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May 8, 2020

VIA: ELECTRONIC FILING

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

Re: In re: Petition to Approve the 2020 Settlement Agreement by Tampa Electric Company; Docket No. 20200145-EI;

In re: Petition for a Limited Proceeding to Approve Fourth SoBRA by Tampa Electric Company; Docket No. 20200064-EI;

In re: Petition of Tampa Electric Company to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets; Docket No. 20200065-EI;

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 26-6.030, F.A.C. Tampa Electric Company; Docket No. 20200067-EI; and

In re: Storm Protection Plan Cost Recovery Clause; Docket No. 20200092-EI

Dear Mr. Teitzman:

Attached for filing in the above five dockets are Tampa Electric Company's responses to Staff's First Data Request (Nos. 1-9), propounded on May 1, 2020.

Thank you for your assistance in connection with this matter.

Sincerely,

J. Jeffry Wahlen

JJW/bmp
Attachment

cc: All Parties of Record (w/attachment)
Bianca Lherisson, Senior Attorney, FPSC (w/attachment)

1. The Tampa Electric Company's 2020 Settlement Agreement (2020 Agreement) covers activities in four docketed matters. Please provide a brief statement of estimated procedural impacts within each docket and estimates of the filing dates for any materials that may be necessary to implement the 2020 Agreement.

a. Docket No. 20200064-EI

b. Docket No. 20200065-EI

c. Docket No. 20200067-EI

d. Docket No. 20200092-EI

A. General Response:

As noted in its Agreed-to Motion to Approve 2020 Agreement, Tampa Electric requests that the Commission schedule the 2020 Agreement for consideration in all four of the above-referenced dockets at an agenda conference as soon as possible. The company is also prepared to participate in an evidentiary hearing on the 2020 Agreement in conjunction with or scheduled around the June 9, 2020 Agenda Conference. Either approach will maximize the administrative and regulatory efficiency benefits inherent in the 2020 Agreement for the Parties, the Commission and the public.

a. Docket No. 20200064-EI (Fourth SoBRA)

Docket No. 202000064-EI was opened on February 27, 2020, when the company notified the FPSC and the parties to the 2017 Agreement that it had met the $1,475 per kW_{ac} threshold for seeking cost recovery for its Fourth SoBRA and would be seeking cost recovery for the 2021 Tranche later in 2020.

Footnote 3 in paragraph 6 of the 2017 Amended and Restated Stipulation and Settlement Agreement ("2017 Agreement") states: "The 2021 Tranche [i.e., Fourth SoBRA] can be included in and its costs recovered under the SoBRA mechanism only if the projects constituting the 2018 and 2019 Tranches [i.e., First and Second SoBRAs] … are in-service and operating per design specifications as of December 31, 2019, and were constructed at an average capital cost of no more than \$1,475 per kW_{ac}."

A potential issue about how to calculate the \$1,475 per kW_{ac} threshold was identified during, and has been pending since, the final hearing in Docket No. 20170260-EI (First SoBRA). The provisions in Section I of the 2020 Agreement (paragraphs 1-4) are a stipulation that will resolve that potential issue for Docket No. 20200064-EI. Whether the potential issue identified in Docket No. 20170260-EI will, in fact, be an issue in Docket No. 20200064-EI depends on the outcome of Docket No. 20200144-EI.

Docket No. 20200144-EI is Tampa Electric's Petition to True-up First and Second SoBRA on April 30, 2020. That petition requests that the FPSC determine the actual installed costs for the projects in its First and Second SoBRAs. The actual installed costs for the First and Second SoBRA will be used to determine whether the company has, in fact, met the \$1,475 kW_{ac} threshold for seeking cost recovery for its Fourth SoBRA as the company has asserted in its February 27, 2020 filing in Docket No. 20200064-EI.

