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**VIA: ELECTRONIC FILING**

February 18, 2019

Mr. Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Petition of Florida Power & Light Company, Gulf Power Company and Tampa Electric Company to Initiate Rulemaking to Revise and Amend Portions of Florida Administrative Code Rule 25-6.0426; FPSC Docket No. 20180143-EI

Dear Mr. Teitzman:

Attached for filing in the above docket are Tampa Electric Company's Post Workshop Comments.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light )  
Company, Gulf Power Company and Tampa )  
Electric Company to Initiate Rulemaking )  
to Revise and Amend Portions of Florida )  
Administrative Code Rule 25-6.0426 )  
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DOCKET NO. 20180143-EI

FILED: February 18, 2019

**TAMPA ELECTRIC COMPANY'S  
POST WORKSHOP COMMENTS**

Tampa Electric Company (“Tampa Electric” or “the company”), as one of the joint petitioners in this docket, submits the following Post Workshop Comments addressing questions raised by the Florida Public Service Commission (“Commission”) Staff and the Office of Public Counsel at the January 16, 2019, rule development workshop. Sections I through VII of these Post Workshop Comments address the first seven questions set forth in Attachment B (page 9) of the Notice of Rule Development Workshop issued January 2, 2019. Section VIII contains the company’s comments on the three rule amendment alternatives included in Attachment C to that Notice.

**I Economic Development Activities**

1. Tampa Electric realizes the importance of utility involvement in economic development. To this end, Tampa Electric regularly engages with economic development partners throughout its service territory to effectively facilitate, advocate and communicate with new and existing customers that are experiencing or pursuing growth. Tampa Electric partners with county economic development organizations (EDOs), and city and county economic development departments, community development groups, alliances, chambers of commerce,

etc. Tampa Electric's partnerships with these entities entail communicating company programs, activities, and incentives that support economic development efforts.

2. Tampa Electric also supports economic development in Florida through tariff offerings that provide rate discounts for certain customers. With respect to tariff offerings, Tampa Electric offers three types of economic development incentives. Two of these incentives are tariff riders approved by the FPSC, referred to as the Economic Development Rider (EDR) Tariff, and the Commercial/Industrial Service Rider Tariff, or CISR. Both tariffs are riders to existing commercial rates. The third type of incentive is a special contract allowed under Rule 25-9.034, F.A.C., which, if approved by the Commission, allows utilities to provide service in a manner not provided for by its standard approved rate schedules.

## **II Future Planned Economic Development Efforts and Associated Benefits**

3. At this time, Tampa Electric does not have any definite plans to increase its involvement in economic development activities; however, the company continues to evaluate its role in the community as an economic development partner and may, in the future, increase its involvement. For now, Tampa Electric will continue to engage with its economic development partners throughout its service area to help facilitate efforts to attract new businesses and retain existing ones.

4. While the benefits of utility involvement in economic development are difficult to quantify, the Commission has for many years recognized the benefits and importance of utility involvement in economic development. During the Commission's Agenda Conference deliberation at which the Commission approved the change in the Economic Development Rule to allow recovery of 95 percent (from 90 percent) of economic development expenses, Commissioner Garcia remarked, "I want to make sure that when people question economic

development, we know that this Commission is on the forefront.”<sup>1</sup> At that same Agenda Conference, there was sentiment among the Commissioners to allow recovery of 100 percent of economic development expenses, but that change was generally seen as not possible because of the statute that required “sharing.” Since the Commission took this action to encourage utilities to engage in economic development, economic development has become even more competitive; therefore, Tampa Electric believes that the Florida Public Service Commission should support continued utility industry involvement in this area.

5. Tampa Electric believes that its customers benefit from the company’s efforts to attract and retain businesses to its service area, particularly high load factor customers. Having high load factor customers on the system creates a broader base over which to spread the company’s fixed costs, resulting in a favorable impact to all customers.

