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November 12, 2020

VIA: ELECTRONIC FILING

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

In re: Amendment of Rules 25-6.0141, Allowance for funds Used During Construction, and, 25-30.116, Allowance for Funds Used During Construction, F.A.C., and Adoption of Rule 25-7.0141, Allowance for Funds During Construction F.A.C.
Dkt. No. 20200237-PU

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's responses to Staff's First Data Request (Nos. 1-11), propounded on November 5, 2020.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Attachment

cc: All Parties of Record (w/attachment)
Sevini Guffey, Public Utility Analyst III

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the attached responses to Staff's First Data Request (Nos. 1-11), filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 12th day of November 2020 to the following:

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ATTORNEY

**TAMPA ELECTRIC COMPANY
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1. Section (2) (a) 1. states that a project with gross plant additions in excess of 0.40 percent (reduction from current 0.50 percent) of the sum of the total balance in Accounts 101 and 106 at the time the project commences will be eligible for AFUDC. What is the potential financial impact to your utility and your customers for a newly qualifying project?
 - A. Rule 25-6.0141(2)(a)1. currently provides that gross plant additions in excess of 0.50 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified may be included in CWIP and accrue AFUDC. This eligibility threshold for Tampa Electric Company (“the Company”) is approximately \$50 million. Changing the eligibility threshold to 0.40 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified will lower the eligibility threshold for Tampa Electric by approximately \$10 million to approximately \$40 million. As stated in the Company’s response to Data Request No. 2, the Company does not anticipate any additional projects qualifying under the revised eligibility threshold in Section (2) (a) 1 at this time; therefore, the Company does not expect the rule change to result in a financial impact to the utility or customers.

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- 2.** What is your utility's incremental increase in the annual amount of AFUDC-eligible projects with the proposed 0.40 percent threshold?
 - A.** The Company currently does not have any projects that would become eligible for AFUDC under the new eligibility threshold of 0.40 percent.

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- 3.** What is your utility's incremental increase in the annual amount of accrued AFUDC with the proposed 0.40 percent threshold?
 - A.** As stated in the Company's response to Data Request No. 2, the Company does not currently have any additional projects that would become eligible for AFUDC as a result of a decrease in the eligibility threshold to 0.40 percent; therefore, the Company does not expect an increase in the annual amount of accrued AFUDC at this time.

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4. Section (2) (a) 2. allows a utility to bundle multiple related projects together if the utility can demonstrate that the total cost with AFUDC will be less than the total cost of the unbundled projects without AFUDC. (a) Under the proposed bundling with AFUDC, does the utility anticipate any financial impact to rate payers? Please explain. (b) What impact, if any, would bundling projects have on the utility's rate base? Please explain.
- A. a. The Company currently anticipates projects that could be evaluated to determine if they qualify for bundling as provided for in Section (2)(a)2. However, if these projects were to be eligible for bundling as provided for in Section (2)(a)2., then Tampa Electric would expect an incremental positive financial impact to customers since the total cost of the bundled projects would be less than the total cost of the unbundled projects without AFUDC.
- b. Since Section (2)(a)2. stipulates that the total cost of the bundled projects with AFUDC must be less than the total cost of the unbundled projects without AFUDC, the Company anticipates that there would be a lower rate base as a result of bundled projects being eligible for AFUDC.

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- 5.** What are the estimated incremental administrative costs or incremental savings associated with determination and calculation of eligible AFUDC expenses for bundled versus unbundled projects?
 - A.** The Company does not expect incremental administrative costs or savings associated with determination and calculation of eligible AFUDC expenses for bundled versus unbundled projects.

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- 6.** Would the proposed rule revisions require additional activities, personnel etc. to comply with the rule? Are the proposed rule revisions likely to directly or indirectly result in incremental regulatory costs for your utility in excess of \$200,000 in the aggregate within 1 year after the implementation of this rule? Please explain.
- A.** No, the Company does not anticipate that compliance with these rule revisions would require any additional activities or personnel, nor does the Company expect that the rule revisions will result in any direct or indirect incremental regulatory costs. While more projects may qualify for accrual of AFUDC under the proposed rule revision, the proposed revisions do not require any changes to the Company's existing processes for calculating and tracking accrual of AFUDC.

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7. Are the proposed rule revisions likely to have an adverse impact on economic growth, private-sector job creation or employment, or private-sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of this rule? Please explain.
 - A. Tampa Electric does not believe that the proposed rule revisions are likely to have an adverse impact on economic growth, private-sector job creation or employment, or private-sector investment in excess of \$1 million in the aggregate within 5 years after implementation of the rule. The proposed rule revisions do not impose any new or different regulatory requirements on Tampa Electric that will result in additional costs and are not likely to result in additional transactional costs that could impair economic growth or investment.

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- 8.** Are the proposed rule revisions likely to have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after implementation of the rule? Would the proposed rule revisions generate competitive benefits to your utility? Please discuss.
- A.** Tampa Electric does not believe that the proposed rule revisions are likely to have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after implementation of the rule. The proposed rule revisions do not impose any new or different regulatory requirements that will result in additional costs and are not likely to result in additional transactional costs. The Company does not expect the proposed rule revisions to cause additional projects to qualify for AFUDC, and the rule revisions are not expected to generate competitive benefits to the utility.

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- 9.** Are the proposed rule revisions likely to increase any transactional costs (e.g.: filing fees, cost of obtaining a license, cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs, monitoring or reporting costs, and any other costs necessary to comply with the rule) to your utility, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? Please provide a good faith estimate of incremental annual costs.
- A.** The Company does not expect an increase in any transactional costs in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. The Company estimates no incremental annual costs.

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- 10.** Does your utility anticipate any effect (increased costs or benefits) on state or local revenues from the AFUDC related projects? Please discuss.
- A.** The Company does not anticipate any effect on state or local revenues from the AFUDC related projects. The proposed rule revisions will not result in any material changes to the type or number of projects that the Company undertakes. As a result, it is unlikely that state or local revenues will be affected.

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- 11.** Please provide any additional information regarding the draft Rule 25-6.0141, F.A.C., which the Commission may deem useful.
 - A.** Tampa Electric has no additional information to provide regarding draft Rule 25-6.0141, F.A.C.