The company's petition and pre-filed testimony and exhibits in Docket No. 20200144-EI show that (1) the average cost of the projects in the First SoBRA are less than or equal to \$1,475 per kWac, (2) the average cost of the projects in the Second SoBRA are less than or equal to \$1,475 per kWac and (3) the average cost of the projects in the First and Second SoBRAs, taken together, are at or below \$1,475 per kWac.

If the company's petition is granted as filed, the potential issue identified in Docket No. 20170260-EI will not be an issue and the stipulation in Section I of the 2020 Agreement will be moot, because the company will have met the threshold under either approach for calculating the threshold.

Prompt approval of the 2020 Agreement will eliminate the potential threshold calculation issue, thereby simplifying the issues to be litigated in Docket No. 20200064-EI. The company does not foresee a need to file materials to implement the provisions in Section I of the 2020 Agreement other than those specified in this response.

b. Docket No. 20200065-EI (Software Amortization)

Docket No. 20200065-EI is Tampa Electric's Petition for a Limited Proceeding to Eliminate Accumulated Amortization Reserve for Intangible Software Assets. The company filed its petition on February 28, 2020 and revised it on April 20, 2020.

If the 2020 Agreement is approved by the Commission, Section II (paragraphs 5 thru 9) will completely resolve Docket No. 20200065-EI and will allow the Commission to enter an order granting the revised petition and the relief requested therein.

The revised petition in Docket No. 20200065-EI was filed and served on the Parties to the 2020 Agreement on April 20, 2020 (before the 2020 Agreement was executed) and the Parties to the 2020 Agreement were aware of it when they signed the 2020 Agreement. The Parties to the 2020 Agreement are all of the parties to the 2017 Agreement, and they have consented to the relief requested in Docket No. 20200065-EI, including paragraph 6 of the 2020 Agreement, which expressly states that granting the relief requested by Tampa Electric in Docket No. 20200065-EI will not violate the 2017 Agreement or require the 2017 Amendment to be amended.

The company does not foresee a need to file additional materials to implement the provisions in Section II of the 2020 Agreement, but would not object to including: (1) its response to this data request and (2) its letter, dated April 20, 2020, with attached responses to staff's first data request (Nos. 1-7) dated March 17, 2020 [DN 02086-2020] in any evidentiary record established to evaluate the 2020 Agreement.

c. Docket No. 20200067-EI (Tampa Electric SPP)

Docket No. 20200067-EI was established by the Commission to consider Tampa Electric's Storm Protection Plan, filed April 10, 2020 ("SPP"). Section III (paragraphs 9 through 15) of the 2020 Agreement address issues related to cost recovery associated with the company's SPP, including the categories of costs reflected in the SPP that are currently being recovered through base rates.

As noted in paragraph 2 of the company's Agreed-to Motion to Approve 2020 Agreement, Section III of the 2020 Agreement:

is a proposal under which Tampa Electric will reduce its base rates by an agreed-upon amount and will recover all of the costs (with limited exceptions) determined prudent by the Commission associated with activities in its SPP (O&M expenses and capital projects) through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"), thereby avoiding potentially time consuming and contentious issues about which Plan costs are "incremental" and whether the company is seeking "double recovery" of certain costs. The agreed-upon base rate reduction will streamline cost recovery of certain costs associated with the activities reflected in the SPP (subject to prudency review) via the SPPCRC. It will also promote transparency and ensure that the costs (i.e., O&M expenses and return and depreciation expense on capital projects) the company will recover through the SPPCRC do not include costs being recovered through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with Section 366.96(8).

The issues to be litigated in Docket No. 20200067-EI have not been established, but the Office of Public Counsel has propounded discovery requests to Tampa Electric seeking information about the types and amounts of costs associated with the programs in the SPP that are currently being recovered through base rates.

Whether and the extent to which the amount of costs associated with programs in the SPP are currently being recovered through the company's base rates and charges would have been or will be identified as an issue in Docket No. 20200067-EI was unclear to Tampa Electric during negotiations, so the 2020 Agreement was drafted to include the stipulations in Section III in Docket No. 20200067-EI for completeness.

