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# Public Service Commission

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**STAFF'S THIRD DATA REQUEST  
VIA E-MAIL**

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**Re: Docket No. 20200264-EI - In re: Petition of Tampa Electric Company for approval of 2020 Depreciation and Dismantlement Study and capital recovery schedules.**

Dear Mr. Wahlen, Mr. Beasley and Mr. Means:

By this letter, Commission staff respectfully requests the following information from Tampa Electric Company (TECO; Company):

Please refer to TECO's Petition for Approval of its 2020 Depreciation and Dismantlement Study and Capital Recovery Schedules (Petition), its Exhibits B - F, H "2020 Depreciation and Dismantlement Study" (Study), the associated MS Excel files "2020 Depr Study Life Analysis - Generation Master File - Filed.xlsx" (Generation Master), "2020 Depr Study Life Analysis - TDG Master File - Filed.xlsx" (TDG Master), and "2020 Generation Dismantling Master File - Filed.xlsx" (Dismantling Master) for the following questions.

**Depreciation Study – General**

1. TECO's last depreciation study was based on data as of December 31, 2011, and the proposed effective date of the new rates was January 1, 2012. For the instant Study, however, TECO performed the analyses of the depreciation parameters, reserves, and annual accruals as of December 31, 2019, and proposed an effective date of the new depreciation rates as of January 1, 2022 (Bates-stamped pages 51-70).
  - a. Please explain why TECO did not prepare the instant Study based upon similar to that used in last depreciation study.
  - b. TECO's Petition, Paragraphs 13 - 49, (also see Exhibits B – H) address two major capital projects, the AMI metering system implementation and the Big Bend Modernization Project, which affect the period of 2020-2023. Since these projects' depreciation activities have significant impacts on various accounts,

does TECO agree that including in the Study more updated information, such as 2020 and 2021 data, would make the proposed new depreciation rates more applicable for 2022-2025, the period in which the new rates will be effective?

- c. Please explain whether the appropriateness and/or reasonableness of the proposed new depreciation rates would be affected by the additional information/data of two years (2020 and 2021) which are in between the years that are analyzed and the year(s) that are projected.
- d. Please provide TECO's understanding/interpretation/implementation of Rule 25-6.0436(4)(d) which requires the following for an electric utility's depreciation study in the context of TECO's 2020 Depreciation Study:

The plant balances may include estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

2. In the Petition and Exhibits B - F, TECO requested a Capital Recovery Schedule with a ten-year amortization period to recover the unrecovered net book value of the capital investment associated with Big Bend Units 1-3 and AMR to be effective on 1/1/2022. In Exhibit H, TECO requested new annual accruals, calculated based upon the proposed new rates and the plant balance, as of 12/31/2019, to be effective on 1/1/2022. For the purpose of clarification, please provide responses to the following:
  - a. An update to the "Annual Depreciation Accrual" and "Change in Annual Accruals," shown in Exhibit H, Bates-stamped pages 63-66, as well as the corresponding MS Excel file "Generation Master," tab "Proposed Accrual," using the estimate of the plant cost as of 12/31/2021 which should exclude the NBV amount included in the Capital Recovery Schedule for each affected generation account.
  - b. Please provide an update to the "Annual Depreciation Accrual" and "Change in Annual Accruals," shown in Exhibit H, Bates-stamped page 1455, as well as the corresponding MS Excel file "TDG Master," tab "Proposed Accruals," using the estimate of the plant cost, as of 12/31/2021, which should exclude the NBV amount included in the Capital Recovery Schedule for Account 37000, AMR Meters & Analog Equip.
  - c. Please provide an update to the "Annual Depreciation Accrual" and "Change in Annual Accruals," shown on Bates-stamped pages 63-66, as well as MS Excel file "Generation Master," tab "Proposed Accrual," using the estimate of the plant cost as of 12/31/2021 which should exclude the NBV amount included in the Capital Recovery Schedule for each affected generation account.
3. The following questions relate to depreciation reserve.

