

AUSLEY McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

April 12, 2018

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition for a limited proceeding to approve first solar base rate adjustment
(SoBRA) effective September 1, 2018; FPSC Docket No. 20170260-EI

Dear Ms. Stauffer:

Attached for filing in the above docket is the Prehearing Statement of Tampa Electric Company.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding to)
Approve first solar base rate adjustment)
(SoBRA), effective September 1, 2018.)
_____)

DOCKET NO. 20170260-EI

FILED: April 12, 2018

**PREHEARING STATEMENT OF
TAMPA ELECTRIC COMPANY**

A. APPEARANCES:

JAMES D. BEASLEY
J. JEFFRY WAHLEN
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

| Witness | Subject Matter | Issues # |
|--------------------|---|------------------|
| Direct | | |
| R. James Rocha | Description of 2017 Agreement; Calculation of Revenue Requirement for First SoBRA; Cost Effectiveness of the two projects in the First SoBRA | 1, 2, 5, 7 |
| William R. Ashburn | Cost of service and rate design for a SoBRA; sponsorship and explanation of the proposed rates and tariffs for the company's First SoBRA | 1, 6, 7 |
| Mark D. Ward | Explanation of First SoBRA projects; demonstration that the projected installed costs for the First SoBRA projects are below the installed cost cap in the 2017 Agreement | 1, 2, 3, 4, 5, 7 |

C. EXHIBITS:

| Witness | Proffered By | Exhibit # | Description |
|--------------------|------------------------|------------------|---|
| Direct | | | |
| R. James Rocha | Tampa Electric Company | RJR-1 | Demand and Energy Forecasts; Fuel Price Forecast; Revenue Requirements for First SoBRA; Cost-effectiveness Test for First SoBRA |
| William R. Ashburn | Tampa Electric Company | WRA-1 | Development of First SoBRA Base Revenue Increase by Rate Class; Base Revenue by Rate Schedule; Rollup Base Revenue by Rate Class; Typical Bills Reflecting first SoBRA Base Revenue Increase; Redlined Tariffs Reflecting First SoBRA Base Revenue Increase; Clean Tariffs Reflecting First SoBRA Base Revenue Increase |
| Mark D. Ward | Tampa Electric Company | MDW-1 | Payne Creek Solar Project Specifications; Payne Creek Solar Project General Arrangement Drawing; Payne Creek Solar Project Projected Installed Cost by Category; Balm Solar Project Specifications; Balm Solar Project General Arrangement Drawing; Balm Solar Project Projected Installed Cost by Category |

D. STATEMENT OF BASIC POSITION

Tampa Electric's Statement of Basic Position:

The Commission should approve the Balm Solar Project and Payne Creek Solar Project which comprise Tampa Electric's First SoBRA pursuant to the 2017 Agreement approved by the Commission in Order No. PSC-2017-0456-S-El. The two projects in the company's First SoBRA satisfy the cost-effectiveness test specified in the 2017 Agreement. The projected installed cost of each project is under the \$1,500 per kW_{ac} installed cost cap established in such order, and taken together the projected installed cost of the two projects falls below the \$1,475 per kW_{ac} installed cost threshold specified in subparagraph 6(b) footnote 2 of the 2017 Agreement.

The Commission should also approve the annual revenue requirement of \$24.245 million for the two projects comprising the First SoBRA, as reflected in witness Ward's Direct Testimony, as well as the base rate increases needed to collect the estimated annual revenue requirement for the two solar projects in the First SoBRA, as reflected in the testimony of witness Ashburn.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Are the 2018 SoBRA projects eligible for treatment pursuant to paragraph 6 of the 2017 Agreement?

TECO: Yes. The 2018 SoBRA projects meet all of the eligibility requirements for treatment pursuant to paragraph 6 of the 2017 Agreement. Tampa Electric witness Ward's Direct Testimony describes in detail the characteristics of the two projects which qualify them for cost recovery via the company's First SoBRA, as

well as their projected in-service dates and installed cost per kW_{ac}. Tampa Electric witness Rocha uses the projected installed project costs to calculate the annual revenue requirement for the First SoBRA. Further, Tampa Electric witness Ashburn uses the annual revenue requirement described in witness Rocha's testimony to develop the proposed customer rates for the First SoBRA. All of these efforts were performed consistent with the requirements of paragraph 6 of the 2017 Agreement. (Witnesses: Rocha, Ward, Ashburn)

ISSUE 2: Are the 2018 SoBRA projects proposed by TECO cost effective pursuant to subparagraph 6(g)?

