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May 3, 2018

**VIA: ELECTRONIC FILING**

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

Re: Petition for approval of revisions to standard offer contract and rate schedule  
COG-2, by Tampa Electric Company; Docket No. 20180082-EQ.

Dear Ms. Stauffer:

Attached for filing in the above docket are Tampa Electric Company's responses to  
Staff's Second Data Request (Nos. 1-2) dated April 18, 2018.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20180082-EQ  
STAFF'S SECOND DATA REQUEST  
REQUEST NO. 1  
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1. Please refer to TECO's Petition, Exhibit F, REVISED SHEET NO. 8.434. It appears that in calculating the Unit Energy Payment Rate, starting with the in-service date of the avoided unit, TECO has not used any fuel price forecast. Is this correct?
  - A. The Capacity and Energy Provider (CEP) is paid for energy at the firm energy rate for the times when the avoided unit would have been dispatched, up to the dispatched level of the avoided unit capacity. The CEP is paid for energy at the as-available rate for all other energy deliveries. Section 2 on Revised Pages 8.428 and 8.434 describe the firm energy rate as the avoided unit heat rate multiplied by the fuel price. Revised Sheet 8.434 describes how the actual fuel prices are determined. If the CEP wishes to forecast their firm energy rates a fuel forecast is required. If the CEP wishes to forecast their as-available energy rates a fuel forecast is required. The TECO fuel price forecast is not used for the Monthly Capacity Payment Rate.

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REQUEST NO. 2  
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2. If the response to Question 1 is negative:
  - a. Please provide the fuel price forecast used in preparing/evaluating the Revised Standard Offer Contract in this docket.
  - b. Please indicate whether the fuel price forecast discussed in question 2-a has been included in other Commission filings, such as TECO's 2018 Ten-Year Site Plan.
  - c. Please discuss the methodology employed in developing the fuel price forecast discussed in question 2-a.
  - d. Please identify the source and date of the fuel price forecast discussed in question 2-a.
  - e. Please discuss if and how TECO tested the reasonableness of the fuel price forecast discussed in question 2-a.
  
- A.
  - a. The fuel costs are not used as part of preparing/evaluating the Revised Standard Offer Contract in this docket. The fuel forecast used in TECO's 2018 Ten-Year Site Plan is the same fuel forecast used in preparing the 2018 projected costs and cost recovery factors approved in Docket No. 20170001- EI.
  - b. The fuel forecast for TECO's 2018 Ten-Year Site Plan is the same as used in the 2018 projected costs and cost recovery factors approved in Docket No. 20170001- EI.
  - c. Tampa Electric has used the same methodology to forecast fuel commodity prices for approximately the last ten years. The methodology is consistent across commodities. It uses market indicators (e.g., NYMEX futures contracts) to estimate the near-term price (one to three years). The methodology then uses a commercially available, published fuel commodity price forecast from an independent energy consulting firm (e.g., PIRA, Wood MacKenzie) for the mid-term (two to twenty years). The final long-term portion of the fuel price forecast is then escalated using an independent source for the annual price changes (e.g., EIA Long Term Energy Outlook). Blending of sources is used to transition between time periods. The forecast is produced early each summer to support the late-summer fuel clause actual-estimate and projection filings and is used for one

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year until the next official forecast is produced. The specific sources, time periods and blending approach has changed occasionally over the past ten years, but the fundamental approach of using independent sources for the forecast period that they are most appropriate has not changed.

- d. The fuel forecast for TECO's 2018 Ten-Year Site Plan is the same as used in the 2018 projected costs and cost recovery factors approved in Docket No. 20170001- EI.
- e. Tampa Electric uses a reasonable methodology and sound sources for developing its long-term fuel price forecasts. This is in part due to the fundamental approach of using independent sources for the forecast period discussed in the answer to question 2c of this Data Request.