- a. In its last depreciation study, TECO proposed reserve transfers for the majority of production, transmission, distribution and general transportation accounts “to correct negative or inappropriate depreciation rates, to correct for average service life changes and to correct for net salvage changes.” (Document Nos. 02905-2011 and 05429-2011, Docket No. 110131-EI) In contrast, TECO did not propose the reserve transfer for any account within the instant Study. Please explain TECO’s reason(s) for not proposing any reserve transfers.
  - b. Please explain TECO’s current policy/philosophy for transferring reserve among production plant units and accounts.
4. For the following questions, please refer to Bates-stamped page 1456 and MS Excel file “TDG Master,” tab “Proposed Rates,” row 66, where TECO identified a new amortizable general account 39401 ECCR Solar Car Port, indicating “New rate requested for conservation clause project,” and proposed a 5-year amortizable rate being effective 1/1/2022.
- a. Please provide detailed explanations of this ECCR conservation clause project, specifically, the Solar Car Port for which TECO requested approval of a new amortization rate.
  - b. Is the indicated “conservation clause project” a new project? If the answer is affirmative, please respond to the following questions:
    - (i) Has the project been approved by the Commission? Please explain the response.
    - (ii) When will the project’s associated plant be placed in-service?
    - (iii) What will be the respective initial and total plant amounts associated with the project?
    - (iv) Apart from Account 39401, are any other depreciation/amortizable accounts affected by the project? If so, please provide details.
  - c. What are the estimates of the respective annual and total plant amounts of the Solar Car Port to be recorded in Account 39401 for the period 2021 through 2025?
  - d. What is the manufacturer-suggested service life for the Solar Car Port?
  - e. Does any other regulated utility, if know, use a same or similar amortization rate for assets which are the same or equivalent to the Solar Car Port? Please explain.

- f. Please provide all the relevant information and documents to support the proposed 5-year amortization rate for the requested new Account 39401.

**Depreciation Study – Generation (Bates-stamped pages 42-1126)**

Questions Nos. 5 – 8 below are related to Big Bend Power Station (BB).

5. Bates-stamped page 44 reads:

Shutdown on 12/31/2021	Shutdown on 4/30/2023
Big Bend Unit 1	Big Bend Unit 3
Big Bend SCR System 1	Big Bend SCR System 3
Big Bend Unit 2	
Big Bend SCR System 2	
Big Bend FGD System 1-2	

The resulting change [for BB Station] is an increase in annual depreciation expense of \$4,184,336 as shown on the change in rates and accruals schedule included herein.

- a. MS Excel file “Generation Master,” tab “Proposed Accrual, indicates that the amount of \$4,184,336 is comprised of the proposed changes in annual accruals associated with BB Units 1-3, SCR Systems 1-3 and 1&2 FGD Systems (“Assets”) calculated by applying the proposed new depreciation rates (effective on 1/1/2022) to the plant balance of the “Assets” as of 12/31/2019.

On page 18 of the Petition, TECO requested a Capital Recovery Schedule for the unrecovered NBV (as of 1/1/2021) associated with the “Assets.”

Please explain the rationale for requesting approval to increase the annual depreciation accruals for the “Asset,” in the amount of \$4,184,336 that was calculated by using plant balance of the “Assets,” as of 12/13/2019, and the new depreciation rates, effective on 1/1/2022, given that the plant balance of the “Assets,” as of 1/1/2022, has been included in the requested Capital Recovery Schedule.

- b. Referring to Bates-stamped pages 50-51, please explain why TECO proposed to change the Average Service Life (ASL) and the Future Net Salvage Percentage (NS), effective on 1/1/2022, for the following BB Units 1, 2 and 3-related accounts (Acct), given the shutdown dates of these units as listed in the above table:

Acct 31141, BB Unit 1, increase ASL from 50 to 54 years, decrease NS from (1) to (2);  
Acct 31241, BB Unit 1, decrease NS from (4) to (5);  
Acct 31441, BB Unit 1, decrease NS from (4) to (6);  
Acct 31541, BB Unit 1, decrease NS from (3) to (5);  
Acct 31641, BB Unit 1, increase ASL from 35 to 42 years.