Consequently, if issues about the amount of costs associated with programs in the SPP currently being recovered through the company's base rates and charges actually become an issue in Docket No. 20200067-EI, the stipulations in Section III resolve those issues, thereby simplifying the issues to be litigated and associated discovery activity. The company does not foresee a need to file additional materials in Docket No. 20200067-EI to implement the provisions in Section III of the 2020 Agreement.

d. Docket No. 20200092-EI (SPPCRC)

The Commission opened Docket No. 20200092-EI on March 13, 2020 to address recovery of costs associated with a utility's storm protection plan through the Storm Protection Plan Cost Recovery Clause ("SPPCRC"). The issues to be litigated in Docket No. 20200092-EI have not been established, but the company expects them to include one or more issues about the types and amounts of costs associated with the programs in the SPP that are currently being recovered through base rates and issues designed to ensure that the amounts Tampa Electric will recover through the SPPCRC do not include costs being recovered through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with Section 366.96(8).

The stipulations in section III (paragraphs 9 through 15) of the 2020 Agreement address issues related to cost recovery associated with the company's SPP, including the categories and amounts of costs reflected in the SPP that are currently being recovered through base rates.

For 2021 costs, the goal of the 2020 Agreement is to prevent the "double recovery" of costs by establishing an agreed-to amount by which the company will reduce base rates and charges effective with the first billing cycle for January 2021.

For 2020 costs, the goal of the 2020 Agreement is to prevent the "double recovery" of costs by establishing an agreed-to total threshold amount of O&M expenses for Six Activities that were being performed by the company prior to filing its SPP that can be used in Docket No. 20200092-EI to ensure that the company only recovers "incremental" costs over and above what is already being recovered through base rates and charges for those activities. O&M expenses for new SPP programs are not subject to a 2020 cost recovery threshold for 2020 in the 2020 Agreement.

Exhibits One, Two and Three to the 2020 Agreement show how the approximately $15 million 2021 base rate reduction and 2020 total

$10.4 million Six Activity threshold amount were derived, and were included for transparency and to avoid concerns that the amounts were negotiated without reference to actual accounting data or without a conceptual foundation (i.e., “black box” amounts).

Prompt approval of the 2020 Agreement will eliminate potentially time consuming and contentious issues about what SPP costs are being recovered through base rates in 2020 and 2021, and which costs are incremental, thereby simplifying the issues to be litigated for Tampa Electric in Docket No. 20200092-EI. If the 2020 Agreement is approved by the Commission, the company will file its proposed 2020 and 2021 costs for recovery through the SPPCRC on the schedule established in Docket No. 20200092-EI and use the stipulations in Section III to guide its request for cost recovery therein.

<u>DOCKET NO. 20200092-EI</u>

2. Paragraphs 11(a)-(c), (e), (f), 12, and 13 of the 2020 Agreement appear to describe limitations on TECO's ability to request certain costs for recovery. However, Paragraph 11(d) states, in part:

> The Parties agree that nothing in this Agreement shall preclude any Consumer Party from challenging the recovery of any specific cost or level of cost proposed for recovery by the company through the SPPCRC.

a. Please clarify whether the limitations and conditions on TECO's ability to request cost recovery for storm protection plan (SPP) operations and maintenance (O&M) expense through the storm protection plan cost recovery clause (SPPCRC), are based on a sum total of all expenses for all qualifying O&M projects or are the limitations and conditions to be applied to each qualifying O&M project individually?

b. Please clarify how, if at all, the language in paragraph 11(d) is intended to apply to TECO's 2020 SPPCRC proceeding.

c. Please clarify how, if at all, the language in paragraph 11(d) is intended to apply to TECO's 2021 SPPCRC proceeding.

d. Paragraph 15(a) states that ". . . [n]othing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudency of all or part of any SPP program or project in any future proceeding." Please explain how, if at all, Paragraph 15(a) and Paragraph 11(d) provide for different scopes of intervenor challenge.

