

COMMISSIONERS:
RONALD A. BRISÉ, CHAIRMAN
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

STATE OF FLORIDA



GENERAL COUNSEL
S. CURTIS KISER
(850) 413-6199

Public Service Commission

May 2, 2013

RECEIVED-FPSC
13 MAY - 2 PM 3:17
COMMISSION
CLERK

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

STAFF'S FIFTH
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.

Remove Purchases

1. Please provide a recalculation of the thresholds assuming removal of power purchases from the incentive mechanism. Please provide all assumptions, inputs, and calculations.
2. Does Tampa Electric purchase power short term as part of meeting its obligation to serve? Please explain.

\$9 Million Threshold

3. Please refer to Tampa Electric's response to Staff's First Data Request No. 2. Does Tampa Electric have any knowledge or understanding of the basis for FPL's \$10 million in additional savings? Please explain.
4. Please refer to Tampa Electric's response to Staff's First Data Request No. 2. Did Tampa Electric do any analysis, other than indicated in this response, as support for the \$2.5 million additional customer savings? If yes please explain and provide the analysis.

DOCUMENT NUMBER - DATE

02459 MAY-2 2013

FPSC-COMMISSION CLERK

5. For each incentive mechanism function, has Tampa Electric estimated the revenue, costs, and gain or loss for 2013 through 2017 associated with the function? If yes, please explain and provide the estimates. If no, please explain why Tampa Electric has not done this analysis and projection.

6. In developing its “stretch goal” and sharing percentages, Tampa Electric used the incentive mechanism approved for FPL by Order No. PSC-13-0023-S-EI,¹ as a model. (Also, see Tampa Electric’s response to staff’s Second Data Request No. 13.) Has Tampa Electric done any analysis of the appropriate thresholds and sharing percentages independent of the FPL incentive mechanism? Please explain and, if yes, provide the analysis.

7. In developing its “stretch goal” and sharing percentages, Tampa Electric used the incentive mechanism approved for FPL by Order No. PSC-13-0023-S-EI as a model. (Also, see Tampa Electric’s response to staff’s Second Data Request Nos. 13 and 16.) Given that Tampa Electric’s fuel mix and load requirements differ from those of FPL, should Tampa Electric’s thresholds and sharing percentages also differ from FPL’s? Please explain.

8. Given Tampa Electric’s knowledge of the asset optimization functions (other than power sales and power purchases) and given that Tampa Electric has represented that it does not expect to exceed the \$ 9 million threshold in 2013 and 2014, has Tampa Electric done any analysis of the gains that would form the basis of the stretch goal? Please explain.

9. Has Tampa Electric done any analysis of an alternative to the \$2.5 million stretch goal? Please explain.

Rolling Average Threshold

10. In developing its proposal for an incentive mechanism, did Tampa Electric consider a rolling average for setting the threshold? Please explain.

11. Please provide a rolling average threshold, with and without savings on short-term purchased power, that Tampa Electric believes could work with its incentive mechanism proposal. Please provide all assumptions, inputs, and calculations.

Sunset

12. Does Tampa Electric believe that including a presupposed end date, or “sunset” provision, which would terminate the program unless specific Commission approval is granted to continue the program is received, would cause any logistical problems with the deployment or potential dismantlement of the proposed incentive mechanism? Please explain.

13. Does Tampa Electric believe that a four year period, similar to what was approved for FPL, would be sufficient to fully implement the proposed incentive mechanism? Why or why not?

¹ Docket 120015-EI, Petition for increase in rates by Florida Power & Light Company, issued January 14, 2013.

14. Assuming the Commission would want a sunset provision as part of the incentive mechanism, what considerations does Tampa Electric believe are appropriate for determining the terms of a sunset provision?

Order No. PSC-00-1744-PAA-EI²

15. Please refer to Order No. PSC-00-1744-PAA-EI and to the last paragraph on page 9 that continues on to page 10. In carrying out its analysis for the proposed incentive mechanism, did Tampa Electric identify or attempt to identify potential for a free rider effect (as defined in this paragraph). Please explain.

16. Please refer to Order No. PSC-00-1744-PAA-EI and to last paragraph on page 9 that continues on to page 10. Does Tampa Electric plan, as part of implementing and carrying out the incentive mechanism, to pay employees in charge of the program on an incentive basis? Please explain.

Competitive Advantage

17. Please refer to the asset optimization functions described in paragraph 8 of Tampa Electric's Petition. For each function, please describe the market players, the competition that currently exists, and the competition that would exist if the Commission approves Tampa Electric's incentive mechanism proposal.

18. At this time, Florida Power & Light (FPL) is the only Investor Owned Utility (IOU) in Florida that has an incentive mechanism similar to the plan that the Company seeks. Because Tampa Electric does not have an incentive mechanism plan:

- a) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for short-term wholesale power sales?
- b) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for short-term wholesale power purchases?
- c) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for gas storage utilization?
- d) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for delivered city-gate gas sales?
- e) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for production area sales?
- f) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for capacity release of gas transport and electric transmission?

² Docket 991779-EI, In re review of the appropriate application of incentives to wholesale power sales by investor owned electric utilities, issued September 26, 2000.

- g) What competitive advantage does FPL have (or might have) at this time over Tampa Electric in the market for solid fuel purchasing, transportation, and storage optimization?
19. Regarding selling gas storage capacity, what are a buyer's considerations in deciding whether to buy storage capacity short-term and where to buy that capacity?
20. Does Tampa Electric believe it needs an incentive mechanism now to prevent being preempted from entering the markets for each asset optimization function? Please respond and explain by function.
21. Does FPL, because it has an approved incentive mechanism, have a competitive advantage compared to Tampa Electric? Please explain and assume that Tampa Electric is granted an incentive mechanism.
22. Given the market participants for each asset optimization function, what, if any, competitive advantage does Tampa Electric have over other Florida utilities? Please explain and assume that Tampa Electric is granted an incentive mechanism.

General

23. In its Petition, the Company requested expedited approval of this plan. Please answer the following:
- a) Why did the Company request expedited approval of this plan?
 - b) What harm could result if the Company does not get expedited approval?
 - c) What harm could result if the Company's plan is not approved?
24. For the purpose of this question, assume the Company's Petition is granted as written, and this mechanism is in place. Identify **with specificity** what actions, if any, the Company will undertake that are new and different from what it is doing currently in:
- a) the market for short-term wholesale power sales. Include in your response whether any new hiring will be necessary.
 - b) the market for short-term wholesale power purchases. Include in your response whether any new hiring will be necessary.
 - c) the market for gas storage utilization. Include in your response whether any new hiring will be necessary.
 - d) the market for delivered city-gate gas sales. Include in your response whether any new hiring will be necessary.

- e) the market for production area sales. Include in your response whether any new hiring will be necessary.
- f) the market for capacity release of gas transport and electric transmission. Include in your response whether any new hiring will be necessary.
- g) the market for solid fuel purchasing, transportation, and storage optimization. Include in your response whether any new hiring will be necessary. Include in your response whether any new hiring will be necessary.

Please file the original and five copies of the requested information by close of business Tuesday, May 7, 2013, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. 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