Acct 31142, BB Unit 2, increase ASL from 50 to 56 years, decrease NS from (1) to (2);  
Acct 31442, BB Unit 2, decrease NS from (4) to (6);  
Acct 31642, BB Unit 2, increase ASL from 36 to 43 years, increase NS from (8) to (2);

Acct 31143, BB Unit 3, increase ASL from 57 to 60 years, decrease NS from (1) to (2);  
Acct 31243, BB Unit 3, increase ASL from 34 to 35 years, increase NS from (6) to (5);  
Acct 31443, BB Unit 3, decrease NS from (5) to (6);  
Acct 31543, BB Unit 3, increase ASL from 29 to 34 years, increase NS from (6) to (5);  
Acct 31643, BB Unit 3, increase ASL from 35 to 37 years, increase NS from (4) to (2);

Acct 31146, 1&2 FGD System, increase ASL from 35 to 36 years;  
Acct 31246, 1&2 FGD System, increase ASL from 33 to 34 years;  
Acct 31546, 1&2 FGD System, increase ASL from 30 to 32 years;  
Acct 31646, 1&2 FGD System, increase ASL from 36 to 38 years.

Acct 31251, 1 SCR System, increase ASL from 23 to 24 years;  
Acct 31551, 1 SCR System, increase ASL from 22 to 24 years.

Acct 31552, 2 SCR System, increase ASL from 25 to 27 years;  
Acct 31652, 2 SCR System, increase ASL from 28 to 29 years.

Acct 31253, 3 SCR System, increase ASL from 28 to 29 years, decrease NS from (6) to (3);  
Acct 31553, 3 SCR System, increase ASL from 27 to 29 years, decrease NS from (6) to (3);  
Acct 31653, 3 SCR System, increase ASL from 31 to 32 years, increase NS from (5) to (1);

- c. Please explain what plant assets with the estimated amounts, if any, will be left in the above listed accounts on the proposed effective date of the BB Units-related capital recovery schedule;
6. Please refer to Bates-stamped page 51 for the questions below related to the Other Production Account 34644, BB CT No. 4 which was placed in-service in 2009:
    - a. Please identify the major plant assets recorded in this account.
    - b. Please explain why the existing ASL of this account is zero years.
    - c. Please provide an explanation to justify the proposed 34-year ASL for the account.
  7. Please refer to Bates-stamped page 50 for the questions below regarding BB Common:
    - a. Will the shutdown of the BB Units 1-3 cause any asset retirements in the BB Common accounts? If so, please provide details.
    - b. Please identify the plant assets recorded in the BB Common Accounts 31140, 31240, 31440, 31240, 31540 and 31640, respectively, with clarification of what

assets are used to serve the coal generation unit and what assets are used to serve the natural gas generation unit.

- c. Please provide a detailed explanation to justify the proposed reduction in the ASL associated with the following accounts:

Acct. 31140, from 39 to 35 years,  
Acct. 31240, from 36 to 32 years, and  
Acct. 31440, from 45 to 43 years.

- d. Please provide a detailed explanation to justify the proposed increase in the ASL associated with the following accounts:

Acct. 31540, from 29 to 32 years,  
Acct. 31640, from 26 to 30 years.

8. The following questions are related to the BB Modernization Project discussed on Bates-stamped page 45:

- a. Please explain the differences, if any, in the asset mix and the new technology deployed in the BB combined cycle (cc) system CT 5-6+CCST, compared with Polk cc system CT 2-5+CCST, that would affect the average service life and depreciation rate.

- b. Please refer to MS Excel file "Generation Master," tab "TEC Plant-In Service," and identify BB CCST 5-6's max. nameplate, summer and winter capacity respectively, if known to TECO now at this time.

Questions Nos. 9 – 13 below are related to Bayside Power Station.

9. Referring to Bates-stamped pages 46 and 52, please provide a detailed explanation to justify the proposed changes in the ASL associated with BP Common-related accounts below:

Acct. 34130, from 45 to 38 years,  
Acct. 34230, from 41 to 40 years,  
Acct. 34330, from 35 to 25 years,  
Acct. 34530, from 26 to 30 years, and  
Acct. 34630, from 32 to 29 years.

