

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa
Electric Company.

DOCKET NO. 130040-EI

DATED: August 12, 2013

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-13-0329-PCO-EI, filed July 18, 2013, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

Witness

Subject

William B. McNulty

Distribution cost classification methods

Jeffery A. Small

Staff's Auditor Report of Tampa Electric
Company year ended December 31, 2012

2. All Known Exhibits

Exhibit

Title

WBM-1

Chapter 6 of the NARUC Electric Cost Allocation Manual – January,
1992

WBM-2

Past Commission Orders Addressing the Minimum Distribution
System (MDS)

WBM-3

Higher Minimum Cost Using Minimum Size Methodology

WBM-4

Zero Intercept Regression Statistics and Summary Output

WMB-5

TECO Test Year Revenue Requirement and Bill Impacts MDS VS
DOCC

JAS-1

Auditor's Report - Twelve Months Ended December 31, 2013

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

TEST PERIOD AND FORECASTING

ISSUE 1: Is Tampa Electric's projected test period of the 12 months ending December 31, 2014 appropriate?

POSITION: No position at this time.

ISSUE 2: Are Tampa Electric's forecasts of customers, KWH, and KW by revenue and rate class, for the 2014 projected test year appropriate?

POSITION: No position at this time.

ISSUE 3: What are the appropriate inflation factors for use in forecasting the test year budget?

POSITION: No position at this time.

ISSUE 4: How should the Calpine contract renewal be treated for ratemaking purposes?

POSITION: No position at this time.

ISSUE 5: Should revenues be adjusted for the renewal of the Calpine contract?

POSITION: No position at this time.

ISSUE 6: Is the proposed Jurisdictional Separation Study appropriate?

POSITION: No position at this time.

QUALITY OF SERVICE

ISSUE 7: Is the quality of electric service provided by Tampa Electric adequate?

POSITION: No position at this time.

RATE BASE

ISSUE 8: Has the Company removed all non-utility activities from rate base?

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POSITION: No position at this time.

ISSUE 9: Is Tampa Electric's requested level of Plant in Service in the amount of \$6,506,194,000 (\$6,516,443,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 10: Should Tampa Electric's amortization periods for computer software and ERP system be changed, and if so, what are the resulting impacts on rate base, expense, and amortization rates?

POSITION: No position at this time.

ISSUE 11: Is Tampa Electric's requested level of accumulated depreciation in the amount of \$2,436,895,000 (\$2,439,935,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 12: Is Tampa Electric's requested level of Construction Work in Progress in the amount of \$174,146,000 (\$174,529,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 13: Is Tampa Electric's requested level of Property Held for Future Use in the amount of \$35,409,000 (\$35,859,000 system) for the 2014 projected test year appropriate.

POSITION: No position at this time.

ISSUE 14: Should an adjustment be made to Tampa Electric's requested storm damage reserve, annual accrual, and target level?

POSITION: No position at this time.

ISSUE 15: Should an adjustment be made to rate base for unfunded Other Post-retirement Employee Benefit (OPEB) liability and any associated expense?

POSITION: No position at this time.

ISSUE 16: Should any adjustments be made to Tampa Electric's fuel inventories?

POSITION: No position at this time.

ISSUE 17: Has Tampa Electric properly reflected the net over recoveries or net under recoveries of fuel and conservation expenses in its calculation of working capital?

POSITION: No position at this time.

ISSUE 18: Is Tampa Electric's requested level of Working Capital in the amount of \$61,118,000 (\$61,053,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 19: Is Tampa Electric's requested rate base in the amount of \$4,339,972,000 (\$4,347,949,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

COST OF CAPITAL

ISSUE 20: What is the appropriate amount of accumulated deferred taxes to include in the capital structure

POSITION: No position at this time.

ISSUE 21: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

POSITION: No position at this time.

ISSUE 22: What is the appropriate cost rate for short-term debt for the 2014 projected test year?

POSITION: The appropriate cost rate for short-term debt for the 2014 projected test year is 1.47 percent.

