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Public Service Commission

March 17, 2020

J. Jeffrey Wahlen
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STAFF'S FIRST DATA REQUEST
via e-mail

RE: Docket No. 20200065-EI - Petition for a limited proceeding to eliminate accumulated amortization reserve surplus for intangible software assets, by Tampa Electric Company.

Dear Mr. Wahlen:

By this letter, the Commission staff requests that Tampa Electric Company (TECO) provide responses to the following data requests:

1. In reference to TECO's Petition for Limited Proceeding to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets (Petition) filed February 28, 2020, Items 3 and 4, please provide responses to the following questions:
 - a. On page 2, footnote 1, of the Petition, TECO discussed subaccount 303.99; on page 3, Item 4, of the Petition, TECO discussed Account Nos. 303.00 and 303.01; in Attachment One of the Petition, TECO reported Account 30315. Please explain the relationship among these four Intangible Accounts.
 - b. Please complete Table 1 below:

Table 1: TECO's Intangible Accounts

		Software	General Software	ERP Software	Solar Software	Other Accounts
1	Account Description ¹					
2	Account Number ²	30315	303.00	303.01	303.99	
3	Intangible assets booked in the account					
4	Amortization period (years)					
	<u>Actual for the year end 12/31/2019:</u>					
5	End of year plant balance					
6	Total plant added					
7	Retirements					
8	Plant adjustments or transfers					
9	End of year reserve balance					
10	Total amortization expense					
11	Reserve adjustments or transfers					
	<u>Estimates for the year end 12/31/2020:</u>					
12	End of year plant balance					
13	Total plant added					
14	Retirements					
15	Plant adjustments or transfers					
16	End of year reserve balance					
17	Total amortization expense					
18	Reserved adjustments or transfers					
	^{1,2} Source of information: Petition, pages 2 and 3, and Attachment One.					

2. Referring to the Petition, page 6, Item 14, please identify the amortization period(s) TECO used before January 1, 2013, if any, for Account Nos. 303.00 and 303.01.
3. Referring to the Petition, page 11, Item 27(j) - (l), please provide TECO's estimated impact on its forecasted 2020 return on equity for the scenarios listed below:
 - a. Credit \$16.0 million intangible assets' accumulated amortization reserve surplus to the assets' amortization expense in 2020;
 - b. Credit \$16.0 million intangible assets' accumulated amortization reserve surplus over 11.4 years, TECO's stated average remaining life of Account 303;
 - c. No reserve surplus credit or amortization.
4. Please refer to the Petition, page 7, Item 16 and footnote 3.
 - a. Regarding whether TECO's instant petition violates the 2017 Agreement, has TECO sought the opinions from the other signatories, including Federal Executive Agencies (FEA) and WCF Hospital Utility Alliance (HUA), of the 2017 Agreement?
 - b. If your response to Question 4(a) is affirmative, please confirm the following and provide explanation, if necessary:

- i) all the signators of the 2017 Agreement believe that TECO's instant petition can be approved by the Commission without violating the 2017 Agreement;
 - ii) all the signators of the 2017 Agreement agree that disposing of the accumulated amortization reserve surplus of approximately \$16.0 million for intangible software assets through a one-time credit to amortization expense in 2020 is appropriate.
 - c. If your response to Question 4(a) is negative, please why TECO has not sought such opinions.
5. Please refer to the Petition, page 11, Item 26(l), for the questions blew:
 - a. Please clarify whether or not the referenced Account 303 is composed of subaccounts 303.00, 303.01, 30315, and 30399.
 - b. Please explain how the average remaining life of 11.4 years is determined for the referenced Account 303.
 - c. Please identify the average service life and the average age of Account 303.
 - d. Please specify the intangible assets booked in Account 303.
 - e. Please explain how the annual amortization expense of approximately \$1.5 million for Account 303 is derived, and provide workpapers to support your response. Also, please specify to which account(s)/subaccount(s) discussed in Question 5(d) the surplus will be credited to reduce the amortization expense.
 - f. Please provide TECO's most recent estimate of its 2020 return on equity, or the range of returns on equity, assuming the approach of surplus amortization over the remaining life discussed in this Item.
 - g. Referring to the last sentence of Item 26(l), please elaborate on the statement "materially improve the company's ability to honor the Stay-Out Provision."
6. Please refer to the Petition, page 11, Item 26(l) and Attachment One. Assuming the Petition is granted by the Commission, does TECO intend to use a portion of the reserve surplus in Account 30315 to address the reserve deficiency of \$9,338 in Account 30399, before crediting the reserve surplus of Account 303 to its amortization expense in 2020. Please explain your response.
7. Referring to the Petition, page 12, Item 27, please elaborate on "the other such relief" TECO envisions "as may be required or appropriate."

Staff's First Data Request
Docket No. 20200065-EI
Page 4

Please file all responses electronically no later than April 20, 2020 from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6218 if you have any questions.

Sincerely,


Suzanne Brownless
Senior Attorney

SBR/lms

cc: Office of Commission Clerk
Paula Brown – Regulatory Affairs
Office of Public Counsel