

STATE OF FLORIDA



COMMISSIONERS:  
JULIE I. BROWN, CHAIRMAN  
LISA POLAK EDGAR  
ART GRAHAM  
RONALD A. BRISÉ  
JIMMY PATRONIS

OFFICE OF THE GENERAL COUNSEL  
KEITH C. HETRICK  
GENERAL COUNSEL  
(850) 413-6199

# Public Service Commission

November 15, 2016

James D. Beasley, Esq.  
Ausley McMullen  
P.O. Box 391  
Tallahassee, Florida 32302  
jbeasley@ausley.com

**STAFF'S FIRST DATA REQUEST**  
*via email*

**Re: Docket No. 160160-EI – Tampa Electric Company's Petition for Approval of Energy Transaction Optimization Mechanism**

Dear Mr. Beasley:

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

Historic Data

1. Please provide, in an electronic (pdf or excel if available) format, TECO's final year-to-date Fuel Savings Schedules A6 and A9 for the years 2006 through 2016.
2. Please provide the historic sharing thresholds & incentive payments received by the company for wholesale power sales for the years 2006 through 2016.
3. Please list those activities the company has engaged in that is now included in proposed incentive mechanism, including asset optimization. Please describe for each activity how gains were calculated and allocated between the ratepayers and shareholders.
4. Has TECO had an opportunity to engage in asset optimization activities but not engaged in them due to the lack of an incentive mechanism? Please detail and discuss the potential value lost for these transactions by year for the period 2006 through 2016.

5. Please provide monthly data for the company's wholesale sales for the period 2006 through 2016. As part of this response, please provide sales, average fuel and total costs per unit of energy, total fuel and other costs, and the total net gains on these sales. As part of this response, please complete the table below for each year and provide a copy in electronic (excel) format.

Month	Wholesale Sales – Monthly (2006 – 2016)					
	Total MWh Sold	Fuel Cost	Total Cost	Total Fuel Cost	Total Cost	Gains on Market Based Sales
	(MWh)	(¢/kWh)	(¢/kWh )	(\$)	(\$)	(\$)
Jan						
Feb						
Mar						
Apr						
May						
Jun						
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
Total						

6. Please provide monthly data for the company's wholesale purchases for the period 2006 through 2016. Please exclude data regarding purchases for interruptible customers. As part of this response, please provide total energy purchased, the purchase cost per unit of energy, the avoided generation cost per unit of energy, the total purchase cost, the total avoided cost, and the net gains on these purchases. As part of this response, please complete the table below for each year and provide a copy in electronic (excel) format.

Month	Wholesale Purchases – Monthly (2006 – 2016)					
	Total MWh Purchased	Purchase Cost	Generated Cost	Total Purchase Cost	Total Generated Cost	Gains on Purchases
	(MWh)	(¢/kWh)	(¢/kWh)	(\$)	(\$)	(\$)
Jan						
Feb						
Mar						
Apr						
May						
Jun						
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
<b>Total</b>						

7. Please provide monthly data, if available for the company’s activities that would be included in its proposed incentive mechanism under asset optimization for the period 2006 through 2016. As part of this response, please provide natural gas storage optimization, sales (both Delivered City-Gate and Production Area), natural gas capacity release, AMA, and other activities. Please also include electric transmission capacity release (if applicable) and total net gains from all activities. Please also provide monthly data for the period 2006 through 2016 for those activities listed above that the company has engaged in prior to its proposed incentive mechanism. As part of this response, please complete the table below for each year and provide a copy in electronic (excel) format.

Month	Asset Optimization – Monthly (2006 – 2016)							
	Natural Gas						Electric	Total
	Storage	Delivered Sales	Production Sales	Capacity Release	AMA	Other Activities	Capacity Release	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								
<b>Total</b>								

Risks and Losses

8. Please identify any risks that ratepayers may be exposed to by the incentive mechanism that they are not currently subject to. Please also identify what safeguards are necessary to address each of these risks.