ISSUE 23: What is the appropriate cost rate for long-term debt for the 2014 projected test year?

POSITION: The appropriate cost rate for short-term debt for the 2014 projected test year is 5.40 percent.

ISSUE 24: What is the appropriate capital structure for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 25: Should the Commission approve Tampa Electric's request to reflect flotation costs in the allowed ROE? (HUA CONTESTED ISSUE)

POSITION: No position at this time.

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ISSUE 26: What is the appropriate ROE to use in establishing Tampa Electric's revenue requirement?

POSITION: No position at this time.

ISSUE 27: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure? (FALLOUT)

POSITION: No position at this time.

NET OPERATING INCOME

ISSUE 28: Has Tampa Electric correctly calculated the revenues at current rates for the projected test year?

POSITION: No position at this time.

ISSUE 29: Should revenues be adjusted for the extension of the Auburndale agreement?

POSITION: No position at this time.

ISSUE 30: Is Tampa Electric's projected level of Total Operating Revenues in the amount of \$950,663,000 (\$951,811,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 31: Should any adjustments be made to Tampa Electric's requested vegetation maintenance expense?

POSITION: No position at this time.

ISSUE 32: Should any adjustments be made to Tampa Electric's requested level of generation maintenance expense?

POSITION: No position at this time.

ISSUE 33: Has Tampa Electric made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

POSITION: No position at this time.

ISSUE 34: Has Tampa Electric made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

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POSITION: No position at this time.

ISSUE 35: Has Tampa Electric made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

POSITION: No position at this time.

ISSUE 36: Has Tampa Electric made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

POSITION: No position at this time.

ISSUE 37: Should any adjustment be made to incentive compensation?

POSITION: No position at this time.

ISSUE 38: Should an adjustment be made to Tampa Electric's requested level of Salaries and Employee Benefits for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 38A: Should an adjustment be made to Tampa Electric's requested level stock compensation expense for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 39: Should an adjustment be made to Pension Expense associated with the Supplemental Executive Retirement Plan for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 40: Should adjustments be made for the net operating income effects of allocated costs and charges with affiliated companies for Tampa Electric?

POSITION: No position at this time.

ISSUE 41: Are Tampa Electric's Call Center expenses just and reasonable?

POSITION: No position at this time.

ISSUE 42: Should an adjustment be made to the accrual for storm damage for the 2014 projected test year?

POSITION: No position at this time.

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ISSUE 43: Should an adjustment be made to the accrual for the Injuries & Damages reserve for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 44: Should any adjustments be made to Directors and Officers Liability Insurance?

POSITION: No position at this time.

ISSUE 45: Should any adjustments be made to Outside Services - Legal Expense?

POSITION: No position at this time.

ISSUE 46: What is the appropriate amount and amortization period for Tampa Electric's rate case expense for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 47: Should an adjustment be made to Bad Debt Expense for the 2014 projected test year?

POSITION: No position at this time.

ISSUE 48: Is Tampa Electric's requested level of O&M Expense in the amount of \$363,832,000 (\$364,130,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

ISSUE 49: What is the appropriate amount of depreciation and fossil dismantlement expense?

POSITION: No position at this time.

ISSUE 50: Should an adjustment be made to Taxes Other Than Income Taxes for the 2014 projected test year? (FALLOUT)

POSITION: No position at this time.

ISSUE 51: Should an adjustment be made to Income Tax expense for the 2014 projected test year? (FALLOUT)

POSITION: No position at this time.

ISSUE 52: Is Tampa Electric's projected Net Operating Income in the amount of \$209,901,000 (\$210,244,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

REVENUE REQUIREMENTS

ISSUE 53: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates, for Tampa Electric?

POSITION: No position at this time.

ISSUE 54: Is Tampa Electric's requested annual operating revenue increase of \$134,841,000 for the 2014 projected test year appropriate? (FALLOUT)

POSITION: No position at this time.

COST OF SERVICE AND RATES

ISSUE 55: Should Tampa Electric's proposed Minimum Distribution System ("MDS") costing method be approved?

POSITION: No position at this time.