### **III Rationale for Increasing the Percentage of Gross Annual Revenues From 2020 (0.175 percent) Through 2023 (0.25 percent)**

6. The Joint Petitioners proposed that the expense cap in Rule 25-6.0426, F.A.C., be changed by the Commission to provide a limit on economic development expenses that is fairer in its applicability to the various sized Florida utilities than the current lesser of 0.15 percent of gross revenues or \$3 million. Part of the Joint Petitioners’ proposal involves an increase, beginning January 1, 2020, in the overall expense limit to allow utilities to increase their involvement in the state’s economic development. The Joint Petitioners have proposed that the percentage limit increase to 0.175 percent starting in 2020 and ramp up to 0.25 percent over a 4-year period. This proposed ramp up in the expense limit is intended as a transition to a higher allowable economic development expense limit that would tend to mitigate potential rate impacts

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<sup>1</sup> March 24, 1998, Agenda Conference; Item 3; Transcript pg. 6, lines 12 – 14.

that might result from an immediate change to 0.25 percent from the current expense recovery limits.

7. It is important to note that any increase in the amount of allowable economic development expenses would not result in residential bill impacts for Tampa Electric for the period 2018-2021, since the Company's existing Settlement Agreement includes a stay-out period that extends through 2021, provided the Company's return on equity does not fall below the agreed upon floor. For 2022, the proposed rule modifications include a 0.225 percent threshold for annual revenues, or approximately \$1.5 million more than the \$3 million that would be available under the current rule. If Tampa Electric were to devote an incremental \$1.5 million to economic development above the existing \$3 million cap amount, that incremental amount would represent a \$0.075 increase on a typical residential 1,000-kWh monthly bill. This bill impact assumes Tampa Electric was already spending economic development dollars up to its allowed cap of \$3 million dollars, which it currently is not doing.

#### **IV Interaction with Economic Development Efforts Undertaken by Florida Economic Development Organizations**

8. Tampa Electric engages with economic development partners throughout its service territory to effectively facilitate, advocate and communicate with new and existing customers that are experiencing or pursuing growth. The Company's partnerships with these organizations entail serving on boards, communicating new company programs and activities, and incentives that support economic development efforts. Tampa Electric's economic development partners include county economic development organizations, city and county economic development departments, community development groups, alliances, and chambers of commerce.

## **V Expense Sharing Between Ratepayers and Shareholders**

9. At the time that the Commission increased the sharing ratio in Rule 25-6.0426, F.A.C., from 90 percent to 95 percent, the Commission sent a strong message to utilities about the importance of utility involvement in economic development. The Commission recognized the importance of having Florida investor-owned utilities being part of the concerted effort underway in Florida to attract and maintain businesses to the state. The State of Florida, through active executive and legislative leadership, has a long history of promoting Florida as a good place to do business. Over time, the competitiveness among the various states in economic development has increased beyond what it was when the Commission moved the sharing percentage from 90 percent to 95 percent.

10. Commission Staff and the Florida Office of Public Counsel have questioned the 95 percent sharing percentage, suggesting that shareholders should bear a greater share of economic development expense because shareholders benefit from economic development. Tampa Electric suggests that there is greater unity among the interests of the customers and shareholders than is being suggested through ideas to alter the sharing percentage. Tampa Electric believes that utility involvement in economic development is a key part of the state's success in bringing new businesses to the state and increasing the number and quality of jobs available to Floridians, all of which benefits utility customers.

11. Because of the benefits of utility involvement in economic development, Tampa Electric does not believe the sharing percentage should be linked to the magnitude of the expense cap as Staff has questioned in the workshop notice. The 95 percent sharing percentage was adopted by the Commission in 1998 (moved from 90 percent to 95 percent) to further encourage utilities to participate in economic development, and, as previously noted, there was sentiment

among the Commissioners to allow recovery of all ED expenses, but allowing 100 percent was not be possible because the statute requires “sharing.”

12. In the event that the Commission does entertain some increased level of shareholder participation, Tampa Electric believes the current 95/5 percent sharing regime should be preserved for current spending levels, and any additional shareholder burden applied to higher expense levels, perhaps using some sort of sliding scale.

#### **VI Meaning of “gross annual revenues”**

13. Commission Staff has questioned how utilities subject to Rule 25-6.0426, F.A.C., interpret the term “gross annual revenues” as that term is used in the requirements for calculating the economic development expense limit. Tampa Electric acknowledges that there may be room for interpreting whether the gross annual revenues refers to “system revenues” or “jurisdictional revenues.” While Tampa Electric has not been close to exceeding the economic development expense limit, Tampa Electric has always interpreted the rule to the mean revenues over which the Commission has jurisdiction. More specifically, the Company has used jurisdictional operating revenues in calculating the limit. Tampa Electric believes the ambiguity over the meaning of gross annual revenues could be resolved by using the term jurisdictional operating revenues, which is a known term and is used on electric utility earnings surveillance reports.

