

<p align="center"><u>Docket No. 20200145-EI, 20200064-EI, 20200065-EI,</u> <u>20200067-EI, 20200092-EI</u> Comprehensive Exhibit List for Entry into Hearing Record June 9, 2020</p>					
EXH #	Witness	I.D. # As Filed	Exhibit Description	Issue Nos.	Entered
STAFF					
1		Exhibit List	Comprehensive Exhibit List		
STAFF HEARING EXHIBITS					
2			TECO's Agreed-To Motion To Approve The 2020 Agreement, with 2020 Agreement attached as Exhibit A. Filed April 27, 2020 DN. 02227-2020 <i>[Bates No. 00001-00034]</i>		
3			TECO's response to Staff Data Request Nos. 1-9. Filed May 8, 2020 Docket 20200145-EI DN. 02476-2020 <i>[Bates No. 00035-00054]</i>		
4			TECO's response to Staff Data Request No. 1. Filed May 14, 2020 Docket 20200145-EI DN. 02581-2020 <i>[Bates No. 00055-00057]</i>		

COMPREHENSIVE EXHIBIT LIST

DOCKET NO. 20200145-EI, 20200064-EI, 20200065-EI, 20200067-EI, 20200092-EI

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5			<p>TECO's response to Staff Data Request Nos. 1-7.</p> <p>Filed April 20, 2020 Docket 20200065-EI</p> <p>DN. 02086-2020</p> <p><i>[Bates No. 00058-00071]</i></p>		
6			<p>TECO's Petition</p> <p>Filed February 28, 2020 Docket No. 20200065-EI</p> <p>DN. 01155-2020</p> <p><i>[Bates No. 00072-00088]</i></p>		
7			<p>TECO's Revised Petition</p> <p>Filed April 20, 2020 Docket 20200065-EI</p> <p>DN. 02085-2020</p> <p><i>[Bates No. 00089-00105]</i></p>		

TECO's Agreed-To Motion To Approve The 2020 Agreement, with 2020 Agreement attached as Exhibit A.

Filed April 27, 2020

DN. 02227-2020

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20200145-EI EXHIBIT: 2
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's Agreed-To Motion To Approve The 2020 Agreement, with 2020 Agreement attached as Exhibit A. Fil...

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI Filed: April 27, 2020

Tampa Electric Company's Agreed-To
Motion to Approve 2020 Agreement

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Rule 28-106.204, Florida Administrative Code., hereby requests that the Florida Public Service Commission ("FPSC" or "Commission") approve the 2020 Agreement included with this Motion as Attachment "A" and made a part hereof, and states:

1. Tampa Electric filed its 2020-29 Storm Protection Plan ("SPP" or "Plan") in Docket No. 20200067-EI on April 10, 2020. As it was preparing its Plan, and after submitting it, the company met with the Office of Public Counsel and other consumer parties in person and by telephone to discuss ways to simplify issues associated with SPP cost recovery for Tampa Electric as well as other issues before the Commission involving Tampa Electric. More detail about how and why the 2020 Agreement was developed is contained in the recital section of the 2020 Agreement.

2. The centerpiece 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 is also intended to (1) promote transparency and (2) simplify the review of costs (i.e., O&M expenses and return and depreciation expense on capital projects) the company will recover through the SPPCRC to avoid duplicative recovery of costs 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).

3. The agreed-upon base rate revenue reduction amount (\$15,010,800) is specified in paragraph 11(c) of the 2020 Agreement and reflects a good faith determination of the O&M expenses associated with six activities that Tampa Electric was incurring prior to the filing of its SPP and are currently being recovered through the company’s base rates, that have been included in the company’s proposed SPP and for which (together with other incremental SPP costs) the company will seek cost recovery through the SPPCRC. The calculation of the agreed-upon amount is described more fully in the 2020 Agreement and Exhibits One and Two to the Agreement.

4. If approved by the Commission, the 2020 Agreement will establish, as to Tampa Electric, a series of stipulations that will reduce the issues to be litigated in Docket Nos. 20200067-EI (“Tampa Electric’s Storm Protection Plan”) and 20200092-TP (“Storm Protection Plan Cost

Recovery Clause”). Approving these stipulations should reduce the volume of discovery in those dockets, clarify the issues to be litigated for Tampa Electric and promote administrative and regulatory efficiency in those dockets, thereby allowing Tampa Electric, the Consumer Parties and the Commission to focus their attention and resources on the merits of the company’s SPP and the recovery of the costs associated with that Plan in 2020 and 2021 in Docket No. 20200092-EI.

5. Approving the 2020 Agreement will also completely resolve Docket No. 2020065-EI (Software Amortization Petition). Likewise, it will resolve for Docket No. 20200064-EI (Fourth SoBRA) a potential issue about how to calculate the \$1,475 per kWac threshold for evaluating the company’s eligibility to seek SoBRA cost recovery for the last 50 MW of solar (2021 Tranche) contemplated in paragraph 6 of the 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) that has been pending since the final hearing in Docket No. 20170260-EI. These items are addressed in Sections I and II of the 2020 Agreement. Approval of these items will promote administrative and regulatory efficiency in both dockets and reduce the issues to be litigated in Docket No. 20200064-EI.

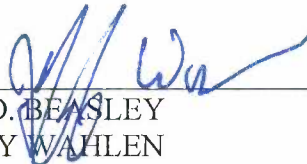
6. The Parties entered into the 2020 Agreement, each for their own reasons, but all in recognition that the cumulative total of the regulatory activity before the Commission involving Tampa Electric and the other investor owned electric utilities – now and for the rest of 2020 - is greater than normal. To maximize the administrative and regulatory efficiency benefits inherent in the 2020 Agreement for the Parties and the Commission, and the public, Tampa Electric, with the support of the Parties, requests that the Commission schedule the 2020 Agreement for consideration in all four of the above-styled dockets at an agenda conference as soon as possible.

7. The standard for approving a settlement agreement is whether it is in the public interest.¹ The 2020 Agreement is in the public interest for the reasons specified above and as specified in the agreement itself. The Parties to the 2020 Agreement agree that the 2020 Agreement is in the public interest and should be approved.

8. The undersigned counsel has consulted with counsel for the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, the Federal Executive Agencies and the West Central Florida Hospital Utility Alliance and is authorized to represent that they support and agree-to this Motion.

DATED this 27th day of April, 2020.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

¹ See Order No. PSC-2020-0084-S-EI, issued March 20, 2020, in Docket No. 20190061-EI (Petition for Approval of SolarTogether program and tariff, by Florida Power & Light Company) at 5, citing Sierra Club v. Brown, 243 So. 3d 903, 910-913 (Fla. 2018); Order No. PSC-13-0023-S-EI, issued on January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company; Order No. PSC-11-0089-S-EI, issued February 1, 2011, in Docket Nos. 080677-EI and 090130-EI, In re: Petition for increase in rates by Florida Power & Light Company and In re: 2009 depreciation and dismantlement study by Florida Power & Light Company; Order No. PSC-10-0398-S-EI, issued June 18, 2010, in Docket Nos. 090079-EI, 090144-EI, 090145-EI, and 100136-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., and In re: Petition for approval of an accounting order to record a depreciation expense credit, by Progress Energy Florida, Inc.; Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, In re: Petition for rate increase by Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 27th day of April, 2020 to the following:

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* Docket No. 20200092-EI Only

** Docket No. 20200067-EI and
Docket No. 20200092

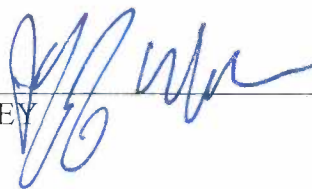
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ATTORNEY



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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 25-6.030, F.A.C.,) Tampa Electric Company) _____)	Docket No. 20200067-EI
In re: Storm protection plan cost recovery) Clause) _____)	Docket No. 20200092-EI

2020 SETTLEMENT AGREEMENT

THIS AGREEMENT is dated this 27th day of April 2020 and is by and between Tampa Electric Company (“Tampa Electric” or the “company”) and the Office of Public Counsel (“OPC” or “Citizens”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), the Federal Executive Agencies (“FEA”) and the West Central Florida Hospital Utility Alliance (“HUA”). Collectively, Tampa Electric, OPC, FIPUG, FRF, FEA and HUA shall be referred to herein as the “Parties” and the term “Party” shall be the singular form of the term “Parties.” OPC, FIPUG, FRF, FEA and HUA will be referred to herein as the “Consumer Parties.” This document shall be referred to as the “2020 Agreement.”

Recitals

2017 Agreement

A. Tampa Electric is operating under its 2017 Amended and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved by the Florida Public Service Commission

ATTACHMENT A

(“FPSC” or “Commission”).¹ Among other things, paragraph 6 of the company’s 2017 Agreement contains a provision that authorizes the company to recover the costs of certain qualifying solar generating projects through a solar base rate adjustment mechanism (“SoBRA”) based on projected costs and estimated in-service dates, with true-ups for both. It also contains provisions addressing depreciation [paragraph 8], customer rates [paragraph 3(a)], other cost recovery [paragraph 4], storm damage [paragraph 5] and changes in federal and state income tax rates [paragraph 9].

B. The Commission has approved three SoBRAs for Tampa Electric totaling 550 MW of solar capacity. The First SoBRA was approved by Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI. The Second SoBRA was approved by Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI. The Third SoBRA was approved by Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 20190136-EI. The Commission has also approved two base rate reductions for Tampa Electric to reflect changes to federal and state corporate income tax rates (Docket Nos. 20180045-EI and 20190203-EI) and approved cost recovery for four named storms by Tampa Electric without a base rate increase or storm surcharge appearing on customers’ bills (Docket No. 20170271-EI) — all pursuant to the 2017 Agreement. The 2017 Agreement has promoted regulatory certainty and efficiency and has proven to be in the public interest.

Fourth SoBRA
and First and Second SoBRA True-Up

C. On February 27, 2020, Tampa Electric filed a notice with the Commission advising the Commission and Consumer Parties to the 2017 Agreement that it has met the requirements to

¹ The Commission approved the 2017 Agreement by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

qualify to petition for approval of its Fourth SoBRA totaling 45.7 MW with an effective date of January 1, 2021. The Commission opened Docket No. 20200064-EI for use when the company files its final SoBRA petition.

D. Tampa Electric will soon be filing a petition to true-up its First and Second SoBRAs. The company will request approval of tariff changes that reflect the actual annual revenue requirements for the seven projects in the First and Second SoBRAs and permission to implement those changes effective with the first billing cycle for January 1, 2021, or another date to be decided by the Commission. The company will also request that the FPSC approve the company's proposed revenue true-up — a credit to customers — and to allow the company to apply the credit amount to customers through the Capacity Cost Recovery Clause for 2021. The Office of Public Counsel plans to intervene in that proceeding.

Software Amortization Petition

E. On February 28, 2020, Tampa Electric filed a petition (Docket No. 20200065-EI) seeking FPSC permission to eliminate an approximately \$16 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. OPC filed a notice of intervention in that docket on March 24, 2020. The Commission acknowledged OPC's intervention by Order No. PSC-2020-0091-PCO-EI, issued on March 27, 2020.

Storm Protection Plan and Cost Recovery Clause

F. In 2019, the Florida Legislature enacted section 366.96, Florida Statutes, entitled "Storm protection plan cost recovery." Section 366.96(3) requires Tampa Electric and the other public electric utilities to file a transmission and distribution storm protection plan ("SPP") at least every three years that covers the immediate 10-year planning period, and explain the systematic

approach they will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. The Commission must determine whether it is in the public interest to approve, approve with modification, or deny each utility's transmission and distribution storm protection plan no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule. The new statute also creates a storm protection plan cost recovery clause ("SPPCRC") to promote the timely recovery of costs incurred by a utility pursuant to its Storm Protection Plan. Rules 25-6.030 and 25-6.031, Florida Administrative Code, were adopted by the Commission to implement section 366.96.