ISSUE 56: What is the appropriate Cost of Service Methodology to be used to allocate production costs to the rate classes?

POSITION: No position at this time.

ISSUE 57: What is the appropriate Cost of Service Methodology to be used to allocate transmission costs to the rate classes?

POSITION: Transmission costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 58: How should any change in the revenue requirement approved by the Commission be allocated among the customer classes?

POSITION: No position at this time.

ISSUE 59: What is the appropriate treatment of the IS schedules?

POSITION: No position at this time.

ISSUE 60: Should TECO's proposal to reinstitute the Commercial/Industrial Service Rider (CISR) tariff be approved?

POSITION: Yes.

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ISSUE 61: Should the "Transformer Ownership Discount" be renamed the "Delivery Voltage Credit" and should the credits provided reflect full avoided distribution costs?

POSITION: No position at this time.

ISSUE 62: What are the appropriate service charges (normal reconnect, same day reconnect, reconnect at meter/pole, field visit, tampering charge, temporary service charge)?

POSITION:

Initial Service Connection	\$75.00
Normal Reconnect Subsequent Subscriber	\$28.00
Same Day Reconnect	\$75.00
Saturday Reconnect	\$300.00
Reconnect after Disconnect at Meter for Cause	\$55.00
Reconnect after Disconnect at Pole for Cause	\$165.00
Field Visit Charge	\$25.00
Tampering Charge without Investigation	\$55.00
Temporary Service Charge	\$260.00

The change of the name of the Field Credit Visit charge to the Field Visit charge should be approved. The increased application of the charge to customers who do not meet the scheduled appointment time, or have requested service and at the time of the appointment have not prepared the premises for work, should also be approved.

ISSUE 63: What is the appropriate emergency relay power supply charge?

POSITION: The calculation of the emergency relay power charges is shown in MFR Schedule E-14, page 101 of 106. The charges should be recalculated to reflect any applicable decisions in prior issues.

ISSUE 64: What are the appropriate contributions-in-aid for time-of-use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge?

POSITION: The appropriate contributions in aid for time of use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge are \$94 for the GST rate schedule.

ISSUE 65: What changes in allocation and rate design should be made to Tampa Electric's rates established in Docket Nos. 130001-EI, 130002-EG, and 130007-EI to recognize the decisions in various cost of service rate design issues in this docket?

POSITION: No position at this time.

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ISSUE 66: What are the appropriate monthly rental factors and termination factors to be approved for the Facilities rental Agreement, Appendix A? (Tampa Electric to check if can be dropped.)

POSITION: The calculation of the monthly rental factors and termination factors is shown in MFR Schedule E-14, pages 105 and 106. The charges should be recalculated to reflect any applicable decisions in prior issues.

ISSUE 67: What are the appropriate customer charges and should "customer charge" be renamed "basic service charge"?

POSITION: No position at this time.

ISSUE 68: What are the appropriate demand charges?

POSITION: No position at this time.

ISSUE 69: What are the appropriate energy charges?

POSITION: No position at this time.

ISSUE 70: What are the appropriate lighting charges?

POSITION: No position at this time.

ISSUE 71: What are the appropriate Standby Charges?

POSITION: No position at this time.

OTHER

ISSUE 72: What is the appropriate effective date for Tampa Electric's revised rates and charges?

POSITION: No position at this time.

ISSUE 73: Should Tampa Electric be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case.

POSITION: Yes.

ISSUE 74: Should this docket be closed?

POSITION: No position at this time.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

Staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claims or requests.

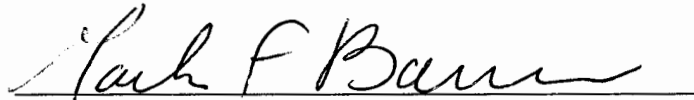
8. Objections to Witness Qualifications as an Expert

Staff has no objections to any witness's qualifications as an expert.

i. Compliance with Order No. PSC-13-0329-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 12th day of August, 2013.



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DATED: August 12, 2013

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic mail on this 12th day of August, 2013:

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