TECO: Yes. As explained by Tampa Electric witness Rocha, the two projects covered by the First SoBRA lower the company's projected system cumulative present value of revenue requirement ("CPVRR") as compared to such CPVRR without the solar projects; therefore, the projects covered by the First SoBRA satisfy the cost-effectiveness test in the 2017 Agreement. (Witnesses: Rocha, Ward)

ISSUE 3: Are the projected installed costs of each of TECO's 2018 SoBRA projects under the Installed Cost Cap pursuant to subparagraph 6(d) of the 2017 Agreement?

TECO: Yes. As explained by Tampa Electric witness Ward, the projected installed costs of the Payne Creek and Balm solar projects are \$1,324 per kW_{ac} and \$1,480 per kW_{ac}, respectively. These installed costs are lower than the \$1,500 per kW_{ac} Installed Cost Cap pursuant to subparagraph 6(d) of the 2017 Agreement. (Witness: Ward)

ISSUE 4: Is the projected average capital cost of the 2018 SoBRA projects no more than \$1,475 per kW_{ac} for the year 2018 pursuant to subparagraph 6(c), of the 2017 Agreement?

TECO: Yes. The projected average capital cost of the 2018 SoBRA projects is no more than \$1,475 per kW_{ac} for the year 2018 pursuant to subparagraph 6(c) of the 2017 Agreement. (Witness: Ward)

ISSUE 5: What are the estimated annual revenue requirements associated with TECO's 2018 SoBRA projects?

TECO: The estimated annual revenue requirement including incentive associated with Tampa Electric's 2018 SoBRA projects is \$24.245 million. This amount is calculated by Tampa Electric witness Rocha using the projected installed costs of the two projects in Tampa Electric witness Ward's Direct Testimony and in accordance with the revenue requirement cost recovery provisions of the 2017 Agreement. (Witnesses: Rocha, Ward)

ISSUE 6: What are the appropriate base rates needed to collect the estimated annual revenue requirement for the two solar projects in the First SoBRA?

TECO: The appropriate base rates needed to collect the estimated annual revenue requirement for the two solar projects in the First SoBRA are those reflected in the redlined and clean tariffs set forth as Documents Nos. 5 and 6 of witness Ashburn's revised Exhibit No. ___ (WRA-1), which are incorporated herein by reference. (Witnesses: Ashburn)

ISSUE 7: Should the Commission approve the revised tariffs for TECO reflecting the base rate increases for the 2018 projects determined to be appropriate in these proceedings?

TECO: Yes. For all the reasons provided in the company's Petition, and in the supporting 2017 Agreement, complete with amended tariff sheets and the other appendices filed with the company's Petition, the Commission should approve the revised tariffs for Tampa Electric reflecting the base rate increases for the 2018 projects comprising the company's First SoBRA. (Witnesses: Rocha, Ward, Ashburn)

ISSUE 8: Should the docket be closed?

TECO: Yes. Once all issues in this docket are resolved, the docket should be closed.

F. STIPULATED ISSUES

Tampa Electric is not aware of any stipulated issues as of this date.

G. PENDING MOTIONS

Tampa Electric has pending a Motion for Temporary Protective Order filed April 9, 2018.

H. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

Tampa Electric currently has three pending confidentiality requests in this docket, filed February 2, February 26 and April 4, 2018.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT


Tampa Electric has no objections to any witness's qualifications as an expert in this proceeding.

J. COMPLIANCE WITH ORDER NO. PSC-2018-0077-PCO-EI-ORDER ESTABLISHING PROCEDURE

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

DATED this 12th day of April 2018.

Respectfully submitted,




JAMES D. BEASLEY
J. JEFFRY WAHLEN
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by hand delivery (*) or electronic mail on this on this 12th day of April 2018 to the following:

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|---|---|
| <p>Walt Trierweiler* Senior Attorney Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850</p> <p>J. R. Kelly/Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us</p> | <p>Jon C. Moyle, Jr. Karen Putnal Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com kputnal@moylelaw.com</p> <p style="text-align: center;"> _____ ATTORNEY</p> |
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