G. Rule 25-6.030 requires each utility to file a SPP at least every three years with the Commission, and specifies the required elements of the utility's SPP. Subsection 25-6.030(3)(h) requires a Plan to include "an estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility's typical residential, commercial, and industrial customers." Pursuant to the Order Establishing Procedure for the SPP Dockets, each public electric utility, including Tampa Electric, must file a SPP by April 10, 2020.

H. Rule 25-6.031 governs the new SPPCRC created by section 366.93, Florida Statutes. Subsection 6(b) of that rule states: "Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism."

I. The FPSC established Docket No. 20200067-EI for the filing and approval of Tampa Electric's SPP. It also opened Docket No. 20200092-EI for the consideration of issues related to SPP costs through the SPPCRC. Tampa Electric anticipates filing its petition for storm protection plan cost recovery in Docket No. 20200092-EI (SPPCRC), as required by the Docket Schedule, in late July 2020.

Overall Regulatory Activity

J. The cumulative total of the regulatory activity described above, together with the other annual clause proceedings and other dockets pending at the FPSC, is greater than normal and led Tampa Electric, OPC, and the other Consumer Parties to discuss ways to resolve some or all of the potentially time-consuming issues in the dockets listed above by agreement or stipulation in a manner that promotes regulatory economy and administrative efficiency and that serves the public interest. This 2020 Agreement is the product of those discussions and is being filed for approval in the above-styled four Dockets to resolve some or all of the issues in those dockets as discussed further below.

K. The Parties have entered into this 2020 Agreement in compromise of positions taken in accord with their rights and interests under chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties to this 2020 Agreement, each Party has agreed to concessions to the others with the expectation, intent, and understanding such that all provisions of the 2020 Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties. The Parties agree that this 2020 Agreement is in the public interest and should be approved.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this 2020 Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Terms

I. Docket No. 20200064-EI: Petition to Approve Fourth SoBRA

The Parties agree and stipulate as follows:

1. OPC has taken the position that, for the company to meet the cost cap trigger for the 2021 Tranche specified in paragraph 6 of the 2017 Agreement (“Fourth SoBRA”), a two-part test applies, namely: the average cost of the projects in the First SoBRA must be less than or equal to \$1,475 per kWac and, in addition, the average cost of the projects in the Second SoBRA must be less than or equal to \$1,475 per kWac.

2. The company believes that for the company to meet the cost cap trigger for the Fourth SoBRA, a one-step test applies, namely: the average cost of the projects in the First and Second SoBRAs, taken together, must be at or below \$1,475 per kWac.

3. To the extent the costs of the actual First and Second SoBRA projects as determined in the company’s First and Second SoBRA True-Up docket make this difference an issue in Docket No. 20200064-EI, the Parties stipulate that the one-step test as described in paragraph 2 above shall be used to assess eligibility of the Fourth SoBRA for recovery under the SoBRA mechanism.

4. Nothing in this agreement shall limit any party to Docket No. 20200064-EI from taking any position, offering any evidence or advocating as it desires in Docket No. 20200064-EI, except as specified in paragraph 3.

II. Docket No. 20200065-EI: Intangible Software Amortization Surplus.

The Parties agree and stipulate as follows:

5. The surplus in the company’s accumulated amortization reserve for Intangible Software in Account 303.15 as of December 31, 2019, was \$15,971,292.

6. Granting the relief requested by Tampa Electric in Docket No. 20200065-EI (“Software Amortization Petition”) will not violate the 2017 Agreement or require the 2017 Amendment to be amended.

7. The relief requested by Tampa Electric in Docket No. 20200065-EI shall be granted.

8. Tampa Electric shall eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020.

9. Tampa Electric shall record the approximately \$16.0 million credit to amortization expense ratably over 12 months beginning retroactively in January 2020.

III. Storm Protection Plan, Cost Recovery Clause and Base Rate True-Up

The Parties agree and stipulate as follows:

10. Project-level Detail. Except for the four Programs specified below, Tampa Electric has included project-level detail for all Projects for 2020 in its initial Storm Protection Plan filed on April 10, 2020, for approval by the FPSC. It will provide project-level detail for all Projects it is planning for 2021 to the Consumer Parties on or before April 23, 2020. It will also include project-level detail for Projects it is planning for 2020 and 2021 when it files its petition for cost recovery through the SPPCRC. The Parties agree that the following three Programs do not have project components: (1) Vegetation Management, (2) Infrastructure Inspections and (3) Legacy Storm Hardening Plan Initiatives,² so project level detail is not needed or required for these three

² The term “Legacy Storm Hardening Plan Initiatives” refers to seven initiatives contained in the company’s last approved storm hardening plan that it has included in its SPP as one program with that name. The seven programs are Geographic Information System, Post-Storm Data Collection, Outage Data – Overhead and Underground Systems, Increase Coordination with Local Governments, Collaborative Research, Disaster Preparedness and Recovery Plan and Distribution Pole Replacement, and are described in Section 6.8 of the company’s SPP.

Programs for 2020 and 2021. The Parties further agree that the company's Extreme Weather Hardening Study³ does not have project components for at least 2020 and 2021; therefore, project level detail is not needed or required for this program in 2020 and 2021.

11. Operations and Maintenance Expenses. Tampa Electric will seek recovery of incremental Operations and Maintenance (O&M) expenses related to its proposed SPP programs in the following manner:

(a) Rather than recovering incremental SPP O&M expenses (i.e., SPP O&M costs that are over and above the O&M costs already recovered through base rates) through the SPPCRC, the company will seek to recover all of the O&M expenses associated with activities in its SPP through the SPPCRC (except as otherwise provided herein) and will reduce its base rates on a one-time basis by an agreed-upon amount. The agreed-upon, one-time base rate reduction amount is specified in paragraph 11(c), below, and reflects a good faith determination of the annual O&M expenses associated with six activities ("Six Activities")⁴ that were being incurred prior to the filing of the company's SPP⁵, are currently being recovered through the company's base rates,

³ As explained in section 6.4 of its SPP, the company's Substation Extreme Weather Hardening Program is designed to harden existing substations to minimize outages, reduce restoration times and enhance emergency response during extreme weather events. Hardening Projects within this Program could involve the installation of extreme weather protection barriers; installation of flood or storm surge prevention barriers; additions, modifications or relocation of substation equipment; modification to the designs of the company's substations; or other approaches identified to protect against extreme weather damage in or around the company's substations.

⁴ The six activities are Planned Distribution Vegetation Management, Planned Transmission Vegetation Management, Transmission Vegetation Management – ROW Maintenance, Infrastructure Inspections, Distribution and Transmission Wood Pole Inspections and Transmission Asset Upgrades. The first three are now included in the company's proposed Vegetation Management SPP program. The next two have been included in the company's proposed SPP Infrastructure Inspection program. Transmission Asset Upgrades is included in the company's proposed SPP in a program by that name.

⁵ There are two additional activities (Targeted Critical Facilities/Flood Damage Mitigation and Targeted Distribution Overhead Feeder Hardening) that are included in the company's SPP and shown on Exhibit One; however, the company did not incur O&M expenses for these activities in 2017, 2018 and 2019 and the agreed-to base rate reduction in paragraph 11(c) does not include O&M expenses for these activities. The costs associated with a third category of activity included in the SPP — Joint Use Pole Attachments Audits — are borne by the entities that attach to the company's poles, so the net expense to Tampa Electric for that activity is zero and did not factor into the calculation of the agreed-to base rate reduction.

have been included in the company's proposed SPP and for which the company will seek cost recovery through the SPPCRC. The purpose of the one-time, agreed-upon base reduction is to streamline cost recovery for the expenses associated with the Six Activities, so that all O&M expenses associated with the activities reflected in the SPP will be recoverable (subject to prudence review) via the SPPCRC, except as otherwise provided herein. The intent of this base rate true-up is to promote transparency and to ensure that the O&M expenses the company will recover through the SPPCRC do not include O&M expenses 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).

(b) The specified amount of base revenue reduction described above will be accomplished through one-time reductions to base rates using the cost allocation and rate design principles reflected in paragraph 3 of the 2013 Stipulation among the Parties as modified by paragraph 3 of the 2017 Agreement, and those same cost allocation and rate design principles shall be used to develop the cost recovery factors/rates that will be used for SPP cost recovery in the SPPCRC beginning in 2020 and annually thereafter as provided in paragraph 3(g) of the 2017 Agreement. The one-time base rate reductions will become effective contemporaneous with the beginning of cost recovery via the SPPCRC and remain in effect until the next Commission-approved change in the company's general base rates (i.e., in the company's next general base rate case). The company will file the revised tariffs necessary to implement the one-time base rate reduction specified herein for Commission approval in Docket No. 20200092-EI within a reasonable time following approval of this 2020 Agreement and on a schedule such that the necessary customer notices can be given and the proposed base rate reduction can become effective contemporaneous with the effective date of cost recovery by the company under the SPPCRC.

(c) For each category of O&M expense for which cost recovery will be moved from base rates to SPPCRC (i.e., the Six Activities), the specified amount of base revenue reduction should be calculated as the company's average actual O&M expense for the most recent two years and grossed up for the regulatory assessment fee which is not reflected as a separate line-item on customers' bills. Based on the company's current plan to seek cost recovery under the SPPCRC in 2020, the company has calculated, and the Parties agree, that Tampa Electric's 2-year average actual annual O&M expense amounts for the Six Activities for 2018 and 2019 totals \$15.0 million per year as shown on Exhibit One and the grossed-up amount of the annual base revenue reduction is \$15,010,800. The manner in which this \$15.0 million O&M expense amount has been grossed up to reflect the \$15,010,800 annual base revenue reduction to be made is set out in Exhibit Two to this agreement.

(d) For purposes of this paragraph 11, the Parties intend that the \$15,010,800 agreed-upon base revenue reduction be final and not subject to further true-up, unless any of the Six Activities as a category used to calculate the \$15.0 million annual O&M expense amount are not allowed for cost recovery through the SPPCRC, in which case, the \$15.0 million amount and related base revenue reduction shall be reduced by the associated amounts shown in Exhibit One multiplied by the Regulatory Assessment Fee Multiplier shown on Exhibit Two Notwithstanding the foregoing, 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.

(e) In its 2020 SPPCRC filing, Tampa Electric may seek to recover 2020 SPP O&M expense for the Six Activities in the period May to December 2020 only to the extent that the May 2020 to December 2020 total expense for those activities exceeds the average of the total expense

incurred by the company for those activities in May through December 2018 and May through December 2019 as shown on Exhibit Three (i.e., \$10.4 million).

(f) Most of the Vegetation Management Program activities in the company's SPP are planned, meaning that the company develops a scheduled Vegetation Management plan that it intends to follow, i.e., trim specific circuits, etc. The company engages in two other general types of vegetation management activities, namely: (1) Vegetation Management associated with named storms, the costs of which are subject to recovery under paragraph 5 of the 2017 Agreement and the FPSC's storm cost recovery rules and (2) unscheduled or unplanned vegetation management activities necessitated by minor storm damage, identification of danger trees, automobile accidents, routine repair work and the like ("Unplanned Vegetation Management"). Even though the company's SPP includes Unplanned Vegetation Management as part of its overall Vegetation Management program, the company will continue to recover costs associated with Unplanned Vegetation Management activities through base rates and will not seek recovery of costs associated with those activities through the SPPCRC.

