) from the Company's Petition, TECO describes the sharing percentage thresholds. Please answer the following:
  - a. What is the basis for the 60 / 40 split for incremental gains between \$9 and \$20 million?
  - b. What is the basis for the 50 / 50 split for incremental gains in excess of \$20 million?
14. Were any of the solid fuels optimization measures performed for each year 2009 through 2012? Please explain.
15. If yes to the above question, were any of these asset optimization gains/savings considered when determining the "Initial Customer Savings Threshold"?
16. FPL's thresholds were \$36 million based on gains on power sales and savings on power purchases. An additional \$10 million was added for a threshold of \$46 million. TECO has proposed the same functional areas as FPL with the addition of "Solid Fuel purchasing, transportation, and storage optimization." Since TECO is adding the solid fuel functional area, should the \$6.5 million "Initial Customer Savings Threshold" be higher? Please explain.

Please file the original and five copies of the requested information by February 21, 2013, 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