9. Please identify any risks that shareholders may be exposed to by the incentive mechanism that they are not currently subject to. Please also identify what safeguards are necessary to address each of these risks.

10. For each of the activities engaged under the incentive mechanism, including wholesale sales, wholesale purchases, and each sub-activity under asset optimization, please discuss whether ratepayers and/or shareholders might be exposed to potential losses on any individual transaction or series of transactions a result of the company’s activities.

11. For incentive mechanism activities such as asset optimization measures that may involve activities that must be reduced, curtailed, or eliminated due to a peak event or other retail customer needs, how does TECO intend to shield customers from losses on such transactions?
12. In the event of a loss under the incentive mechanism proposed by the company, what is the company's proposed treatment of losses for each of the scenarios listed below? Please discuss whether ratepayers or shareholders would be responsible for recovery of losses.
  - a. Single transaction or series of linked transactions.
  - b. Monthly total in a single category.
  - c. Monthly total for all categories combined.
  - d. Annual total in a single category.
  - e. Annual total for all categories combined

Incentive Mechanism Activities

13. Regarding Wholesale Sales, what new activities would TECO engage in if the Incentive Mechanism is adopted that it does not currently engage in? Please explain the reason why for each and the potential increase in gains.
14. Regarding Wholesale Purchases, what new activities would TECO engage in if the Incentive Mechanism is adopted that it does not currently engage in? Please explain the reason why for each and the potential increase in gains.
15. Does TECO anticipate an increase in wholesale sales or purchases in 2017 through 2020 as compared to 2012 through 2016? Please explain any increase in sales or purchases.
16. Please describe each type of proposed activity in the asset optimization category of the company's proposed incentive mechanism, including gas storage optimization, delivered gas sales, production area sales, natural gas capacity release, asset management agreements, and any other category. Please provide an explanation as to how gains and losses are to be calculated for each type of activity.
17. Please explain why TECO has not already sought to take advantage of the activities included in asset optimization as described in its Petition and passed the benefits on to its customers?
18. Please explain why capacity release of electric transmission and solid fuel purchasing, transportation, and storage optimization are not included in the current petition, but were included in the prior Petition in Docket 130024-EI.

Waived Incremental Expenses

19. Please provide a breakdown of existing expenses for each category listed below, including personnel, software, and hardware for 2012 through 2016. As part of this response, please complete the table below for each year.

<b>Total Expenses</b>				
<b>Activity</b>	<b>Personnel</b>	<b>Software</b>	<b>Hardware</b>	<b>Total</b>
Wholesale Sales				
Wholesale Purchases				
Electric Transmission Capacity Release				
Natural Gas Storage Optimization				
Delivered Natural Gas Sales				
Production Area Gas Sales				
Natural Gas Capacity Release				
Other Activities				
<b>Total</b>				

20. Please provide a breakdown of estimated expenses for each category listed below, including personnel, software, and hardware for 2017 through 2020. As part of this response, please complete the two tables below for each year.

<b>Total Expenses</b>				
<b>Activity</b>	<b>Personnel</b>	<b>Software</b>	<b>Hardware</b>	<b>Total</b>
Wholesale Sales				
Wholesale Purchases				
Electric Transmission Capacity Release				
Natural Gas Storage Optimization				
Delivered Natural Gas Sales				
Production Area Gas Sales				
Natural Gas Capacity Release				
Asset Management Agreement				
Other Activities				
<b>Total</b>				

<b>Incremental Expenses</b>				
<b>Activity</b>	<b>Personnel</b>	<b>Software</b>	<b>Hardware</b>	<b>Total</b>
Wholesale Sales				
Wholesale Purchases				
Electric Transmission Capacity Release				
Natural Gas Storage Optimization				
Delivered Natural Gas Sales				
Production Area Gas Sales				
Natural Gas Capacity Release				
Asset Management Agreement				
Other Activities				
<b>Total</b>				

21. Please provide a breakdown of how many personnel (actual or projected) are included in the total and incremental costs respectively of the Incentive Mechanism for each year, 2012 through 2020.