12. Rate Base Items. Tampa Electric will seek recovery of return on capital expenditures and assets related to the SPP programs, as well as the incremental depreciation expense for the SPP assets, in the following manner:

(a) Cost recovery for capital projects initiated prior to April 10, 2020, shall remain recovered through base rates. This means that both the return on investment associated with a capital project initiated before April 10, 2020 and the related depreciation expense shall continue to be recovered through base rates and will not be recoverable through the SPPCRC. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's

accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order in which costs have been posted before April 10, 2020 shall not be eligible for cost recovery through the SPPCRC.

(b) The return on investment and depreciation expense associated with capital projects initiated on or after April 10, 2020, shall be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket. For purposes of this section, a project shall be considered "initiated" when, in the normal and ordinary course of business, the first dollar is posted to the project work order as reflected in the company's accounting system in accordance with the company's standard accounting procedures. This means that any capital project with an open work order that did not have any costs charged to it before April 10, 2020, or opened on or after April 10, 2020, may be eligible for cost recovery through the SPPCRC, subject to a prudency review in the SPPCRC docket.

(c) To ensure that there is no double recovery between base revenue and SPPCRC revenue, the company will employ the following protocols for capital items:

(i) For assets being retired and replaced with new assets as part of a program in the company's SPP, the company will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to the company's accumulated depreciation reserve according to normal regulatory plant accounting procedures.

(ii) For SPP capital projects, any depreciation expense from SPP asset additions will be reduced by the depreciation expense savings that results from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

(iii) Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets in retail rate base from capital and assets being recovered through the SPPCRC.

(iv) Whenever the company petitions for a change to its base rates and charges pursuant to sections 366.06 and/or 366.07, Florida Statutes, the assets being recovered that have been determined prudent through a final true-up in the SPPCRC by the Commission as of the end of the historic year presented in the company's minimum filing requirement schedules may, at the Company's option, be simultaneously removed from SPPCRC recovery and included in retail rate base for the applicable test year by appropriate proforma adjustments. Thereafter, new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates may be submitted for recovery through the SPPCRC petition process.

13. Distribution Pole Replacements. Distribution Pole Replacement is a legacy storm hardening activity that is included in the company's SPP in section 6.8.7. Due to the large number of annual pole replacements and the challenges associated with accounting for the associated mass asset additions and retirements, and as a matter of accounting and administrative efficiency, the company will include distribution pole replacements within its SPP; however, cost recovery for the plant additions and retirements associated with all distribution pole replacements (for the avoidance of doubt, this includes like kind replacements, replacements of existing poles with higher class wood poles, and/or concrete or steel for wood distribution poles identified through the company's Infrastructure Inspection Program) will remain through base rates, not through the SPPCRC. The company will also not seek recovery of the O&M expenses from asset transfers related to distribution pole replacements⁶ through the SPPCRC.

⁶ During a capital project that involves changing out a distribution pole, the costs associated with moving supporting fixtures and conductors and transferring them to new distribution poles, which sometimes involves rearranging and

14. No Bundling. The company will not, as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction (“AFUDC”) in Rule 25-6.0141, Florida Administrative Code, aggregate SPP capital projects (a) that are not in the same geographic vicinity or (b) that would otherwise only be aggregated solely because the projects or activities: (i) are part of the same SPP program; (ii) will be performed by the same contractor; (iii) are part of the same SPP program budget or (iv) are being managed by the same company project manager.

15. Other SPP items.

(a) Nothing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudence of all or part of any SPP program or project in any future proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200067-EI or 2020092-EI.

(b) To the extent the base rate adjustment described in paragraph 11 is inconsistent with paragraph 4 of the 2017 Agreement, the Parties agree that the 2017 Agreement is hereby amended, as necessary to accomplish the base rate adjustment.

(c) Beginning October 1, 2020 and for a period of up to 60 days thereafter, Tampa Electric shall meet with the Parties and will work in good faith with them to identify a method acceptable to all of the Parties to modify the analytical framework used in the development of the company’s SPP in Docket No. 20200067-EI that: (1) complies with applicable statutes and rules and (2) reasonably recognizes the importance of protecting transmission and distribution facilities serving public safety customers and critical public infrastructure (e.g., hospitals, fire stations,

changing the location of plant not retired, are considered an O&M expense pursuant to CFR Title 18. Chapter 1, Subchapter C, Part 101: Operating Expense Instructions, 2. Maintenance, and CFR Title 18. Chapter 1, Subchapter C, Part 101: Account 593.

police stations, military installations, ports, airports, etc.). The company shall use any such unanimously and mutually agreed-upon method consistent with applicable statutes and rules when it prepares and files its next SPP for FPSC approval and thereafter unless the resulting modified framework is changed by agreement of the Parties.

IV. Other Provisions

16. Commission Approval.

(a) The provisions of this 2020 Agreement are contingent on approval of this 2020 Agreement in its entirety by the Commission without modification, regardless of the sequence of the individual above styled Docket decisions; further, any decision by the Commission not to approve any provision of this Agreement shall, per se and as a matter of law, render the Agreement null and void and of no force or effect. The Parties further agree that this 2020 Agreement is in the public interest, that they will support this 2020 Agreement and that they will not request or support any order, relief, outcome, or result in conflict with the terms of this 2020 Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this 2020 Agreement or the subject matter hereof.

(b) No Party will assert in any proceeding before the Commission that this 2020 Agreement or any of the terms in the 2020 Agreement shall have any precedential value. The Parties' agreement to the terms in the 2020 Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this 2020 Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this 2020 Agreement by virtue of that Party's signature on, or participation in, this

2020 Agreement. It is the intent of the Parties to this 2020 Agreement that the Commission's approval of all the terms and provisions of this 2020 Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this 2020 Agreement endorses a specific provision, in isolation, of this 2020 Agreement by virtue of that Party's signature on, or participation in, this 2020 Agreement.

(c) The Parties intend, and agree to request, that the Commission's order state that approval of this 2020 Agreement in its entirety will resolve the matters as specified herein in Docket Nos. 20200064-EI, 20200065-EI, 20200067-EI, and 20200092-EI and in accordance with section 120.57(4), Florida Statutes.

(d) No Party shall seek appellate review of any Commission order approving this 2020 Agreement in its entirety.

17. Disputes. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this 2020 Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

18. Execution. This 2020 Agreement is dated as of April 27, 2020. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this 2020 Agreement by their signature(s):

Tampa Electric Company
702 N. Franklin Street

Tampa, FL 33601

By

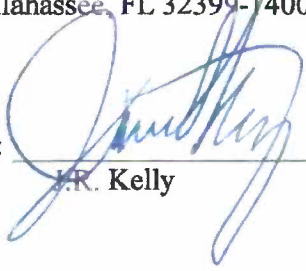
E-Signed: 04/27/2020 12:51 PM EDT
<i>Nancy Tower</i>
ntower@tecoenergy.com
IP: 66.35.152.98
Sertifi Electronic Signature
DocID: 20200427113456645

Signature Page to 2020 Agreement

Office of Public Counsel
J. R. Kelly, Esquire
Public Counsel
Charles Rehwinkel, Esquire
Deputy Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400


By: _____

J.R. Kelly




Signature Page to 2020 Agreement

The Florida Industrial Power Users Group
Jon C. Moyle, Jr., Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  _____ 4/27/20
Jon C. Moyle, Jr.

Signature Page to 2020 Agreement


Florida Retail Federation
Robert Scheffel Wright
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By: 
Robert Scheffel Wright

Signature Page to 2020 Agreement

Federal Executive Agencies

Thomas Andrew Jernigan, Esquire
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403

By: 
Thomas Jernigan

Signature Page to 2020 Agreement

WCF Hospital Utility Alliance
Mark F. Sundback
Sheppard Mullin
2099 Pennsylvania Ave., Suite 100
Washington, D.C. 20006-6801
msundback@sheppardmullin.com

By: Mark F. Sundback - JFW
Mark F. Sundback

TAMPA ELECTRIC'S STORM PROTECTION PLAN O&M EXPENSES (\$ Million)

Recovered Through SPP Clause	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Planned	10.3	13.8	12.0
Transmission Vegetation Management - Planned	0.8	0.8	0.8
Transmission Vegetation Management - ROW Maintenance	0.4	0.5	0.5
Infrastructure Inspections	0.4	0.5	0.4
Distribution & Transmission Wood Pole Inspections	1.2	1.3	1.3
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.1	0.1	0.1
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total SPP Clause	13.2	16.9	15.0

Recovered Through Base Rates	2018 Actual	2019 Actual	2018-2019 Average
Distribution Vegetation Management - Unplanned	1.6	2.2	1.9
Transmission Vegetation Management - Unplanned	-	-	0.0
Distribution Pole Replacement	0.8	0.7	0.8
Disaster Preparedness and Recovery Plan	0.2	0.3	0.2
Geographical Information System	-	-	-
Post Storm Data Collection	-	-	-
Outage Data - Overhead and Underground	-	-	-
Increase Coordination with Local Governments	-	-	-
Collaborative Research	-	-	-
Total Base Rates	2.6	3.2	2.9
Total SPP O&M Expenses	15.8	20.1	17.9

Note: Totals may not sum due to rounding.

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT ONE

**TAMPA ELECTRIC'S STORM PROTECTION PLAN BASE RATE REVENUE
REQUIREMENT REDUCTION FOR CLAUSE RECOVERY**

(\$)

Revenue Requirement Calculation:	
Agreed Upon SPP O&M Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	15,000,000
Agreed Upon SPP Capital Expenses Currently Recovered through Base Rates to be Recovered through the SPP Clause	0
Agreed Upon Expense Amount Related to Base Revenue Reduction	15,000,000
Regulatory Assessment Fee Multiplier ⁷	1.00072
Revenue Requirement to Be Used for Base Rate Revenue Reduction	15,010,800

Proof of Net Impact of Base Rate Revenue Reduction:	
Lower Base Revenue	(15,010,800)
Resulting Lower Regulatory Assessment Fee Expense	10,800
Net Reduction to Pre-Income-Tax Operating Income	(15,000,000)

TAMPA ELECTRIC COMPANY
2020 AGREEMENT
EXHIBIT TWO

⁷ Each investor-owned electric company shall pay a regulatory assessment fee in the amount of .00072 of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives or any combination thereof. *Rule 25-6.0131(1)(a), F.A.C.*

TAMPA ELECTRIC COMPANY
(\$ Million)

Actual May – December	2018	2019	2018-2019
STORM PROTECTION PLAN O&M EXPENSES	ACTUAL	ACTUAL	AVERAGE
TO BE RECOVERED THROUGH SPP CLAUSE			
Distribution Vegetation Management - Planned	6.9	10.1	8.5
Transmission Vegetation Management - Planned	0.4	0.3	0.4
Transmission Vegetation Management - ROW Maintenance	0.2	0.4	0.3
Infrastructure Inspections	0.3	0.3	0.3
Distribution & Transmission Wood Pole Inspections	1.2	0.6	0.9
J/U Pole Attachments Audit	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-
Total - Clause	9.0	11.8	10.4

"Exhibit Three"

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2018 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	0.8	0.8	0.7	1.0	0.6	0.8	1.0	1.2	6.9
Transmission Vegetation Management - Planned	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4
Transmission Vegetation Management - ROW Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Infrastructure Inspections	0.0	0.0	0.1	(0.0)	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.0	(0.0)	-	0.1	0.2	0.2	0.4	0.3	1.2
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.0	0.9	0.9	1.2	0.9	1.1	1.5	1.6	9.0

TAMPA ELECTRIC COMPANY
(\$ Million)

STORM PROTECTION PLAN O&M EXPENSES	2019 (May - Dec) Actual								
TO BE RECOVERED THROUGH SPP CLAUSE	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution Vegetation Management - Planned	1.4	1.0	1.3	1.2	0.9	1.3	1.2	1.9	10.1
Transmission Vegetation Management - Planned	0.0	0.1	(0.0)	0.0	0.2	0.1	0.0	0.0	0.3
Transmission Vegetation Management - ROW Maintenance	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.4
Infrastructure Inspections	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Distribution & Transmission Wood Pole Inspections	0.1	0.2	0.0	0.0	0.0	0.0	0.3	0.0	0.6
J/U Pole Attachments Audit	-	-	-	-	-	-	-	-	-
Transmission Asset Upgrades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Targeted Critical Fac. / Flood Damage Mitigation	-	-	-	-	-	-	-	-	-
Targeted Distribution Overhead Feeder Hardening	-	-	-	-	-	-	-	-	-
Total - Clause	1.7	1.3	1.4	1.2	1.1	1.5	1.6	2.0	11.8

3

TECO's response to Staff Data Request
Nos. 1-9.