10. Referring to Bates-stamped pages 46 and 52, please provide a detailed explanation to justify the proposed changes in the ASL associated with BP Unit 1-related accounts:

Acct. 34131, from 40 to 34 years,  
Acct. 34231, from 36 to 31 years,  
Acct. 34531, from 34 to 29 years,  
Acct. 34631, from 38 to 35 years.

11. Referring to Bates-stamped pages 46 and 52, please provide a detailed explanations to justify the proposed changes in the ASL associated with BP Unit 2-related accounts:

Acct. 34132, from 40 to 33 years,  
Acct. 34232, from 36 to 32 years,  
Acct. 34532, from 35 to 29 years, and  
Acct. 34632, from 37 to 34 years.

12. Please refer to Bates-stamped pages 52-53 and 56-57 for the following questions regarding several accounts associated with Bayside BP CT Nos. 3-6 which were placed in-service in 2009 as indicated in MS Excel file "Generation Master," tab "TEC Plant In-Service:"

- a. Please explain why the existing ASLs of Account 34633, 34634, 34635 and 34636 are zero years.
- b. Please provide an explanation to justify the proposed 30-year ASL for Accounts 34633 and 34634, respectively.
- c. Please provide an explanation to justify the proposed 37-year ASL for Account 34635.
- d. Please provide an explanation to justify the proposed 40-year ASL for Account 34636.

13. Referring to Bates-stamped page 57 and MS Excel file "Generation Master," tab "Plant & Reserve," please explain the nature and cause of the negative amounts of Accumulated Reserves, as of 12/31/2019, recorded in Accounts 34133, 34134, and 34135 associated with BP CT Nos. 3-5.

Questions Nos. 14 – 17 below are related to Polk Power Station.

14. Referring to Bates-stamped pages 47 and 53, please provide a detailed explanation to justify the proposed changes in the ASL associated with PK Common accounts:

Acct. 34180, from 45 to 35 years,  
Acct. 34280, from 28 to 31 years,  
Acct. 34380, from 47 to 32 years,  
Acct. 34580, from 36 to 30 years, and  
Acct. 34680, from 43 to 31 years.

15. Referring to Bates-stamped pages 47 and 53, please provide a detailed explanation to justify the proposed changes in the ASL associated with PK Unit 1 accounts:

Acct. 34181, from 40 to 34 years,  
Acct. 34281, from 32 to 30 years,  
Acct. 34381, from 24 to 28 years,  
Acct. 34581, from 31 to 33 years, and

Acct. 34681, from 35 to 30 years.

16. Referring to Bates-stamped pages 47 and 53-54, please provide a detailed explanation to justify the proposed changes in the ASL associated with PK CT Nos. 2-5 accounts:

Acct. 34182, from 37 to 39 years,  
Acct. 34282, from 32 to 28 years,  
Acct. 34382, from 25 to 29 years,  
Acct. 34582, from 36 to 35 years, and  
Acct. 34682, from 30 to 40 years.

Acct. 34283, from 35 to 34 years,  
Acct. 34383, from 24 to 32 years,  
Acct. 34583, from 34 to 32 years, and  
Acct. 34683, from 34 to 40 years.

Acct. 34184, from 41 to 39 years,  
Acct. 34284, from 32 to 42 years,  
Acct. 34384, from 27 to 31 years, and  
Acct. 34584, from 28 to 35 years.

Acct. 34185, from 41 to 39 years,  
Acct. 34385, from 27 to 31 years, and  
Acct. 34585, from 28 to 35 years.

17. Please refer to Bates-stamped pages 52-53 for the following questions regarding several accounts associated with PK CT Nos. 4-5 which were placed in-service in 2007 as indicated in MS Excel file "Generation Master," tab "TEC Plant In-Service:"

- a. Please explain why the existing ASLs of Account 34684 and 34685 are zero years.
- b. Please provide an explanation to justify the proposed 35-year ASL for Accounts 34684 and 34685, respectively.

