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STATE OF FLORIDA



DIVISION OF ECONOMICS  
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Public Service Commission

June 22, 2017

Mr. Beasley  
Ausley McMullen  
P.O. Box 391  
Tallahassee, FL 32302

RECEIVED-FPSC  
2017 JUN 22 PM 4: 33  
COMMISSION  
CLERK

Re: Docket No. 170143-EI Tampa Electric Company's Petition for Approval of Depreciation Rates for Polk 2 Combined Cycle Generating Units

Dear Mr. Beasley:

Staff has completed its initial review regarding the above petition, and we have some questions. Please provide response to the attached data request by July 20, 2017.

Should you have any questions, or need further information, please do not hesitate to contact Jenny Wu at (850) 413-7005 or Bill McNulty at (850) 413-6848.

Sincerely,

A handwritten signature in black ink, appearing to be "JW".

Jenny Wu  
Economic Analyst  
Division of Economics

Attachment

cc: Commission Clerk  
Office of Public Counsel  
Ms. Paula K. Brown  
(Manager, Regulatory Coordination,  
Tampa Electric Company  
PO Box 111. Tampa, FL 33601)

**Staff's First Data Request**

1. Please specify the following regarding Tampa Electric Company's (TECO) new Polk Unit 2 Combined Cycle (CC): Generating Maximum Nameplate (kW), Net Capacity for Summer (MW) and Winter (MW).
2. Please provide the comparisons between TECO's Bayside Units 1 & 2 CCs and the company's new Polk Unit 2 CC in terms of the plant asset depreciation characteristics.
3. Referring the first paragraph of the instant petition, please explain why a 35-year length is the appropriate period over which the new Polk 2 CC and associated equipment will be depreciated.
4. Please refer to Item 4 of the instant petition and Schedules B-7, pages 5-6, of TECO's 2016 Annual Depreciation Status Report (ADSR) for the following questions.
  - a. Please explain in detail why a 2.9 percent is the appropriate interim depreciation rate for Polk Unit 2 CC.
  - b. Please provide a workpaper, in Excel format, to show how the 2.9 percent interim depreciation rate was derived.
  - c. Does each of the Bayside Units 1 & 2 CCs have the same 2.9 percent composite interim depreciation rate ?
  - d. If your response to question (c.) is negative, please specify the composite interim depreciation rate for each of the Bayside Units 1 & 2 CCs.
  - e. If your response to question 3.(c). is negative, please explain why TECO proposed an interim depreciation rate differs from the rate of the company's Polk Unit 2 CC.
  - f. In its instant petition, TECO indicated that Polk 2 is categorized into four sub accounts: 341 (Structures and Improvements), 342 (Fuel Holders, Producers and Accessories), 343 (Prime Movers) and 345 (Accessory Electric Equipment). However, each of the company's Bayside Unit 1 & 2 CCs is categorized into five sub accounts: the aforementioned four sub accounts plus sub account 346 (Misc. Power Plant Equipment) as shown in ADSR, Schedule B-7, pages 6-7. Please explain why TECO does not propose sub account 346 (Misc. Power Plant Equipment) to record the corresponding plant assets and reserves associated with its new Polk Unit 2 unit CC .
  - g. Please explain why TECO believes that the 2.9 percent interim depreciation rate applies to all the aforementioned four sub accounts, given that for most of the company's Bayside Unit 1 & 2 CCs sub accounts each has a unique depreciation rate as shown in ADSR, Schedule B-7, pages 6-7.

5. Please refer to TECO's 2017 Ten Year Site Plant (TYSP) and its 2016 ADSR. On page 3 of the TYSP, TECO stated that Polk 2 CC utilizes four combustion turbines (formally Polk 2-5 simple cycle CT's), four HRSGs and one steam turbine. On Page 4 of the TYSP, TECO indicated that as of December 31, 2016, Polk Units 2 - 5, are gas turbines (GT). In Schedules B-7 and B-9, pages 5-7, of 2016 ADSR, TECO recorded plant assets and reserves for Polk Units 2, 3, 4 and 5 using sub accounts 341, 342, 343, 345 and 346.
- a. Are the four CTs of TECO's new Polk 2 CC brand new generating units?
  - b. If your response to question (a.) is affirmative, please clarify that from now on which generating unit, the Polk 2 CC built in January 2017 or the existing Polk Unit 2 GT built in July 2000, will be designated as Polk Unit 2 for all the depreciation accounting and reporting purposes. Please also explain how naming duplication will be avoided.
  - c. If your response to question (a.) is negative, is it correct that the four CTs of the new Polk 2 CC were converted from the 2016-existing Polk GTs Units 2 - 5?
  - d. If your response to question (c.) is affirmative, please provide responses for the following questions.
    - i. Will all the plant assets and reserves recorded in sub accounts 341, 342, 343 and 345 associated with the then-existing Polk Unit 2 GT be transferred into the new Polk Unit 2 CC sub account 341, 342, 343 and 345? Please discuss your response.
    - ii. Will all the plant assets and reserves recorded in sub accounts 341, 342, 343 and 345 associated with the then-existing Polk Units 3 - 5 GTs be also transferred into the new Polk Unit 2 CC sub accounts 341, 342, 343 and 345? Please discuss your response.
    - iii. Given that there will be no sub account 346 for the new Polk Unit 2 CC, into which account/sub account will the plant assets and reserves recorded in sub account 346 associated with the then-existing Polk Units 2 - 5 GTs be transferred? Please discuss your response.
    - iv. Will sub accounts 346 associated with the then-existing Polk Units 2 - 5 GTs be closed? Please discuss your response.
    - v. Will all the sub accounts 341, 342, 343, 345 and 346 associated with the then-existing Polk Units 3 - 5 GTs be closed? Please discuss your response.