Filed May 8, 2020
Docket 20200145-EI.

DN. 02476-2020

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20200145-EI EXHIBIT: 3
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's response to Staff Data
Request Nos. 1-9. Filed May 8, 2020 Docket
20200145-EI DN. 02476-2020 [B...

**TAMPA ELECTRIC COMPANY
DOCKET NO. 2020145-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE 1 OF 6
FILED: MAY 08, 2020**

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. 20200064-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

**TAMPA ELECTRIC COMPANY
DOCKET NO. 2020145-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
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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 kW_{ac}, (2) the average cost of the projects in the Second SoBRA are less than or equal to \$1,475 per kW_{ac} and (3) the average cost of the projects in the First and Second SoBRAs, taken together, are at or below \$1,475 per kW_{ac}.

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.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 2020145-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
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FILED: MAY 08, 2020**

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:

**TAMPA ELECTRIC COMPANY
DOCKET NO. 2020145-EI
STAFF'S FIRST DATA REQUEST
REQUEST NO. 1
PAGE 4 OF 6
FILED: MAY 08, 2020**

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 prudence 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

**TAMPA ELECTRIC COMPANY
DOCKET NO. 2020145-EI
STAFF'S FIRST DATA REQUEST
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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

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\$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.

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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 prudence 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 prudence 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

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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 prudence 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 prudence 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.

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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 prudence determination by the Commission and the Consumer Parties will be free to advocate as they wish on the prudence 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 prudence of specific project costs and levels within approved programs.

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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:

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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.

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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.

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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

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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.

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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.

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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.

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- 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.

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- 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 be 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%

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- 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.

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TECO's response to Staff Data Request No. 1.

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DN. 02581-2020

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20200145-EI EXHIBIT: 4
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's response to Staff
Data Request No. 1. Filed May 14, 2020
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1. Please refer to paragraph 12. (b) on page 12 of the 2020 Agreement. Please explain how the return on investment associated with capital projects initiated on or after April 10, 2020, will be calculated. In your response, please describe which methodology will be employed to determine the weighted average cost of capital for recovery on capital investment through the SPPCRC.
 - A. Tampa Electric will propose to determine the weighted average cost of capital for recovery on capital investment in the Storm Protection Plan Cost Recovery Clause using the approach used in the other clauses that allow a return on investment on plant assets.

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1. Please refer to paragraph 12. (b) on page 12 of the 2020 Agreement. Please explain how the return on investment associated with capital projects initiated on or after April 10, 2020, will be calculated. In your response, please describe which methodology will be employed to determine the weighted average cost of capital for recovery on capital investment through the SPPCRC.
 - A. Tampa Electric's proposed 2020 Agreement is silent on the methodology that will be employed to determine the weighted average cost of capital for recovery on capital investment through the Storm Protection Plan Cost Recovery Clause ("SPPCRC") and that this issue will need to be resolved in Docket No. 20200092-EI. Therein, the company will propose to determine the weighted average cost of capital for recovery on capital investment through the SPPCRC using the approach used in the other clauses that allow a return on investment on plant assets.

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TECO's response to Staff Data Request Nos. 1-7.

Filed April 20, 2020

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PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's response to Staff
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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.					

- A. a. Prior to 2013, accounts 303.00 and 303.01 were used for amortizable software costs. Account 303.00 was used for software amortizable assets with a 5-year life. Account

303.01 was used for software amortizable assets with a 10-year life.

Account 303.15 was created based on the approval of a 15-year amortization period for all computer software beginning January 1, 2013. In November 2013, the assets that were originally mapped to accounts 303.00 and 303.01 were transferred to account 303.15, the software amortizable account with a 15-year life. Please reference Order No. PSC-13-0443-FOF-EI dated September 30, 2013, in Docket No. 130040-EI for the approval to amortize software over a 15-year life.

Tampa Electric created subaccount 303.99 for the intangible software associated with its solar photovoltaic ("PV") facilities and is amortizing that software over a 30-year life as specified in Order No. PSC-15-0573-PAA-EI dated December 18, 2015, in Docket No. 150211-EI.

Account 303.99 uses a 30-year life for solar PV intangible software. All other amortizable intangible software uses a 15-year life under account 303.15. Accounts 303.00 and 303.01 are inactive accounts with a zero balance and both accounts have not been used since 2013.

- b. See the attached chart for the detail requested. The original chart was modified to represent the flow of Account No. 303 activity with formulas. All of the data requested in the Staff's original chart is included in the attached modified version of the chart.

Table 1: TECO's Intangible Accounts

		Active Accounts in 2019-2020			Note 1		
		Non-Solar	Solar	Total	General	ERP	Other
1	Account Description ¹	Software	Software	Software	Software	Software	Accounts
2	Account Number ²	303.15	303.99	Account 303	303.00	303.01	None
3	Intangible assets booked in the account						
4	Amortization period (years)	15	30				
	Actual for the year end 12/31/2019:						
5	Beginning of year plant balance	214,011,038	0	214,011,038			
6	Total plant added	17,979,915	0	17,979,915			
7	Retirements	0	0	0			
8	Plant adjustments or transfers	2,407,844	415,159	2,823,004			
	12/31/2019 End of year plant balance	234,398,797	415,159	234,813,956			
9	Beginning of year reserve balance	66,784,075	0	66,784,075			
10	Total amortization expense	14,725,798	1,152	14,726,950			
11	Reserve adjustments or transfers	1,576,470	3,349	1,579,819			
	12/31/2019 End of year reserve balance	83,086,343	4,501	83,090,843			
	Estimates for the year end 12/31/2020:						
12	Beginning of year plant balance	234,398,797	415,159	234,813,956			
13	Total plant added	36,437,222	0	36,437,222			
14	Retirements	0	0	0			
15	Plant adjustments or transfers	0	0	0			
	12/31/2020 End of year plant balance	270,836,019	415,159	271,251,178			
16	Beginning of year reserve balance	83,086,343	4,501	83,090,843			
17	Total amortization expense	16,416,898	13,700	16,430,598			
18	Reserve adjustments or transfers		0	0			
	12/31/2020 End of year reserve balance	99,503,240	18,201	99,521,441			
19	12/31/2019 Total Surplus / (Deficiency)	15,971,292	(2,418)	15,968,874			
	^{1,2} Source of information: Petition, pages 2 and 3, and Attachment One						
	Row 19 is inserted to include the surplus / (deficiency) disclosed in Attachment One of the Petition.						
	Blue font denotes formulas to derive the data represented.						
Note 1:	Prior to 2013, Accounts 303.00 and 303.01 were used for software amortization. Account 303.00 was used for software amortizable assets with a 5-year life. Account 303.01 was used for software amortizable assets with a 10-year life. Account 303.15 was created based on the approval of a 15-year amortization period for all computer software beginning January 1, 2013. In 2013, the Intangible Software assets that were originally mapped to Accounts 303.00 and 303.01 were transferred to Account 303.15, the software amortizable account with a 15-year life. Accounts 303.00 and 303.01 have not been used since 2013, and have a zero balance. Currently, Tampa Electric has two active accounts under Account 303 (Accounts 303.15 and 303.99); there are no other subaccounts under Account 303 on the company's books and accounting records at this time.						

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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.
 - A. Prior to January 1, 2013, Account 303.00 was used for software amortizable assets with a 5-year life and Account 303.01 was used for software amortizable assets with a 10-year life.

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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 (**Revised 10.7**) years, TECO's stated average remaining life of Account 303;
 - c. No reserve surplus credit or amortization.
- A.
- a. The \$16 million credit of the intangible software accumulated amortization reserve surplus to amortization expense in 2020 would have a projected return on equity (ROE) impact of 38 basis points, moving the current forecast of 9.41% to 9.79%.
 - b. Please note a correction ... 303.15.' The \$16 million credit of the intangible software accumulated amortization reserve surplus to amortization expense over the average remaining life of Account 303.15 of 10.7 years would have a projected ROE impact of 4 basis points, moving the current forecast of 9.41% to 9.45%.
 - c. If no surplus credit to amortization occurs, then there would be no ROE impact, leaving the current forecast at 9.41%.

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 signators, 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.
- A.
- a. Tampa Electric has sought the opinions of OPC, FRF, FEA, and FIPUG regarding whether the petition violates the 2017 Agreement.
 - b.
 - i) Tampa Electric believes that OPC, FRF, FEA, and FIPUG agree that the petition can be granted without violating the 2017 Agreement and is working with them to formalize that in writing.
 - ii) See above.

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- c. Tampa Electric served the petition on counsel for HUA by email when it was filed on February 28, 2020, and has contacted HUA to discuss it. Tampa Electric will update this response when those discussions have been concluded.

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5. Please refer to the Petition, page 11, Item 26(l), for the questions below:
- 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 (**Revised 10.7**) 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 (**Revised \$1.6**) 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."
- A. a. See the response to Request No. 1.b. above. Account 303 is composed of the active subaccounts 303.15 and 303.99.

**TAMPA ELECTRIC COMPANY
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- b. Please note a correction to Request No. 5.b. as recounted above, the account should change from 'Account 303' to 'Account 303.15.'

Since non-solar PV intangible software has been using a 15-year amortization period since January 1, 2013, as of December 31, 2019 the average remaining life for Account No. 303.15 is 10.7.

- c. Please note a correction to Request No. 5.c. as recounted above, the account should change from 'Account 303' to 'Account 303.15.'

See the response to Request No. 1.a. above. As of January 1, 2013, Account No. 303.15 has an average service life of 15 years with an annual depreciation rate of 6.7% (1/15 years). As of December 31, 2019, Account No. 303.15 has an average age of 4.3 years.

- d. See the response to Request No. 1.b. above. Account No. 303 is comprised of two accounts: Account Nos. 303.15 and 303.99.

Tampa Electric has been amortizing non-solar PV intangible software under Account No. 303.15 using a 15-year amortization period since January 1, 2013. This account is primarily new or upgraded software platforms related to SAP CRB, SAP ERP, PowerPlan, AML, Sharepoint, HR/ServiceOne, Microsoft Windows 7/10, NERC, CIS, GIS, EMS, ETRM, IVR, PROMOD upgrade, PragmaCAD, and Motorola SmartNet.

The company has been amortizing solar PV intangible software under Account No. 303.99 using a 30-year amortization period since January 1, 2019. This account is

primarily related to ABB Portfolio Optimization software with a minimal amount associated with SCADA.