A. a. For 2020, the O&M expenses associated with new programs (i.e., programs that were not being implemented by the company prior to the filing of its SPP) are not subject to any threshold amount, because all of those expenses will be incremental. The 2020 Agreement does not limit the ability of the Consumer Parties to challenge the prudency of the amounts or types of those new expenses.

Exhibit Three establishes a total $10.4 million cost-recovery threshold applicable to 2020 for the total O&M expenses associated with Six Activities currently in the company's FPSC-approved storm hardening plan and which the company has included in its SPP and for which the company intends to seek cost recovery through the SPPCRC. Exhibit Three shows how the $10.4 million threshold was developed.

Exhibit Three was also included as part of an implied understanding that the $10.4 million total threshold amount would be reduced by the individual average amounts shown on Exhibit Three if the Commission decides that one or more of the Six Activities as categories/programs should not be included in the company's SPP. If the Commission decides that any of the Six Activities should not be included in the company's SPP as a category or program, the associated costs will not be eligible for recovery via the SPPCRC and the total threshold amount will be reduced accordingly. The 2020 Agreement does not limit the ability of the Consumer Parties to challenge the prudency of the amounts or types of O&M expenses associated with the Six Activities proposed for cost recovery.

For 2021 costs to be recovered in the company's 2020 and 2021 SPPCRC filings, if the Commission approves the Six Activities as categories as proposed in the Company's SPP filed on April 10, 2020 and approves the proposed base rate reduction of $15,010,900 effective with the first billing cycle for January 2021, the company will have eliminated ("purged") the O&M Expenses associated with those Six Activities from its base rates and all of the 2021 expenses associated with those Six Activities will be subject to cost recovery through the SPPCRC. The 2020 Agreement does not limit the ability of the Consumer Parties to challenge the prudency of the amounts or types of O&M expenses associated with the Six Activities for 2021 proposed for cost recovery.

However, if during the approval of the company's SPP, the Commission decides that one or more of the Six Activities as categories/programs should not be included in the company's SPP, paragraph 11(d) of the 2020 Agreement provides that the $15,010,800 January 2021 base rate reduction will be reduced by the amount on Exhibit One for that category times the RAF Multiplier, and the costs the company projects to incur for that category/program will not be recoverable through the SPPCRC. For example, hypothetically, if the Commission decides in Docket No. 20200067-EI that Transmission Vegetation Management – Planned as a category/program should not be included in the company's SPP, the $15,010,800 base rate reduction will be reduced by $800,576 ($800,000 times 1.00072) to be $14,210,224.

The language in the second paragraph of Request No. 2 was not intended to contradict the three paragraphs above, but to clarify that the Consumer Parties have not agreed to a certain level of cost recovery in 2020 or 2021 for the Six Activities. Rather, once the company proposes to recover costs for the Six Activities for 2020 and 2021 in the SPPCRC docket, the threshold amounts for 2020 in Exhibit Three will apply and the project costs and levels for which the company seeks recovery will be subject to a prudency determination by the Commission and the Consumer Parties will be free to advocate as they wish on the prudency of specific project costs and levels.

b. Please see response to 2.a., above.

c. Please see response to 2.a., above.

d. The Parties have agreed that if the Commission approves any or all of the Six Activities specified in paragraph 11(a) and footnote 4 of the 2020 Agreement as “categories” or “programs” in the company’s SPP, the company will make the base rate reduction for 2021 and be subject to the 2020 threshold as specified in the 2020 Agreement and described in Response 2(a), above. However, the Parties are not constrained by the 2020 Agreement from arguing that one or more of those Six Activities should not be approved as part of the company’s SPP. The Commission will decide which of the Six Activities and other proposed programs will be approved as “categories” or “programs” in the company’s SPP and the company will make applicable base rate reductions for 2021 and be subject to the 2020 recovery thresholds as specified in paragraph 11, in Exhibits One, Two and Three of the 2020 Agreement and as explained in Response 2.a., above. Once the Commission has approved the company’s SPP and the programs in it as categories, the 2020 Agreement allows the Consumer Parties to advocate as they wish on the prudency of specific project costs and levels within approved programs.