18. Referring to Bates-stamped pages 57 and MS Excel file "Generation Master," tab "Plant & Reserve," please explain the nature and cause of the negative amount of Accumulated Reserves, as of 12/31/2019, recorded in the following accounts:

Account 34133, BP CT No. 3 - Str & Improve, (\$27,876),  
Account 34134, BP CT No. 4 - Str & Improve, (\$122,817),  
Account 34135, BP CT No. 5 - Str & Improve, (\$173,609), and  
Account 34680, Polk Common - Misc. Power Plant Equipment, (\$131,378).

19. Please refer to MS Excel file "Generation Master," tab "Solar" for the questions below:

- a. Please identify the major plant assets recorded in Account 342.99 – Fuel Holders, Producers and Accessories that are associated with a solar site. Are they similar to



- the major plant assets recorded in a Fuel Holders, Producers and Accessories accounts that are associated with a coal-fired generation units and/or a natural gas-fired generation units?
- b. Please identify the major plant assets recorded in Account 343.99 – Prime Movers, that are associated with a solar sites. Are they similar to the major plant assets recorded in a Prime Movers accounts that are associated with a coal-fired generation units and/or a natural gas-fired generation units?
  - c. In which account are the solar photovoltaic panels recorded?
20. Please explain the methodology (including the use of stratified investment) TECO used in the current Study to determine the curve shape, average service life, future net salvage, and average remaining life for production plant. Please provide an example with sample calculations.
21. Please respond to the following questions regarding the life category stratification:
- a. Referring to MS Excel file “Generation Master,” tab “Life Category 2019,” please explain what is meant by the column titled “Production – CSA.”
  - b. Please identify all the life categories TECO used in the 2020 Study, and provide an example of assets contained in each stratified life category.
  - c. Please explain how the stratified life categories for each production plant site were determined.
  - d. Are the stratified life categories used for each production plant site the same as those used in the 2011 depreciation study? If the categories are different from the 2011 study, please identify the specific reasons justifying each life category change.
  - e. Please explain how the average age of each life category is determined.
  - f. Please explain how TECO determined the curve types for long, medium, and short life production plant in the 2020 Study. If the method used differs from that method used in the 2011 study, please explain why the current method was chosen.
22. Referring to “Generation Master,” tab “TEC Plant In-Service,” please identify all the generation units, if any, in which the Capital Recovery year is different from what was proposed in TECO’s 2011 depreciation study with an explanation of the specific reasons for capital recovery date revision.

23. Did TECO use any interim retirement rate for production plant? If yes, please explain how an interim retirement rate was derived and provide both a quantitative explanation as well as a narrative explanation.
24. Did TECO use any future estimated retirement rate for production plant? If yes, please explain how a future estimated retirement rate was derived and provide both a quantitative explanation as well as a narrative explanation.
25. For production plant, does TECO propose any curve types (e.g., S3-25) different from those that are currently prescribed? If so, please explain, by account, the quantitative and qualitative reasons for the change.
26. For each production account where TECO's proposed interim future net salvage differs from what is currently prescribed, please explain the reasons for changing the future net salvage. The explanation should include relevant quantitative data and analysis as well as a brief narrative explanation for each account.
27. Referring to Bates-stamped pages 80-1124, please explain how production plant retirements were estimated and developed for the budget year 2020.
28. Please provide, in MS Excel file, TECO's actual (or estimate if the actual is not available) Production Plant and Reserve Activities, for the year ending December 31, 2020. For this request, please use a similar format as MS Excel file "Generation Master," tabs "2019 B-7" and "2019 B-9."
29. Please provide, in MS Excel file, TECO's 2021 Budget of Production Plant and Reserve Activities, in a similar format as MS Excel file "Generation Master," tabs "2019 B-7" and "2019 B-9."
30. Please refer to MS Excel file "Generation Master," tab "Plant & Reserve" for the questions below:
  - a. Please describe the plant assets included in the amortizable Accounts 31647 (Big Bend Amortizable Tools), 34637 (Bayside Amortizable Tools) and 34687 (Polk Amortizable Tools).
  - b. Please describe the plant assets included in the amortizable Accounts 31247 (Big Bend Fuel Clause), and 34287 (Polk 1 Fuel Clause).
  - c. Please explain how the amortization expense is calculated for the aforementioned production plant accounts, and specify how the vintage group concept is applied within the calculation.
31. Apart from the Big Bend Modernization Project, are there any major overhauls or upgrades planned for production plant during 2020 - 2025? If so, please include a description of the work to be performed, any retirement units expected to be replaced as a