- e. The attached chart provides the information requested. Based on the approximate \$1.6 million annual reduction to the intangible software amortization expense from Account No. 303.15, the remaining life formula, with a surplus included, calculates a revised depreciation rate from 6.7% to 6.0% per year.
- f. See the response to Request No. 3.b. above.
- g. Based on the company's forecast for 2020 and actual results as of February 28, 2020 when the petition was filed, the company was concerned that weather and other uncontrollable circumstances could cause the company's earned 13-month average return on equity to fall below 9.25% in the third quarter of 2020, in which case it would be entitled under the 2017 Agreement to request a base rate increase to be effective prior to January 1, 2022, i.e., the end of the Stay Out Period. The \$16 million credit to expense requested in the Petition would give the company approximately 38 basis points of return on equity cushion that the company believes will materially improve its ability to earn within its authorized range of return on equity for 2020 and avoid seeking rate relief early.

TAMPA ELECTRIC COMPANY
Annual Depreciation Analysis - Rate Review
Comparison of Rates and Components

Account Number	Account Title	Curve Type	Whole Life			Remaining Life			Annual Expense Accrual		
			Average Service Life (yrs)	Future Net Salvage (%)	Whole Life Rate (%)	Average Remaining Life (yrs)	Reserve Ratio (%)	Future Net Salvage (%)		Depreciation Rate (%)	
303.15	Intangible Software Subaccount	SQ	15	0	6.7	4.3	10.7	35.4	0	6.0	14,063,928
	Order No. PSC-13-0443-FOF-EI		6.7% = 1/15 years							6.7	15,704,719
										Difference	1,640,792

2019
 Asset Cost 234,398,797
 Reserve with Surplus 83,086,342
35.4%

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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 (**Revised \$2,418**) in Account 30399, before crediting the reserve surplus of Account 303 to its amortization expense in 2020. Please explain your response.
 - A. Account 303.99 has a reserve deficiency of \$2,418 as of December 31, 2019. Tampa Electric would not object to a corrective reserve transfer from Account 303.15 to Account 303.99 in the amount of \$2,418 to eliminate the reserve deficiency in Account 303.99.

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7. Referring to the Petition, page 12, Item 27, please elaborate on “the other such relief” TECO envisions “as may be required or appropriate.”
 - A. The term “other such relief as may be required or appropriate” is boiler plate language often included in petitions filed by Tampa Electric. The company does not have any other specific relief in mind, except as mentioned in footnote 5 of the company’s Revised Petition, which relief would be at the discretion of the Commission.

6

TECO's Petition

Filed February 28, 2020

Docket No. 20200065-EI

DN. 01155-2020

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20200145-EI EXHIBIT: 6
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's Petition Filed
February 28, 2020 Docket No. 20200065-EI
DN. 01155-2020 [Bates No. 00072-00088]

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

February 28, 2020

VIA: ELECTRONIC FILING

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

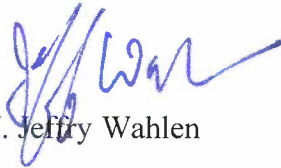
Re: In re: Petition of Tampa Electric Company to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets; Docket No. 2020 ____-EI

Dear Mr. Teitzman:

Attached for filing in the above docket on behalf of Tampa Electric Company is a Petition for Limited Proceeding to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/ne
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
To Eliminate Accumulated Amortization) Docket No. 2020____-EI
Reserve Surplus for Intangible Software Assets) Filed: February 28, 2020
_____)

**TAMPA ELECTRIC COMPANY’S PETITION
FOR LIMITED PROCEEDING TO ELIMINATE ACCUMULATED AMORTIZATION
RESERVE SURPLUS FOR INTANGIBLE SOFTWARE ASSETS**

Pursuant to Sections 366.076, 120.57 and 366.06(3), Florida Statutes, and Rule 28-106.301, F.A.C., Tampa Electric Company (“Tampa Electric” or “the company”) petitions the Florida Public Service Commission (“FPSC” or “the Commission”) for permission to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020, and states:

I. Introduction

A. Depreciation Rules

1. Rule 25-6.0436 requires public utilities to file a depreciation study for each category of depreciable property for Commission review at least once every four years. The term “depreciable property” is not defined in Rule 25-6.0436, but the rule defines “category of depreciable plant” as “[a] grouping of plant for which a depreciation rate is prescribed. At a minimum it shall include each plant account prescribed in subsection 25-6.014(1), F.A.C.”

2. Rule 25-6.014(1) does not specify or list the “plant accounts” to be included in a depreciation study, but rather, incorporates by reference the Uniform System of Accounts (USOA) for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities (2013). Although section 3 of the General Instructions of the USOA (page 389) specifies that accounts 300-399 are “plant accounts,” the Commission has not

addressed amortization of software (Account 303.00 or 303.01) in recent orders disposing of Tampa Electric’s depreciation studies.¹ This point is important to the meaning of the term “depreciation study” in Section 9(c) of the 2017 Agreement² as understood by the parties to that agreement and is addressed further in this petition.

B. Tampa Electric Depreciation Studies and 2013 Rate Case

3. Tampa Electric filed its last depreciation study in 2011. Therein, the company listed Account No. 303.00 Intangible Software Amortizable (“Intangible Software”), but did not propose or seek approval of an amortization period for Intangible Software. See DN 02905-2011, FPSC Docket No. 20110131-EI, filed April 27, 2011, pages 593 and 595. The staff recommendation and Order Approving Depreciation Rates addressing the 2011 depreciation study specifically addressed other amortizable accounts (Account Nos. 391 and 393 – 398), but did not mention or specify an amortization period or rate for Intangible Software. See DNs 01182-2012 and 02009-2012, dated March 1 and April 3, 2012, respectively, in Docket No. 20110131-EI. The

¹ The Commission did not address amortization of Intangible Software (Account No. 303) in the order disposing of Florida Power & Light’s 2009 depreciation and dismantlement study [Order No. PSC-2010-0153-FOF-EI, dated March 17, 2010, Docket Nos. 20090130-EI and 2008067-EI] or in the order disposing of Florida Public Utility Company’s 2015 depreciation study [Order No. PSC-2015-0575-PAA-EI, issued December 21, 2015, Docket No. 20150162-EI]. Gulf Power Company did not include Intangible Software (Account 303) in its 2016 depreciation and dismantlement study [DN 04963-16, July 14, 2016, Docket No. 20160170-EI]. In its 2009 Depreciation Study, which was filed as part of its 2009 rate case, Progress Energy-Florida (now Duke Energy-Florida) classified Account 303.00 (miscellaneous plant) as non-depreciable and did not propose a depreciation or amortization rate. The final order disposing of that depreciation study did not prescribe a depreciation or amortization rate for Account No. 303.00. See Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, Docket No. 20090079-EI [DN 01530-2010]. The Commission has prescribed a 30-year life for the intangible software associated with photovoltaic facilities for Florida Power & Light Company, Tampa Electric and Duke Energy-Florida, but only in conjunction with approval of overall PV depreciation rates and through an asset specific petition, not a general “depreciation study.” See Order No. 08-0731-PAA-EI, issued November 3, 2008, Docket No. 20080543-EI [DN 103342-2008]; Order No. PSC-15-0573-PAA-EI, issued December 18, 2015, Docket No. 20150211-EI [DN 07936-2015] and PSC-16-0115-PAA-EI, issued March 21, 2016, Docket No. 20160017-EI [DN 01482-2016]. Tampa Electric has created subaccount 303.99 for the intangible software associated with its solar PV facilities and is amortizing that software over 30 years as specified in Order No. PSC-15-0573-PAA-EI. It uses a 30-year life for solar PV intangible software and 15 years for all other, which is consistent with the second sentence in paragraph 8(a) of the 2017 Agreement.

² The term “2017 Agreement” refers to the 2017 Amended and Restated Stipulation and Settlement Agreement approved by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

same is true of the company's 2007 Petition to Approve Depreciation Study and Annual Dismantlement Accrual Amounts. See Order No. PSC- 08-0014-PAA-EI, issued January 4, 2008 in Docket No. 20070284-EI [DN 00089-2008].

4. The company filed its last petition for a general base rate increase on April 5, 2013. See DN 01679-2013, Petition of Tampa Electric Company for an Increase in Base Rates and Service Charges, Docket No. 20130040-EI ("2013 Rate Case"). The company's filing used the depreciation and amortization rates approved in Docket No. 20110313-EI; however, because the Commission did not approve amortization rates for Intangible Software in that docket, the company proposed in its rate case filing to amortize its general Intangible Software (Account No. 303.00) over 5 years and its new Enterprise Resource Planning ("ERP") Software (Account 303.01) over 10 years. See DN 01693-2013, MFR schedule B-7, page 10 of 30.

5. As the rate case progressed, the Office of Public Counsel ("OPC") challenged the company's proposed 5- and 10-year amortization periods as too short and proposed a 15-year amortization period for Accounts 303.00 and 303.01. See Direct Testimony of Jacob Pous, filed July 15, 2013 (DN 04004-2013) at pages 5-21. Mr. Pous correctly observed that the Commission did not address amortization of Intangible Software in Docket No. 20110131-TL [page 22]. He also proposed that the company's amortization reserve for Intangible Software be reduced to reflect his proposed, longer amortization period for all software [page 23].

6. Tampa Electric responded to OPC's proposals through rebuttal testimony. See DN 04602-2013, Rebuttal Testimony of Jeffry S. Chronister, filed August 8, 2013 ("Chronister Rebuttal") at pages 13-20. In the course of defending the company's proposed amortization periods of Intangible Software, Mr. Chronister explained that the Commission had not addressed

amortization of intangible assets like software during its review of the company's depreciation studies, and noted:

The five-year amortization period was not at issue in the company's last rate proceeding. The Commission has not addressed amortization of software in this company's depreciation orders or studies. The amortization periods proposed by the company in this case were filed with the Federal Energy Regulatory Commission ("FERC") and were accepted in two wholesale settlement agreements. The company's proposed amortization over ten years is reasonable and appropriate. [Chronister Rebuttal at 14-15] (emphasis added)

7. When asked why Tampa Electric did not seek approval of a 10-year amortization period for its new ERP system when it filed its 2011 depreciation study, Mr. Chronister explained as follows:

The company follow[ed] the long-standing practice of the Commission that the Depreciation Rule 25-6.0436, F.A.C., applies to depreciable tangible property and not to intangible property like rights, consents and software. The company has never requested an amortization period for software in its petitions to change depreciation rates and the Commission and staff have never requested such proposals. To its knowledge, the company has not seen any other Florida electric investor-owned utility file proposals for software amortization in their depreciation studies. [Chronister Rebuttal at 15]

C. 2013 Agreement

8. The company's 2013 Rate Case was resolved by stipulation. On September 8, 2013, Tampa Electric and the Consumer Parties (Office of Public Counsel or "OPC", Florida Industrial Power User's Group or "FIPUG", Florida Retail Federation or "FRF", Federal Executive Agencies or "FEA" and West Central Florida Hospital Utility Alliance or "HUA") filed a Stipulation and Settlement Agreement ("2013 Agreement") that resolved all of the issues in Tampa Electric's 2013 base rate case (Docket No. 20130040-EI). Among other things, Tampa Electric agreed that the general base rates provided for in the 2013 Agreement would remain in effect through December 31, 2017, and thereafter until the company's next general base rate case.

9. The 2013 Agreement also resolved the dispute over the amortization period for Intangible Software, but did not address OPC's proposal to reduce the company's amortization reserve for Intangible Software to reflect its proposed longer (15-year) amortization period. Paragraph 11(b) of that agreement states: "Tampa Electric will use a 15-year amortization period for all computer software beginning effective January 1, 2013." This change in Average Service Life from 5 and 10 years to 15 years triggered the Rule 25-6.0436(1)(e) Remaining Life Technique formula for calculating the annual accrual rate of expense and identification of the the Rule 25-6.0436(1)(i) reserve surplus generated by extending the average remaining life used in the formula.