3. Paragraph 12(c)(ii) describes the treatment of depreciation expense as a netting process.

a. Assuming the monthly depreciation expense for a new asset is less than the monthly depreciation expense for the asset that is replaced, would the netting process result in a negative depreciation expense being recognized in the SPPCRC? If not, why not?

b. Is the netting process intended to be applied to each asset individually?

c. Are there situations when the netting process would be applied on a cumulative basis for more than one asset such as by project, or by program?

A. a. It is possible for the process of netting the monthly depreciation expense with the depreciation savings to result in either a positive or negative depreciation expense. This is dependent on the volume of dollars spent to construct the new asset in comparison with the historical cost of the old asset being retired and in which depreciation groups are the new assets being added and the old asset being retired. In most cases, the depreciation savings will result in a net depreciation expense increase since the cost profile of the older vintage assets being retired will likely be less than the cost profiles of the new assets being added.

For example, as the company begins Overhead to Underground conversion projects, it will be replacing assets from one depreciation group with those from other depreciation groups. In some instances, this will produce positive depreciation expense and in others, negative depreciation expense. Below are two illustrative examples:

Overhead to Underground Conversion		
(Example 1 – Nets to a positive Depreciation Expense)		
New Underground Equipment	$	1,200
Add to 367.00 UG Conductors & Devices w/ Depr Rate		3.0%
Depreciation expense increase monthly	$	3
Removed Overhead Equipment	$	(545)
Retire from 364.00 Poles, Towers & Fixtures / Depr Rate		4.4%
Depreciation expense decrease monthly	$	(2)
Netted Depreciation Expense increase		

Overhead to Underground Conversion:		
(Example 2 – Nets to a negative Depreciation Expense)		
New Underground Equipment	$	800
Add to 367.00 UG Conductors & Devices w/ Depr Rate		3%
Depreciation expense increase monthly	$	2
Removed Overhead Equipment	$	(818)
Retire from 364.00 Poles, Towers & Fixtures w/ Depr Rate		4.4%
Depreciation expense decrease monthly	$	(3)
Netted Depreciation Expense decrease	$	(1)

b. No, as illustrated in the response to part (a), the netting process is intended to be applied to each depreciation group.

c. No, as illustrated in the response to part (a), the netting process is intended to be applied to each depreciation group.

4. Please refer to the 2020 Agreement, Paragraph 12, for the following questions:

a. Referring to the “assets” discussed in Paragraph 12, please specify the name (or type) of each, and identify the corresponding depreciation account to which such asset is normally booked.

b. Please identify all the depreciation accounts that could be affected by the accounting treatment stated in Paragraph 12(c)(i) that “… such net cost of removal will be debited to the company’s accumulated depreciation reserve according to normal regulatory plant accounting procedures.”

c. With respect to the depreciation accounts that would be affected by the accounting treatment stated in Paragraph 12(c)(i), please comment on the potential impact (increases, decreases, or stay the same) that such accounting treatment would have on the depreciation rate to be determined in TECO’s next depreciation study.

d. Please identify the total amounts of cost of removal net of salvage associated with the storm hardening asset-related asset retirements in 2018 and 2019, respectively.

e. Referring to Paragraph 12(c)(ii), please explain whether TECO’s SPP activities, such as Infrastructure Inspections and Transmission Asset Upgrades, would result in any premature retirements; and if so, please explain how the associated unrecovered retired investments would be treated.

A. a. The chart below provides the name (or type) of each and identifies the corresponding depreciation account to which such asset is normally booked.