Sharing Ratio

22. Please explain how the company determined the sharing ratios for each threshold. As part of this response, please provide any calculations used and alternatives considered.

23. Please explain how the proposed reduction in the ratepayer share of benefits above a savings threshold from 80 percent to either 40 or 50 percent increases benefits to ratepayers.

Sharing Thresholds

24. Paragraph 7 of TECO’s petition states “... the rolling three-year moving average used to set thresholds results in a disincentive to pursue opportunities if the likelihood of achieving the threshold in a given year is remote.” Would one method of reducing this alleged disincentive be to establish a threshold annually?

25. Please explain why TECO’s proposed initial threshold was \$9 million in Docket 130024-EI versus \$3.5 million in the current docket?

26. Paragraph 10(a)(iii) of TECO’s petition states that the \$3.5 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...” Please explain why this methodology was selected versus a projected test year, which was the methodology utilized in the FPL settlement agreement?

27. Please explain why TECO removed the \$2.5 million Additional Customer Savings threshold in this proposal in comparison to the proposal in Docket 130024-EI.





### FPL Settlement Proposals

35. Paragraph 8 of TECO's petition states that "The Commission recognized the beneficial nature of incentives like the Optimization Mechanism proposed here in its December 13, 2012 decision in Docket No. 120015-EI." Please provide specification citations to the Order from that docket to substantiate this claim.

36. Paragraph 14 of TECO's petition states that "The benefits of the Optimization Mechanism the company is proposing and the regulatory policy considerations supporting it were fully examined and recognized in the Commission's recent consideration of the similar incentive mechanism approved in Docket No. 120015-EI." Please provide specific citations from Commission Orders to support this statement.

37. Paragraph 11 of the Petition states that "The Commission has already approved essentially an identical mechanism for FPL..." Please describe what portions, if any, of the settlement agreements proposed by FPL were modified, added, or removed in exchange for the inclusion of the incentive mechanism.

38. Does TECO have any knowledge or understanding of the negotiations underlying FPL's 2012 settlement proposal that included an incentive mechanism? Please explain.

39. Does TECO have any knowledge or understanding of the negotiations underlying FPL's 2016 settlement proposal that included a modified incentive mechanism? Please explain.

40. In developing its incentive mechanism, TECO has adopted several components of the incentive mechanism approved for FPL in Docket 120015-EI. Has TECO done an analysis of the appropriate pilot term, thresholds, sharing percentages, and activities to be considered independent of FPL's incentive mechanism? Please explain and provide any such analysis.

### Review Period

41. Please explain why TECO believes a four year time period should pass before a review of the incentive mechanism, given that the FPL incentive mechanism featured a two year review period?

42. Please explain why the incentive mechanism, presented as Pilot should not automatically end at the expiration of its four year period, versus be allowed for review.

### GPIF

43. Please provide, in a digital format, TECO's final year-to-date GPIF Actual Unit Performance Data Schedules for the years 2006 through 2016.

44. Please provide a comparison between Generation Performance Incentive Factor annual performance targets and ranges established by the Commission and the company's actual performance by unit for the period 2006 through 2016.

45. Please provide annual amount of awards and penalties the company has received through the Generation Performance Incentive Factor for the period 2006 through 2016. Please also include the maximum award possible for each year.

46. If a TECO unit experiences an unplanned outage, this event could contribute to TECO receiving a GPIF penalty (or a reduction in an award) while also increasing power purchases during the outage. Should the power purchased during an unplanned outage be eligible for inclusion in the calculation of an incentive mechanism? Please explain.

Please file all responses electronically no later than December 5, 2016, on the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6218 if you have any questions.

Sincerely,

*s/Suzanne S. Brownless*  
Suzanne S. Brownless  
Senior Attorney

SBr

cc: Office of Commission Clerk  
Office of Public Counsel (Erik Sayler/J.R.Kelly)