10. The FPSC approved the 2013 Agreement and memorialized its decision in Order No. PSC-2013-0443-FOF-EI, issued September 30, 2013 ("2013 Agreement Order"). The company began using a 15-year amortization period for all Intangible Software (Account Nos. 303.00 and 303.01) effective January 1, 2013, but did not adjust its accumulated amortization surplus for Intangible Software.

D. 2017 Agreement

11. In late 2016, recognizing that the period in which Tampa Electric agreed to refrain from seeking general base rate increases would expire at the end of 2017, Tampa Electric and OPC began discussing whether the company would be willing and able to (a) refrain from seeking a general base rate increase beyond December 31, 2017 and (b) extend the terms of the 2013 Agreement for an additional period of time. On September 27, 2017, Tampa Electric, OPC and the other Consumer Parties entered into the 2017 Agreement, which was approved by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

12. Paragraph 8(a) of the 2017 Agreement addresses depreciation and amortization rates and depreciation studies and states:

The Parties agree and intend that, notwithstanding any requirements of Rules 25-6.0436 and 25-6.04364, F.A.C., the company shall not be required during the Term of this 2017 Agreement to file any depreciation study or dismantlement study. The depreciation and amortization accrual rates approved by the FPSC and currently in effect as of the Effective Date of this 2017 Agreement shall remain in effect during the Term or the company's next depreciation study, whichever is later. The Parties further agree that the provisions of Rules 25-6.0436 and 25-6.04364, F.A.C., which otherwise require depreciation and dismantlement studies to be filed at least every four years, will not apply to the company during the Term, and that the Commission's approval of this 2017 Agreement shall excuse the company from compliance with the filing requirement of these rules during the Term. (emphasis added)

13. The 2017 Agreement does not specifically address the amortization period for Intangible Software, but because a 15-year period was in effect when it became effective, the 2017 Agreement required the company to continue using a 15-year amortization period for Intangible Software through the term of that agreement.

14. Tampa Electric has been amortizing all Intangible Software (Account Nos. 303.00 and 303.01) using a 15-year amortization period continuously since January 1, 2013 and will continue doing so in accordance with the 2017 Agreement. Nothing in this petition seeks to change that agreed-to and FPSC-approved amortization period.

15. Paragraph 9(c) of the 2017 Agreement addresses the company's next depreciation study, and states:

Notwithstanding the provisions of Subparagraph 8(a) above, the company shall file a depreciation and dismantlement study or studies no more than one year nor less than 90 days before the filing of its next general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, such that there is a reasonable opportunity for the Consumer Parties to review, analyze and potentially rebut depreciation rates or other aspects of such depreciation and dismantlement studies contemporaneously with the company's next general rate proceeding. The depreciation and

dismantlement study period shall match the test year in the company's MFRs, with all supporting data in electronic format with links, cells and formulae intact and functional, and shall be served upon all Consumer Parties and all intervenors in such subsequent rate case.

16. The purpose of this provision is to give the Consumer Parties an opportunity to contest the depreciation and dismantlement rates proposed by the company in its next depreciation study during the company's next rate case. In light of the Commission's action on the company's 2011 depreciation study and the way issues associated with Intangible Software were addressed outside of a depreciation study in the 2013 Stipulation and 2017 Agreement, Tampa Electric believes and asserts that Intangible Software was not expected to be included in the company's next depreciation study, and that eliminating the accumulated amortization surplus for Intangible Software through a credit to amortization expense in 2020 as specified in this petition can be approved by the Commission without violating the 2017 Agreement.³

E. Stay-Out Provision

17. Paragraph 3(b) of the 2017 Agreement states: “[e]xcept as specified in this 2017 Agreement, the company may not petition to change any of its general base rates, charges, credits, or rate design methodologies for retail electric service with an effective date for the new rates, charges, credits, or rate design methodologies earlier than January 1, 2022.” This provision has been referred to by the parties to the 2017 Agreement as the “Stay-Out Provision.”

18. However, Paragraph 7(a) of the 2017 Agreement states: “if Tampa Electric's earned return on common equity falls below 9.25% during the Term on a monthly earnings surveillance report stated on an actual Commission thirteen-month average adjusted basis, Tampa Electric may petition the Commission to amend its base rates either through a general rate proceeding under

³ Tampa Electric has shared a draft of this Petition with counsel for the OPC, FIPUG and FRF and they have not objected to this interpretation.

Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes.“ This language is an exception to the Stay-Out Provision.

II. Preliminary Information

19. The Petitioner’s name and address are:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

20. Any pleading, motion, notice, order or other document required to be served upon Tampa Electric or filed by any party to this proceeding shall be served upon the following individuals:

James D. Beasley
jbeasley@ausley.com
J. Jeffrey Wahlen
jwahlen@ausley.com
Malcolm N. Means
mmeans@ausley.com
Ausley McMullen
Post Office Box 391
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(850) 224-9115
(850) 222-7560 (fax)

Paula K. Brown
regdept@tecoenergy.com
Manager, Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-1444
(813) 228-1770 (fax)

21. Tampa Electric is an investor-owned public utility regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly-owned subsidiary of Emera, Inc. Tampa Electric’s principal place of business is located at 702 North Franklin Street, Tampa, Florida 33602.

22. Tampa Electric serves more than 750,000 retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties, Florida.

23. This Petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the Petitioner is not responding to any proposed agency action.

III. The Accumulated Amortization Reserve Surplus for Accounts 303.00 and 303.01 (“Intangible Software”)

24. Through this petition, Tampa Electric seeks permission from the Commission to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. Doing so is not prohibited by the 2017 Agreement and is in the public interest, because it will materially improve the ability of Tampa Electric to operate through the remainder of the “Stay-Out” (general base rate freeze) period in the 2017 Agreement without petitioning the Commission to increase its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes, as provided in Section 7(a) of that Agreement.

IV. Statement on Disputed Issues of Material Fact

25. Tampa Electric is not aware of any disputed issues of material fact at this time, and does not believe any disputed issues of material fact will arise in this docket.

V. Statement of Ultimate Facts Alleged and Providing the Basis for Relief

26. The ultimate facts that entitle Tampa Electric to the relief requested herein are:

(a) The facts specified in paragraphs 1 through 18, above.

(b) The surplus in the company’s accumulated amortization reserve for Intangible Software as of December 31, 2019 was \$15,971,292.

(c) As of December 31, 2019, excluding the reserve surplus attributable to Intangible Software and as shown on **Attachment One**, there is a net surplus of \$4,002,435 in the accumulated amortization reserve for other general plant accounts (Account Nos. 390 – 399), so

the reserve surplus for Intangible Plant is not needed to address deficiencies in the accumulated reserve for general plant items when the company files its next depreciation study.

(d) The amortization surplus associated with intangible software should not be used to make a corrective reserve transfer to another functional account. Making reserve transfers between general plant items such as Intangible Software and (1) production, transmission, distribution plant, (2) transportation equipment or (3) a dismantlement reserve has not been an accepted practice when preparing and approving a depreciation study. This fact was highlighted in Order No. PSC-12-0175-PAA-EI, issued April 3, 2012, which on page 4 states: “For electric utilities like Tampa Electric, corrective reserve transfers ideally are made within each function (e.g., production or transmission) but not between functions. Jurisdictional separations, purchase power agreements or other lease arrangements may be affected by reserve transfers between functions.”

(e) Fifteen years continues to be a reasonable period over which to amortize the intangible computer software assets recorded in Accounts 303.00 and 303.01.

(f) The company does not intend to propose any change to the 15-year period for amortizing Intangible Software when it next seeks to increase its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes.

(g) Consistent with its last two studies, the company does not intend to seek approval of the amortization period for Accounts 303.00 and 303.01 when it files its next Depreciation and Dismantlement Study.

(h) Tampa Electric desires to honor the Stay-Out Provision in the 2017 Agreement and does not wish to petition the Commission to amend its base rates either through a general rate

proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes, for rates to be effective prior to January 1, 2022.

(i) As noted in Order No. PSC- 2019-0327-PAA- EI, issued on August 9, 2019, in Docket No. 20190107-EI, the passage of the Tax Cuts and Jobs Act in December of 2017 resulted in the loss of bonus depreciation on additions to utility plant which has a negative impact on accumulated deferred income taxes in the Company's capital structure. This negative impact will increase in the future as less income tax is deferred.

(j) All other things being equal, this loss of bonus depreciation has made, and will continue to make, it more difficult for Tampa Electric to earn within its authorized range of returns on equity.

(k) Granting the relief requested in this petition will authorize the company to make accounting adjustments on its books and records in 2020 and will not change the customer base rates and charges in effect during the remainder of the Stay-Out period; however, it will materially improve the company's ability to honor the Stay-Out Provision by improving its opportunity to earn above the floor of its authorized range of returns on equity.

(l) Another generally accepted approach for eliminating a depreciation or amortization reserve surplus is to credit a ratable share of the surplus against the underlying annual amortization expense, thereby reducing the net amount of amortization expense recognized by the utility over a period of years such as the remaining life of, or approved amortization period for, the asset class. Based on account balances as of December 31, 2019, this approach over the average remaining life of 11.4 years would reduce Tampa Electric's annual intangible software amortization expense for Account 303 by approximately \$1.5 million. Although this approach has merit, granting the relief requested in this petition (credit \$16.0 million surplus to amortization expense in 2020)

would provide more benefit to customers than amortizing the credit against amortization over a period of years, because crediting the entire \$16.0 million amount against amortization expense in 2020 will materially improve the company's ability to honor the Stay-Out Provision by improving its opportunity to earn above the floor of its authorized range of returns on equity and avoid seeking rate relief before the end of the Stay-Out Period.

VI. Relief Requested

27. For the reasons set forth above, Tampa Electric requests that the Commission authorize it to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020 and to grant other such relief as may be required or appropriate.

28. Tampa Electric is entitled to the relief requested pursuant to Chapters 366 and 120, Florida Statutes.

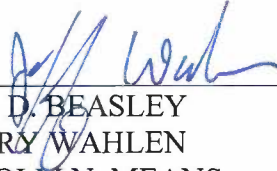
29. The relief requested herein is not inconsistent with the 2017 Agreement and FPSC Order No. PSC-2017-0456-S-EI.

VII. Conclusion

30. For the reasons shown above, Tampa Electric Company respectfully requests that the Commission grant this Petition and the relief requested herein.

DATED this 28th day of February, 2020.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Jeffrey Wahlen", is written over a horizontal line.

JAMES D. BEASLEY
J. JEFFRY WAHLEN
MALCOLM N. MEANS
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 28th day of February, 2020 to the following:

Office of General Counsel
Suzanne S. Brownless
Senior Counsel
Florida Public Service Commission
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Tallahassee, FL 32399-0850
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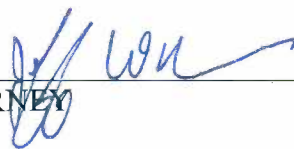
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ATTORNEY



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
 To Eliminate Accumulated Amortization) Docket No. 2020____-EI
 Reserve Surplus for Intangible Software Assets)
 _____)

Attachment One
 Reserve Balance
 12/31/19

General Plant Depreciation Group	Surplus/(Deficiency) 12/31/2019
39101 Office Furniture and Equipment	(48,784)
39102 Computer Equipment-Work Stations	(231,699)
39103 Data Handling Equipment	No Assets
39104 Computer Equipment-Mainframe	(1,951,145)
39300 Stores Equipment	No Assets
39400 Tools, Shop & Garage Equipment	(1,013,386)
39500 Laboratory Equipment	36,814
39600 Power Operated Equipment	No Assets
39700 Communication Equipment	(786,822)
39800 Miscellaneous Equipment	(14,924)
39910 General Plant Asset Retirement Obligations	Assume \$0
39000 Structures & Improvements	3,605,832
39202 Light Trucks	(1,100,771)
39203 Heavy Trucks	(56,877)
39212 Light Trucks	176,715
39213 Heavy Trucks	(149,241)
39725 Communication Equipment-Fiber	5,536,724
Intangible Software Excluded	4,002,435
30315 Intangible Software Amortizable	15,971,292
30399 Intangible Software Solar Amortizable	(9,338)
Intangible Software Included	19,964,389

7

TECO's Revised Petition

Filed April 20, 2020

Docket 20200065-EI

DN. 02085-2020

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20200145-EI EXHIBIT: 7
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: TECO's Revised Petition Filed
April 20, 2020 Docket 20200065-EI
DN. 02085-2020 [Bates No. 00089-00105]

20200145.EI Staff Hearing Exhibits 00089

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

April 20, 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: Revised Petition of Tampa Electric Company to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets; Docket No. 20200065-EI

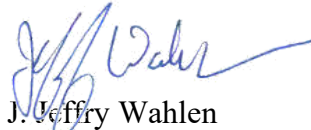
Dear Mr. Teitzman:

Attached for filing in the above docket on behalf of Tampa Electric Company is a Revised Petition for Limited Proceeding to Eliminate Accumulated Amortization Reserve Surplus for Intangible Software Assets.