Distribution OH to UG Conversion	Add New Asset	Retire/COR Old Asset
364 Poles, towers and fixtures		X
365 Overhead conductors and devices		X
366 Underground conduits	X	
367 Underground conductors and devices	X	
368 Line transformers		X

Transmission Asset Upgrade	Add New Asset	Retire/COR Old Asset
354 Towers and fixtures	X	X
355 Poles and fixtures	X	X
356 Overhead conductors and devices	X	X

Substation Extreme Weather Protection	Add New Asset	Retire/COR Old Asset
352 Structures and improvements	X	X
361 Structures and improvements	X	X

Targeted Distribution Overhead Hardening	Add New Asset	Retire/COR Old Asset
364 Poles, towers and fixtures	X	X
365 Overhead conductors and devices	X	X
368 Line transformers	X	X

Transmission Access	Add New Asset	Retire/COR Old Asset
350 Land and land rights	X	X
359 Roads and trails	X	X

Distribution Pole Replacements	Add New Asset	Retire/COR Old Asset
364 Poles, towers and fixtures	X	X

b. Please refer to the response provided in part (a).

c. The manner in which depreciation expenses and plant retirements are accounted for and recovered (i.e., via base rates or a clause) will not change the analytical approach used to prepare a depreciation study or rates; however, in some instances, the SPP will result in the retirement of assets earlier than originally anticipated, which over time will increase the likelihood that a depreciation study, when performed, will reveal depreciation reserve deficiencies in certain accounts.

d. The chart below identifies the total amounts of cost of removal net of salvage associated with the storm hardening asset-related asset retirements in 2018 and 2019, respectively.

		Retirements (COR)		Total Cost		Retirement %	
		2018	2019	2018	2019	2018	2019
PRE-02624	D-PRE-Pole Program	3,911,566	5,190,345	15,907,840	20,616,055	24.6%	25.2%
PRE-03640	D-PRE-Pole Program-Loading	75,435	19,411	258,754	89,388	29.2%	21.7%
PRE-02665	T-PRE-Pole Program-69 kV	224,295	359,419	2,190,827	2,647,055	10.2%	13.6%
PRE-02830	T-PRE-Pole Program-230 kV	79,560	178,894	1,225,516	1,339,115	6.5%	13.4%
PRE-02831	T-PRE-Pole Program-138 kV	56	(422)	103,657	38,850	0.1%	-1.1%
PRE-03657	T-PRE-Pole Program-Loading-69 kV	709	1,802	7,098	18,145	10.0%	9.9%

e. Please refer to response provided in 4c above.

5. Please refer to the 2020 Agreement, Paragraph 13, for the following questions:

a. Please clarify whether "distribution pole replacements" discussed in Paragraph 13 refers to all the SPP-related asset replacements associated with Account 36400 – Poles, Towers & Fixture, i.e., including distribution towers replacements and distribution fixtures replacements. If the response is negative, please explain.

b. Does the "accounting and administrative efficiency" applicable to distribution pole replacements (associated with Account 36400) also apply to other mass plant assets' SPP-related replacement such as meter replacements (associated with Account 37000) and street lighting and signal system replacements (associated with Account 37300)? Please explain.

c. Please confirm that cost recovery for the plant additions and retirements associated with all transmission pole replacements will be through the SPPCRC.

A. a. Yes, the "distribution pole replacements" discussed in Paragraph 13 refers to all the SPP-related asset replacements associated with Account 36400 – Poles, Towers & Fixture, i.e., including distribution towers replacements and distribution fixtures replacements.

b. The "accounting and administrative efficiency" applicable to distribution pole replacements (associated with Account 36400) does not apply to other mass plant assets' SPP-related replacement such as meter replacements (associated with Account 37000) and street lighting and signal system replacements (associated with Account 37300). There is no planned work in the SPP for mass replacements of meter, street lighting or signal systems; however, some of these components may be replaced incidental to SPP projects.

c. Yes, cost recovery for the plant additions and retirements associated with all transmission pole replacements will be through the SPPCRC. To further clarify, the retirements associated with all transmission pole replacements will have an offsetting affect to depreciation expense, but cost of removal ("COR") will not be recovered through the SPPCRC.