#### **VII Application of the 95 percent recoverable cap**

14. As mentioned earlier, Tampa Electric has not yet reached \$3 million in economic development expenditures and, therefore, the Company has not had to apply the cap for surveillance purposes. However, the company has interpreted the sharing provision in Rule 25-6.0426(3)(b) to mean 95 percent of \$3 million, such that Tampa Electric would be allowed to include up to \$2.85 million of economic development expenses in jurisdictional operating

expenses. The Company realizes, however, that there may be some ambiguity in how to apply the 95 percent sharing ratio and is amenable to clarifying that 95 percent of economic development expenses are compared to the \$3 million to arrive at the amount of economic development expenses that are includable in operating expenses.

### **VIII Attachment C Rule Amendment Alternatives**

15. The Commission Staff included three rule amendment alternatives for discussion at the Workshop. Alternative 1 maintained a “lesser of” approach with a \$5 million maximum; Alternatives 2 and 3 adopted a “greater of” approach with 0.15 percent and 0.10 percent, respectively, each with a \$5 million floor. Tampa Electric does not have a preference among these alternatives; rather, Tampa Electric believes the approach put forth by the Joint Petitioners is a reasonable approach that addresses the inequities inherent in the current expense limit formula. Also, a “greater of” approach, such as the one recommended by the Joint Petitioners, has the benefit of allowing the expense cap to keep pace with company growth, thereby maintaining expense limits that are proportionate to company size.

WHEREFORE, Tampa Electric Company submits the foregoing as its Post Workshop Comments regarding the various issues discussed at the January 16, 2019 rule development workshop in this proceeding.



DATED this 18<sup>th</sup> day of February 2019

Respectfully submitted,



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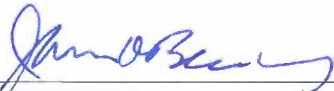
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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Post Workshop Comments, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 18<sup>th</sup> day of February, 2019 to the following:

<p>Ms. Rosanne Gervasi Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:rgervasi@psc.state.fl.us">rgervasi@psc.state.fl.us</a></p> <p>Mr. J. R. Kelly Ms. Patricia A. Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-400 <a href="mailto:kelly.jr@leg.state.fl.us">kelly.jr@leg.state.fl.us</a> <a href="mailto:christensen.patty@leg.state.fl.us">christensen.patty@leg.state.fl.us</a></p> <p>Mr. James S. King Florida Power &amp; Light Company 700 Universe Boulevard Juno Beach, FL 33408 <a href="mailto:james.king@fpl.com">james.king@fpl.com</a></p> <p>Mr. Kenneth A. Hoffman Florida Power &amp; Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301 <a href="mailto:ken.hoffman@fpl.com">ken.hoffman@fpl.com</a></p>	<p>Mr. Russell A. Badders Vice President &amp; Associate General Counsel Gulf Power Company One Energy Place <a href="mailto:Russell.Badders@nexteraenergy.com">Russell.Badders@nexteraenergy.com</a></p> <p>Ms. Holly Henderson Senior Manager Regulatory Affairs Gulf Power Company 215 South Monroe Street, Suite 618 Tallahassee, FL 32301 <a href="mailto:Holly.Henderson@nexteraenergy.com">Holly.Henderson@nexteraenergy.com</a></p> <p>Mr. Steven R. Griffin Beggs &amp; Lane Post Office Box 12950 Pensacola, FL 32591 <a href="mailto:srg@beggslane.com">srg@beggslane.com</a></p> <p>Mr. Ken Plante, Coordinator Joint Administrative Procedures Committee 680 Pepper Building 111 W. Madison Street Tallahassee, FL 32300 <a href="mailto:joint.admin.procedures@leg.state.fl.us">joint.admin.procedures@leg.state.fl.us</a></p> <p style="text-align: center;"> _____ ATTORNEY</p>
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