This revised petition discusses account number 303.15, which was inadvertently overlooked when the original petition was filed (see footnote 3), updates the reserve deficiency for account number 303.99 in Attachment One as of December 31, 2019 (\$2,418) and makes minor wording changes, but does not change the nature or amount of relief requested in the original petition. Tampa Electric identified these changes when preparing its response to Staff's First Data Request, dated March 17, 2020, which is being filed today, April 20, 2020.

Thank you for your assistance in connection with this matter.

Sincerely,



J. Jeffrey Wahlen

JJW/ne
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
To Eliminate Accumulated Amortization) Docket No. 20200065-EI
Reserve Surplus for Intangible Software Assets) Filed: April 20, 2020
_____)

**TAMPA ELECTRIC COMPANY’S REVISED PETITION
FOR LIMITED PROCEEDING TO ELIMINATE ACCUMULATED AMORTIZATION
RESERVE SURPLUS FOR INTANGIBLE SOFTWARE ASSETS**

Pursuant to Sections 366.076, 120.57 and 366.06(3), Florida Statutes, and Rule 28-106.301, F.A.C., Tampa Electric Company (“Tampa Electric” or “the company”) petitions the Florida Public Service Commission (“FPSC” or “the Commission”) for permission to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020, and states:

Background

A. Depreciation Rules

1. Rule 25-6.0436 requires public utilities to file a depreciation study for each category of depreciable property for Commission review at least once every four years. The term “depreciable property” is not defined in Rule 25-6.0436, but the rule defines “category of depreciable plant” as “[a] grouping of plant for which a depreciation rate is prescribed. At a minimum it shall include each plant account prescribed in subsection 25-6.014(1), F.A.C.”

2. Rule 25-6.014(1) does not specify or list the “plant accounts” to be included in a depreciation study, but rather, incorporates by reference the Uniform System of Accounts (USOA) for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities (2013). Although section 3 of the General Instructions of the USOA (page 389) specifies that accounts 300-399 are “plant accounts,” the Commission has not

addressed amortization of software (Account 303.00 or 303.01) in recent orders disposing of Tampa Electric’s depreciation studies.¹ This point is important to the meaning of the term “depreciation study” in Section 9(c) of the 2017 Agreement² as understood by the parties to that agreement and is addressed further in this petition.

B. Tampa Electric Depreciation Studies and 2013 Rate Case

3. Tampa Electric filed its last depreciation study in 2011. Therein, the company listed Account No. 303.00 Intangible Software Amortizable, but did not propose or seek approval of an amortization period for Account No. 303.00. See DN 02905-2011, FPSC Docket No. 20110131-EI, filed April 27, 2011, pages 593 and 595. The staff recommendation and Order Approving Depreciation Rates addressing the 2011 depreciation study specifically addressed other amortizable accounts (Account Nos. 391 and 393 – 398), but did not mention or specify an amortization period or rate for Account 303.00. See DNs 01182-2012 and 02009-2012, dated March 1 and April 3, 2012, respectively, in Docket No. 20110131-EI. The same is true of the

¹ The Commission did not address amortization of Intangible Software (Account No. 303) in the order disposing of Florida Power & Light’s 2009 depreciation and dismantlement study [Order No. PSC-2010-0153-FOF-EI, dated March 17, 2010, Docket Nos. 20090130-EI and 2008067-EI] or in the order disposing of Florida Public Utility Company’s 2015 depreciation study [Order No. PSC-2015-0575-PAA-EI, issued December 21, 2015, Docket No. 20150162-EI]. Gulf Power Company did not include Intangible Software (Account 303) in its 2016 depreciation and dismantlement study [DN 04963-16, July 14, 2016, Docket No. 20160170-EI]. In its 2009 Depreciation Study, which was filed as part of its 2009 rate case, Progress Energy-Florida (now Duke Energy-Florida) classified Account 303.00 (miscellaneous plant) as non-depreciable and did not propose a depreciation or amortization rate. The final order disposing of that depreciation study did not prescribe a depreciation or amortization rate for Account No. 303.00. See Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, Docket No. 20090079-EI [DN 01530-2010]. The Commission has prescribed a 30-year life for the intangible software associated with photovoltaic facilities for Florida Power & Light Company, Tampa Electric and Duke Energy-Florida, but only in conjunction with approval of overall PV depreciation rates and through an asset specific petition, not a general “depreciation study.” See Order No. 08-0731-PAA-EI, issued November 3, 2008, Docket No. 20080543-EI [DN 103342-2008]; Order No. PSC-15-0573-PAA-EI, issued December 18, 2015, Docket No. 20150211-EI [DN 07936-2015] and PSC-16-0115-PAA-EI, issued March 21, 2016, Docket No. 20160017-EI [DN 01482-2016]. Tampa Electric has created subaccount 303.99 for the intangible software associated with its solar PV facilities and is amortizing that software over 30 years as specified in Order No. PSC-15-0573-PAA-EI. It uses a 30-year life for solar PV intangible software and 15 years for all other, which is consistent with the second sentence in paragraph 8(a) of the 2017 Agreement.

² The term “2017 Agreement” refers to the 2017 Amended and Restated Stipulation and Settlement Agreement approved by Order No. PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

company's 2007 Petition to Approve Depreciation Study and Annual Dismantlement Accrual Amounts. See Order No. PSC- 08-0014-PAA-EI, issued January 4, 2008 in Docket No. 20070284-EI [DN 00089-2008].

4. The company filed its last petition for a general base rate increase on April 5, 2013. See DN 01679-2013, Petition of Tampa Electric Company for an Increase in Base Rates and Service Charges, Docket No. 20130040-EI ("2013 Rate Case"). The company's filing used the depreciation and amortization rates approved in Docket No. 20110313-EI; however, because the Commission did not approve amortization rates for Intangible Software in that docket, the company proposed in its rate case filing to amortize its general Intangible Software (Account No. 303.00) over 5 years and its new Enterprise Resource Planning ("ERP") Software (Account 303.01) over 10 years. See DN 01693-2013, MFR schedule B-7, page 10 of 30.

5. As the rate case progressed, the Office of Public Counsel ("OPC") challenged the company's proposed 5- and 10-year amortization periods as too short and proposed a 15-year amortization period for Accounts 303.00 and 303.01. See Direct Testimony of Jacob Pous, filed July 15, 2013 (DN 04004-2013) at pages 5-21. Mr. Pous correctly observed that the Commission did not address amortization of Intangible Software in Docket No. 20110131-TL [page 22]. He also proposed that the company's amortization reserve for Intangible Software be reduced to reflect his proposed, longer amortization period for all software [page 23].

6. Tampa Electric responded to OPC's proposals through rebuttal testimony. See DN 04602-2013, Rebuttal Testimony of Jeffrey S. Chronister, filed August 8, 2013 ("Chronister Rebuttal") at pages 13-20. In the course of defending the company's proposed amortization periods of Intangible Software, Mr. Chronister explained that the Commission had not addressed

amortization of intangible assets like software during its review of the company's depreciation studies, and noted:

The five-year amortization period was not at issue in the company's last rate proceeding. The Commission has not addressed amortization of software in this company's depreciation orders or studies. The amortization periods proposed by the company in this case were filed with the Federal Energy Regulatory Commission ("FERC") and were accepted in two wholesale settlement agreements. The company's proposed amortization over ten years is reasonable and appropriate. [Chronister Rebuttal at 14-15] (emphasis added)

7. When asked why Tampa Electric did not seek approval of a 10-year amortization period for its new ERP system when it filed its 2011 depreciation study, Mr. Chronister explained as follows:

The company follow[ed] the long-standing practice of the Commission that the Depreciation Rule 25-6.0436, F.A.C., applies to depreciable tangible property and not to intangible property like rights, consents and software. The company has never requested an amortization period for software in its petitions to change depreciation rates and the Commission and staff have never requested such proposals. To its knowledge, the company has not seen any other Florida electric investor-owned utility file proposals for software amortization in their depreciation studies. [Chronister Rebuttal at 15]

C. 2013 Agreement

8. The company's 2013 Rate Case was resolved by stipulation. On September 8, 2013, Tampa Electric and the Consumer Parties (Office of Public Counsel or "OPC", Florida Industrial Power User's Group or "FIPUG", Florida Retail Federation or "FRF", Federal Executive Agencies or "FEA" and West Central Florida Hospital Utility Alliance or "HUA") filed a Stipulation and Settlement Agreement ("2013 Agreement") that resolved all of the issues in Tampa Electric's 2013 base rate case (Docket No. 20130040-EI). Among other things, Tampa Electric agreed that the general base rates provided for in the 2013 Agreement would remain in effect through December 31, 2017, and thereafter until the company's next general base rate case.

9. The 2013 Agreement also resolved the dispute over the amortization period for Intangible Software, but did not address OPC's proposal to reduce the company's amortization reserve for Intangible Software to reflect its proposed longer (15-year) amortization period. Paragraph 11(b) of that agreement states: "Tampa Electric will use a 15-year amortization period for all computer software beginning effective January 1, 2013." This change in Average Service Life from 5 and 10 years to 15 years triggered the Rule 25-6.0436(1)(e) Remaining Life Technique formula for calculating the annual accrual rate of expense and identification of the the Rule 25-6.0436(1)(i) reserve surplus generated by extending the average remaining life used in the formula.

10. The FPSC approved the 2013 Agreement and memorialized its decision in Order No. PSC-2013-0443-FOF-EI, issued September 30, 2013 ("2013 Agreement Order"). The company began using a 15-year amortization period for Intangible Software effective January 1, 2013, but did not adjust the accumulated amortization surplus for Intangible Software³.

D. 2017 Agreement

11. In late 2016, recognizing that the period in which Tampa Electric agreed to refrain from seeking general base rate increases would expire at the end of 2017, Tampa Electric and OPC began discussing whether the company would be willing and able to (a) refrain from seeking a general base rate increase beyond December 31, 2017 and (b) extend the terms of the 2013 Agreement for an additional period of time. On September 27, 2017, Tampa Electric, OPC and the other Consumer Parties entered into the 2017 Agreement, which was approved by Order No.

³ In November 2013, Tampa Electric transferred the amounts recorded in accounts 303.00 and 303.01 into account 303.15 and stopped using accounts 303.00 and 303.01, so those accounts now have a zero balance. Since then, the company has been using a 15-year life for the amortization of Intangible Software in 303.15. As noted in footnote 1, the Commission approved and the company began using subaccount 303.99 for intangible software associated with PV facilities and uses a 30-year life for that subaccount. This clarification should have been included in the company's petition as originally filed, but was omitted by oversight.