<u>DOCKET 20200067-EI</u>

6. Please discuss the signatories intent regarding Commission staff involvement and attendance at the meetings discussed in Paragraph 15(c).

A. The term “Parties” in paragraph 15(c) means “Parties” as defined in the introduction to the 2020 Agreement and includes Tampa Electric, OPC, FIPUG, FRF, FEA and HUA. The Parties to the 2020 Agreement viewed these meetings first and foremost as opportunities for Tampa Electric to meet with and receive input from its customers that were signatories to the 2017 Agreement regarding their circumstances and needs (including potentially sensitive public safety concerns) and thus did not envision holding publicly-noticed meetings. The timing of the meetings contemplated in paragraph 15(c) was established so the Parties could also take into account any concerns expressed and guidance given in the Staff Recommendation and by the Commission decision in Docket No. 20200067-EI or the SPP dockets for the other IOUs. Any modification to the analytical framework used in the development of the company’s future SPPs will comply with applicable statutes and rules, and will be subject to review and consideration by the staff and Commission when filed as part of the company’s next SPP.

DOCKET 20200065-EI

7. Please refer to TECO's filings in Docket No. 20200065-EI: "Petition for Limited Proceeding to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets" (Petition), Attachment One, filed on February 28, 2020, and TECO's Revised Petition, Attachment One, filed on April 20, 2020. Please explain why the reported reserve balance of Account No. 30399 at 12/31/2019 has been changed from negative \$9,338 (reported in TECO's Petition) to negative \$2,418 (reported in TECO's Revised Petition).

A. The reserve balance changed because the company used the filing of its revised petition to update its calculation of reserve balance for Account 303.99 as of December 31, 2019. The amount in the initial petition was as of December 31, 2018.

8. In reference to TECO's Revised Petition, Item 26(i), please provide an estimate to quantify the "negative impact on accumulated deferred income taxes in the Company's capital structure" for 2020.

A. In reference to TECO's Revised Petition, Item 26(i), the "negative impact on accumulated deferred income taxes in the Company's capital structure" for 2020 can been seen in the chart below, as the percentage of Deferred Income Taxes in the Capital Structure has decreased, the need for common equity to support rate base has increased.

FPSC Adjusted Capital Structure %	**2016**	**2017**	**2018**	**2019**	**2020 BUD**
Long Term Debt	34.30%	31.70%	30.51%	34.00%	36.60%
Short Term Debt	1.26%	3.78%	4.01%	2.37%	1.59%
Customer Deposits	2.26%	1.83%	1.62%	1.51%	1.34%
Common Equity	41.75%	41.64%	42.93%	43.00%	43.06%
Deferred Income Taxes	20.24%	20.72%	20.34%	16.83%	14.58%
Tax Credits - Weighted Cost	0.18%	0.33%	0.58%	2.29%	2.82%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

9. Referring to TECO's response to Staff's First Data Request, No. 5.g. in Docket No. 20200065-EI, please provide responses to the following questions based on TECO's best information available:

a. Please provide TECO's preliminary estimates of the impacts of COVID-19 Pandemic on "the company's earned 13-month average return on equity" for 2020 and 2021, respectively.

b. Please discuss how TECO's energy sales of each rate class would be affected by the COVID-19 Pandemic (for example, the stay-at-home situation might result in the energy consumption of residential rate class increase and the energy consumption of industrial rate class decrease).

c. Please discuss how TECO's Total Retail Energy Sales would be affected by the COVID-19 Pandemic and how that would influence TECO's earning position in 2020 and 2021.

A. a. The impact of COVID-19 on "the company's 13-month average return on equity" for 2020 and 2021 has not been quantified to a reasonable degree of certainty at this time.

b. The actual impact on usage by rate class has not been quantified to a reasonable degree of certainty at this time.

c. The impact on Total Retail Energy Sales and earnings for 2020 and 2021 has not been quantified to a reasonable degree of certainty at this time.