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

October 2, 2019

**VIA: ELECTRONIC FILING**

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

Re: Petition by Tampa Electric Company for a limited proceeding to approve Third SoBRA effective January 1, 2020; Docket No. 20190136-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is a proposed set of Stipulations that, if approved, will resolve all issues in this proceeding. We are authorized to represent that Office Public Counsel agrees to these Stipulations as a Type 1 Stipulation and FIPUG agrees to these Stipulations as a Type Two Stipulation. We are also authorized to represent that the parties will consent to the admission of all prefiled testimony and exhibits without cross-examination, but each would like an opportunity to make a brief opening statement at the final hearing.

Thank you for your assistance in connection with this matter.

Sincerely,

J. Jeffry Wahlen

JJW/pp
Attachment

cc: Walter Trierweiler (w/attachment)
Kurt Schrader (w/attachment)
All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | | |
|---|---|---|
| In re: Petition by Tampa Electric Company for a limited proceeding to approve Third SoBRA effective January 1, 2020. | ) ) ) ) | DOCKET NO. 20190136-EI<br><br>FILED: October 2, 2019 |

**Stipulations**

## VII. BASIC POSITION

Tampa Electric seeks approval of its Third Solar Base Rate Adjustment ("SoBRA") consistent, and in accordance with the 2017 Agreement. The 2017 Agreement is a carefully negotiated agreement – unique to Tampa Electric - that reflects a delicate balance of gives and takes among the parties, and which contains a collection of individual provisions that, absent the others, would likely not be acceptable to some or all of the parties if presented on a stand-alone basis. Paragraph 6, which authorizes a series of SoBRAs, is one such provision. Paragraph 9, which required Tampa Electric to make a one-time tax reform revenue requirement reduction of over $100 million effective January 2019 is another. There are many others.

The Parties to this docket have conducted extensive formal and informal discovery into the company's proposed Third SoBRA, whether it conforms to the unique aspects of the company's SoBRAs as intended by the parties and to ensure that the company met its burden of proof. Absent the 2017 Agreement and its significant benefits to customers, OPC and FIPUG would not normally agree to the base rate increases proposed by the company in the manner presented in this docket. However, because of the customer benefits contained in the 2017 Agreement and based on the prefiled testimony and discovery responses provided in this docket, The company has proved by a preponderance of the evidence that: (1) the two projects in the company's Third SoBRA satisfy the cost-effectiveness test specified in the 2017 Agreement and (2) the projected installed cost of each project is under the $1,500 per $kW_{ac}$ installed cost cap established in the 2017 Agreement.

Accordingly, the Commission should: (1) accept and adopt the stipulations of the parties on Issues 1 through 7, below, and (b) approve the Petition and the two proposed projects which comprise Tampa Electric's Third SoBRA pursuant to the 2017 Agreement approved by the Commission in Order No. PSC-2017-0456-S-EI. The Commission should also approve the annual revenue requirement of $26,596,000 for the two projects comprising the Third SoBRA, as well as the proposed base rate increases needed to collect the estimated annual revenue requirement for the two solar projects in the Third SoBRA. The parties intend that doing so will have no precedential value beyond the 2017 Agreement and this docket.

## VIII. ISSUES AND POSITIONS

**ISSUE 1: Are the 2020 SoBRA projects proposed by TECO eligible for treatment pursuant to paragraph 6 of the 2017 Agreement?**

Yes. The 2020 SoBRA projects totaling 149.3 MW proposed by TECO meet all of the eligibility requirements for treatment pursuant to paragraph 6 of the 2017 Agreement.

**ISSUE 2: Are the 2019 SoBRA projects proposed by TECO cost effective pursuant to subparagraph 6(g) of the 2017 Agreement?**

Yes. Paragraph 6 of the 2017 Settlement Agreement was intended by the parties to give Tampa Electric an opportunity to build 550 MW of cost-effective solar generation (plus an additional 50 MW if certain requirements are met) over a period of time. The total capacity was divided into three tranches (with an optional fourth) and staged or allocated to future time periods to accommodate orderly construction and to phase in and moderate the rate impact to retail customers. During the negotiations, the company disclosed its plans to purchase the solar modules for the entire 600 MW and then finalized the purchase in 2017. Although the specifics of the cost-effectiveness test contemplated in the 2017 Settlement Agreement are not spelled out in paragraph 6, the way in which the company has apportioned solar capacity value and value of other deferred capacity in its cumulative present value of revenue requirement ("CPVRR") calculation is consistent with the way the parties discussed the solar additions in paragraph 6 of the 2017 Settlement Agreement and will have no precedential value beyond Tampa Electric's solar base rate adjustments and the 2017 Settlement Agreement. The cost-effectiveness test in this case is unique to Tampa Electric.

Based on the company's plans to build at least 550 MW of solar and as described in the answer to Staff's Interrogatory No. 3, the two projects covered by the Third SoBRA lower the company's projected system CPVRR as compared to such CPVRR without the solar projects; therefore, the projects covered by the Third SoBRA satisfy the cost-effectiveness test in the 2017 Agreement. Without objection from Tampa Electric, the parties and the Commission have reserved or may reserve their rights to take appropriate action if at least 550 MW is not built out.

**ISSUE 3:** **Are the projected installed costs of each of the 2020 SoBRA projects proposed by TECO less than or equal to the Installed Cost Cap of $1,500 per $kW_{ac}$ pursuant to subparagraph 6(d) of the 2017 Agreement?**

Yes. The projected installed costs of the two projects are as follows:

| Project Name | Projected Installed Cost (per $kW_{ac}$) |
| --- | --- |
| Wimauma Solar | $1,479 |
| Little Manatee River Solar | $1,410 |

These installed costs are lower than the $1,500 per $kW_{ac}$ Installed Cost Cap pursuant to subparagraph 6(d) of the 2017 Agreement.

**ISSUE 4:** **What are the estimated annual revenue requirements associated with TECO's 2020 SoBRA projects?**

The estimated annual revenue requirement including incentive associated with Tampa Electric's 2020 SoBRA projects is $26,596,000 including the incentive specified in the 2017 Agreement. This amount is calculated using the projected installed costs of the two projects and in accordance with the revenue requirement cost recovery provisions of the 2017 Agreement.

**ISSUE 5:** **What are the appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2020 SoBRA?**

The appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2020 SoBRA are those reflected in the redlined and clean tariffs set forth as Documents Nos. 6 and 7 of witness Ashburn's Exhibit No. ___ (WRA-1), which are incorporated herein by reference.

**ISSUE 6:** **Should the Commission approve the tariffs for TECO reflecting the base rate increases for the 2020 projects determined to be appropriate in these proceedings?**

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 2020 projects comprising the company's Third SoBRA effective with the first meter reading in January 2019.

**ISSUE 7: Should the docket be closed?**

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