PSC-2017-0456-S-EI, issued on November 27, 2017 in Docket Nos. 20170210-EI and 20160160-EI.

12. Paragraph 8(a) of the 2017 Agreement addresses depreciation and amortization rates and depreciation studies and states:

The Parties agree and intend that, notwithstanding any requirements of Rules 25-6.0436 and 25-6.04364, F.A.C., the company shall not be required during the Term of this 2017 Agreement to file any depreciation study or dismantlement study. The depreciation and amortization accrual rates approved by the FPSC and currently in effect as of the Effective Date of this 2017 Agreement shall remain in effect during the Term or the company's next depreciation study, whichever is later. The Parties further agree that the provisions of Rules 25-6.0436 and 25-6.04364, F.A.C., which otherwise require depreciation and dismantlement studies to be filed at least every four years, will not apply to the company during the Term, and that the Commission's approval of this 2017 Agreement shall excuse the company from compliance with the filing requirement of these rules during the Term. (emphasis added)

13. The 2017 Agreement does not specifically address the amortization periods for Intangible Software, but because a 15-year period for Account 303.15 was in effect when it became effective, the 2017 Agreement required the company to continue using a 15-year amortization period for Intangible Software through the term of that agreement.⁴

14. Tampa Electric has been amortizing non-solar Intangible Software (Account No. 303.15) using a 15-year amortization period continuously since January 1, 2013 and will continue doing so in accordance with the 2017 Agreement. Nothing in this petition seeks to change that agreed-to and FPSC-approved amortization period.

15. Paragraph 9(c) of the 2017 Agreement addresses the company's next depreciation study, and states:

Notwithstanding the provisions of Subparagraph 8(a) above, the company shall file a depreciation and dismantlement study or studies no more than

⁴ The same logic applies to the company's use of a 30-year amortization period for Account 303.99 since January 1, 2019.

one year nor less than 90 days before the filing of its next general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, such that there is a reasonable opportunity for the Consumer Parties to review, analyze and potentially rebut depreciation rates or other aspects of such depreciation and dismantlement studies contemporaneously with the company's next general rate proceeding. The depreciation and dismantlement study period shall match the test year in the company's MFRs, with all supporting data in electronic format with links, cells and formulae intact and functional, and shall be served upon all Consumer Parties and all intervenors in such subsequent rate case.

16. The purpose of this provision is to give the Consumer Parties an opportunity to contest the depreciation and dismantlement rates proposed by the company in its next depreciation study during the company's next rate case. In light of the Commission's action on the company's 2011 depreciation study and the way issues associated with Intangible Software were addressed outside of a depreciation study in the 2013 Stipulation and 2017 Agreement, Tampa Electric believes, and has confirmed with OPC and the consumer parties with which it has communicated (FIPUG and FRF), that Intangible Software was not expected to be included in the company's next depreciation study, and eliminating the accumulated amortization surplus for Intangible Software through a credit to amortization expense in 2020 as specified in this petition can be approved by the Commission without violating the 2017 Agreement.

E. Stay-Out Provision

17. Paragraph 3(b) of the 2017 Agreement states: “[e]xcept as specified in this 2017 Agreement, the company may not petition to change any of its general base rates, charges, credits, or rate design methodologies for retail electric service with an effective date for the new rates, charges, credits, or rate design methodologies earlier than January 1, 2022.” This provision has been referred to by the parties to the 2017 Agreement as the “Stay-Out Provision.”

18. However, Paragraph 7(a) of the 2017 Agreement states: “if Tampa Electric's earned return on common equity falls below 9.25% during the Term on a monthly earnings surveillance

report stated on an actual Commission thirteen-month average adjusted basis, Tampa Electric may petition the Commission to amend its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes.“ This language is an exception to the Stay-Out Provision.

I. Preliminary Information

19. The Petitioner’s name and address are:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

20. Any pleading, motion, notice, order or other document required to be served upon Tampa Electric or filed by any party to this proceeding shall be served upon the following individuals:

James D. Beasley
jbeasley@ausley.com
J. Jeffrey Wahlen
jwahlen@ausley.com
Malcolm N. Means
mmeans@ausley.com
Ausley McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115
(850) 222-7560 (fax)

Paula K. Brown
regdept@tecoenergy.com
Manager, Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-1444
(813) 228-1770 (fax)

21. Tampa Electric is an investor-owned public utility regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly-owned subsidiary of Emera, Inc. Tampa Electric’s principal place of business is located at 702 North Franklin Street, Tampa, Florida 33602.

22. Tampa Electric serves more than 750,000 retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties, Florida.

23. This Petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the Petitioner is not responding to any proposed agency action.

II. The Accumulated Amortization Reserve Surplus for Account 303.15 (“Intangible Software”)

24. Through this petition, Tampa Electric seeks permission from the Commission to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets through a credit to amortization expense in 2020. Doing so is not prohibited by the 2017 Agreement and is in the public interest, because it will materially improve the ability of Tampa Electric to operate through the remainder of the “Stay-Out” (general base rate freeze) period in the 2017 Agreement without petitioning the Commission to increase its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes, as provided in Section 7(a) of that Agreement.

III. Statement on Disputed Issues of Material Fact

25. Tampa Electric is not aware of any disputed issues of material fact at this time, and does not believe any disputed issues of material fact will arise in this docket.

IV. Statement of Ultimate Facts Alleged and Providing the Basis for Relief

26. The ultimate facts that entitle Tampa Electric to the relief requested herein are:

(a) The facts specified in paragraphs 1 through 18, above.

(b) The surplus in the company’s accumulated amortization reserve for Intangible Software in Account 303.15 as of December 31, 2019 was \$15,971,292.

(c) As of December 31, 2019, excluding the reserve surplus attributable to Intangible Software and as shown on **Attachment One**, there is a net surplus of \$4,002,435 in the

accumulated amortization reserve for other general plant accounts (Account Nos. 390 – 399), so the reserve surplus for Intangible Plant is not needed to address deficiencies in the accumulated reserve for general plant items when the company files its next depreciation study.

(d) The amortization surplus associated with intangible software should not be used to make a corrective reserve transfer to another functional account. Making reserve transfers between general plant items such as Intangible Software and (1) production, transmission, distribution plant, (2) transportation equipment or (3) a dismantlement reserve has not been an accepted practice when preparing and approving a depreciation study. This fact was highlighted in Order No. PSC-12-0175-PAA-EI, issued April 3, 2012, which on page 4 states: “For electric utilities like Tampa Electric, corrective reserve transfers ideally are made within each function (e.g., production or transmission) but not between functions.⁵ Jurisdictional separations, purchase power agreements or other lease arrangements may be affected by reserve transfers between functions.”

(e) Fifteen years continues to be a reasonable period over which to amortize the intangible computer software assets recorded in Account 303.15.

(f) The company does not intend to propose any change to the 15-year period for amortizing Intangible Software in Account 303.15 when it next seeks to increase its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes.

(g) Consistent with its last two studies, the company does not intend to seek approval of the amortization period for Account 303.15 when it files its next Depreciation and Dismantlement Study.

⁵ Tampa Electric notes that Account 303.99 had a reserve deficiency of \$2,418 as of December 31, 2019. The company would not object to a corrective reserve transfer from Account 303.15 to Account 303.99 in that amount to eliminate the deficiency. Doing so would change the reserve surplus in Account 303.15 as of December 31, 2019 to \$15,968,874 and this amount would be the amount to be credited to expense in 2020 if this petition is granted.

(h) Tampa Electric desires to honor the Stay-Out Provision in the 2017 Agreement and does not wish to petition the Commission to amend its base rates either through a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, or through a limited proceeding under Section 366.076, Florida Statutes, for rates to be effective prior to January 1, 2022.

(i) As noted in Order No. PSC- 2019-0327-PAA- EI, issued on August 9, 2019, in Docket No. 20190107-EI, the passage of the Tax Cuts and Jobs Act in December of 2017 resulted in the loss of bonus depreciation on additions to utility plant which has a negative impact on accumulated deferred income taxes in the Company's capital structure. This negative impact will increase in the future as less income tax is deferred.

(j) All other things being equal, this loss of bonus depreciation has made, and will continue to make, it more difficult for Tampa Electric to earn within its authorized range of returns on equity.

(k) Granting the relief requested in this petition will authorize the company to make accounting adjustments on its books and records in 2020 and will not change the customer base rates and charges in effect during the remainder of the Stay-Out period; however, it will materially improve the company's ability to honor the Stay-Out Provision by improving its opportunity to earn above the floor of its authorized range of returns on equity.

(l) Another generally accepted approach for eliminating a depreciation or amortization reserve surplus is to credit a ratable share of the surplus against the underlying annual amortization expense, thereby reducing the net amount of amortization expense recognized by the utility over a period of years such as the remaining life of, or approved amortization period for, the asset class. Based on account balances as of December 31, 2019, this approach over the average remaining life of 10.7 years would reduce Tampa Electric's annual intangible software amortization expense

for Account 303.15 by approximately \$1.6 million. Although this approach has merit, granting the relief requested in this petition (credit \$16.0 million surplus to amortization expense in 2020) would provide more benefit to customers than amortizing the credit against amortization over a period of years, because crediting the entire \$16.0 million amount against amortization expense in 2020 will materially improve the company's ability to honor the Stay-Out Provision by improving its opportunity to earn above the floor of its authorized range of returns on equity and avoid seeking rate relief before the end of the Stay-Out Period.

V. Relief Requested

27. For the reasons set forth above, Tampa Electric requests that the Commission authorize it to eliminate its approximately \$16.0 million accumulated amortization reserve surplus for intangible software assets in Account 303.15 through a credit to amortization expense in 2020 and to grant other such relief as may be required or appropriate.

28. Tampa Electric is entitled to the relief requested pursuant to Chapters 366 and 120, Florida Statutes.

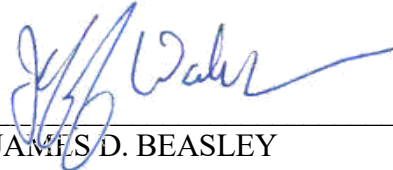
29. The relief requested herein is not inconsistent with the 2017 Agreement and FPSC Order No. PSC-2017-0456-S-EI.

VI. Conclusion

30. For the reasons shown above, Tampa Electric Company respectfully requests that the Commission grant this Petition and the relief requested herein.

DATED this 20th day of April, 2020.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Revised Petition, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 20th day of April, 2020 to the following:

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ATTORNEY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Attachment One
Reserve Balance
12/31/19

General Plant Depreciation Group	Surplus/(Deficiency) 12/31/2019
39101 Office Furniture and Equipment	(48,784)
39102 Computer Equipment-Work Stations	(231,699)
39103 Data Handling Equipment	No Assets
39104 Computer Equipment-Mainframe	(1,951,145)
39300 Stores Equipment	No Assets
39400 Tools, Shop & Garage Equipment	(1,013,386)
39500 Laboratory Equipment	36,814
39600 Power Operated Equipment	No Assets
39700 Communication Equipment	(786,822)
39800 Miscellaneous Equipment	(14,924)
39910 General Plant Asset Retirement Obligations	Assume \$0
39000 Structures & Improvements	3,605,832
39202 Light Trucks	(1,100,771)
39203 Heavy Trucks	(56,877)
39212 Light Trucks	176,715
39213 Heavy Trucks	(149,241)
39725 Communication Equipment-Fiber	5,536,724
Intangible Software Excluded	4,002,435
30315 Intangible Software Amortizable	15,971,292
30399 Intangible Software Solar Amortizable	(2,418)
Intangible Software Included	19,971,309