direct result of the overhaul or upgrade, and identify the year each overhaul or upgrade is planned to take place. Please provide the January 1, 2022 estimated investment and reserve associated with the equipment currently planned for replacement during each overhaul, by account by plant site.

32. Are there any substantial retirements or additions to production plant expected in connection with current or proposed state or federal regulations, including environmental regulations, during 2021-2025? If so, please include a description of the regulation and the work to be performed, any retirement units expected to be replaced as a direct result, and identify the year(s) each retirement or addition is planned to take place. Please provide the January 1, 2022 estimated investment and reserve associated with the equipment currently planned for replacement, by account by plant site.
33. Please refer to TECO's Response to OPC's 1<sup>st</sup> IRR Nos. 1-5, Electronic Files IRR 05, "(BS 18) 2020 CPR - Generation Life Category Analysis.xlsb." It appears that a different tab of this file shows a different plant amount for the same power station as indicated in Table 1 below:

File Name	(BS 18) 2020 CPR - Generation Life Category Analysis.xlsb		
Tab Name	Summary Depr Study View	Summary Generation Depr Groups	B-7 2019
	(1)	(2)	(3)
Bayside Total	1,110,577,446.47	1,112,170,337.52	1,110,577,446.47
Big Bend Total	2,221,175,464.51	2,228,099,093.02	2,180,333,328.62
Polk Total	1,368,350,417.81	1,386,547,759.28	1,368,350,417.81
Solar Total	545,189,315.58	611,379,191.93	545,189,315.58
Grand Total	5,277,215,390.94	5,370,119,128.32	5,245,292,644.37

- a. In general, please explain the difference between the plant amounts shown in column (1) and column (2) for a same power station, or, the grand total of production plant.
- b. Please explain the difference between the plant amounts shown in columns (1) and (2) associated with the Bayside Station.
- c. Please explain the difference between the plant amounts shown in columns (1) and (2) associated with the Big Bend Station.
- d. Please explain the difference between the plant amounts shown in columns (1) and (3) associated with the Big Bend Station.
- e. Please explain the difference between the plant amounts shown in columns (1) and (2) associated with the Polk Station.
- f. Please explain the difference between the plant amounts shown in columns (1) and (2) associated with the Solar Total.

- g. Please explain the difference between the amounts shown in columns (1), (2) and (3) associated with the Production Plant Grand Total.

34. Referring to TECO's response to OPC's 1<sup>st</sup> POD 2, "(BS 68) Mortality Curve ID.xlsx," where TECO provided the following the mortality curves that were used in the 2020 Study:

Mortality Curve Id	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
Description	GM1.0	GM1.5	GM2.0	GM2.5	GM3.0	GM3.5	GM4.0	GM4.5	GM5.0	GM5.5	H0.50	H1.00	H1.50	H2.00	H2.50	H3.00	H4.00	H5.00
Gm Indicator	1	1	1	1	1	1	1	1	1	1	3	3	3	3	3	3	3	3

- a. Please explain what is a GM curve type.
- b. Please explain what is an H curve type.
- c. Please explain the difference between GM1.0 and GM 1.5 types.
- d. Please explain the difference between H1.0 and H1.5 types.
- e. Please explain why a Gm indicator is applicable, even for an H curve type.

Please file all responses electronically no later than April 29, 2021 from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact me at [sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us) or at 850.413.6218 if you have any questions.

Very truly yours,

*/s/ Suzanne Brownless*

Suzanne Brownless  
Special Counsel

SBr/lms

cc: Office of Commission Clerk