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March 29, 2021

VIA: ELECTRONIC FILING

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

In re: Petition of Tampa Electric Company for approval of Direct Current Microgrid
Pilot Program; Docket No. 20200234-EI;

Dear Mr. Teitzman:

Attached for filing in the above docket are Tampa Electric Company's responses to Staff's
Seventh Data Request (Nos. 1-4), propounded on March 19, 2021.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Attachment

cc: All Parties of Record (w/attachment)
Suzanne Brownless, Special Counsel, FPSC (w/attachment)

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20200234-EI
STAFF'S SEVENTH DATA REQUEST
REQUEST NO. 1
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1. Please refer to TECO's response to Staff's First Data Request, No. 18. Please describe what reimbursement of the portion of the purchase price refunded by Emera Technologies Florida, Inc. (ETFI), if any, will occur for TECO ratepayers in the event of a permanent suspension of the Microgrid project. If there is no reimbursement planned for TECO ratepayers, please explain why not.
 - A. Tampa Electric's response to Staff's First Data Request No. 18 referred to whether *participating customers* would receive a credit in the event that the company discontinues use of the Block Energy System.

Tampa Electric pays ETFI for each home as it is completed. If the project is discontinued because the Block Energy System does not perform as anticipated, or because ETFI is in default, then EFTI must refund the amount Tampa Electric paid for each home that is discontinued, as well restore the site (or reimburse Tampa Electric for its costs of restoration).

In the event that EFTI reimburses some or all of the costs, these reimbursements will be treated as credits to rate base which will offset a portion of the revenue requirement for the project.

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- 2.** Please refer to TECO's response to Staff's First Data Request, No. 23(b). Please clarify under which circumstances ETFI will and won't pay for any additional necessary equipment homeowners need to make these panels compatible with TECO's traditional generation system.

- A.** Should Tampa Electric terminate the Pilot for reasons not related to ETFI performance under the EPC Agreement or the performance of the Block Energy System, Tampa Electric would be responsible (and ETFI would not be required to pay) for the conversion costs. That is, ETFI would pay for conversion where discontinuation of the program was due to a failure of ETFI or the Block Energy technology.

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- 3.** Please refer to TECO's response to Staff's First Data Request, No. 25.
 - a. Please provide an up-to-date economic analysis of the Block Energy System versus traditional generation. This response should provide the annual and cumulative values over the life of the Block Energy System (in nominal and net present value). This should include the following categories: Avoided Capital, O&M, Avoided O&M, Fuel Costs, Fuel Savings and Avoided Transmission and Distribution Capital. Provide this response in electronic (Excel) format.
 - b. Please identify and provide the installed cost for each piece of equipment used in Block Energy System. As a part of this response please provide the total installed cost of the Block Energy System. Provide this response in electronic (Excel) format.

- A.**
 - a. Tampa Electric's Resource Planning Department is currently working on the company's Ten Year Site Plan, which is due April 1, 2021. As a result, the Department is still working on the response to this data request. Tampa Electric will supplement this response with the requested analysis by April 5, 2021.
 - b. Please see answer to Staff's Fourth Data Request, No. 1(b) for the installed cost for each piece of equipment (by associated account number) used in the Block Energy System. The total installed cost of \$1,990,000 for the Block Energy System is also reflected in the attached Excel file, "(BS_4) Staff's Seventh Data Request No. 3(b) and 4(f)".

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4. Please refer to TECO's revised response to Staff's First Data Request, No. 2(a).
 - a. Please provide the work papers used to develop the values for TECO's revised response.
 - b. Please explain what caused the approximately 33 percent increase in NPV Pilot program costs from \$660,000 to \$884,000.
 - c. Please explain whether or not manual transfer switches will be included in the Microgrid design. If so, please explain why zero dollars are associated with AC infrastructure, and provide the amount associated with them.
 - d. Please verify the amount of expenses associated solely with the EPC Agreement.
 - e. Please verify that TECO would not be seeking recovery of any expenses, including through base rates and/or cost recovery clauses, associated with the Microgrid project or its associated equipment after 2024 for the remaining service life of any components. If TECO would be seeking recovery, please provide the amount that would be recovered through base rates and/or cost recovery clauses for the full life of the components.
 - f. Please identify and provide the installed cost for each piece of equipment used in the DC Microgrid Pilot Program. As a part of this response please provide the total installed cost of the DC Microgrid Pilot Program. Provide this response in electronic (Excel) format.
 - g. Please identify each source of non-capital expenses, such as fuel or O&M, and provide the non-capital expenses for the life of each piece of equipment in the DC Microgrid Pilot Program. As a part of this response please provide the total non-capital expenses for the DC Microgrid Pilot Program. Provide this response in electronic (Excel) format.
- A. a. ETFI considers the contents of the workpaper used to develop the values to be confidential. Tampa Electric will provide an unredacted

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copy of the workpaper with a Request for Confidential Classification. The company will file this request along with these responses.

- b. Approximately one half of the 33 percent increase is related to the addition of the \$290,000 of capital for the four items listed in Staff's Second Data Request, No. 5(a). The remainder of the increase is related to corrections for book life assumptions and to include a more conservative assumption for no ITC benefits on storage assets.

In addition, the workpaper provided in response to request 4.a, above, includes an additional calculation to show the revenue requirement associated with internal labor expense related to the project for the entire four year period. This amount is not included in the \$884,000 revenue requirement. Tampa Electric is providing this calculation in the event that Staff believes it should be included in the revenue requirement.

- c. Yes, manual transfer switches, as well as automatic transfer switches, are included in the Microgrid design. The capital cost for these transfer switches is included in the revenue requirement table category titled "Block Boxes". They were not included in the AC infrastructure category since they were not considered "traditional" AC infrastructure.
- d. The operating expenses related to the maintenance of the system components for the pilot program (*i.e.*, years 1 – 4) are ETFI's responsibility and therefore are not part of the Company's operating expense. The estimated operating expenses for maintenance and replacements beyond year 4 are included in the answer to 4(a) above. Other expenses to support the pilot program including internal labor and external contracting are estimated to be \$1,326,000. The revenue requirement associated with this internal spending is reflected separately in the work paper referenced in 4(a).
- e. Tampa Electric will include the rate base and expenses associated with the DC Microgrid Pilot for cost recovery through standard base rate cost recovery in a base rate proceeding. Fuel consumption for the gas fired generators in the Community Energy Park will be recovered through the fuel adjustment clause. These recovery mechanisms will apply during the pilot period and, should the project

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be determined to remain in service after the pilot period, after the pilot period as well.

The estimated amounts to be recovered through base rates are included in the above answer 4(b). These include the capital recovery costs associated with the \$1,990,000 cost of the assets, estimated operating expenses for maintenance on the assets, as well as the estimated fuel consumption for the generators over the remaining life of the assets.

- f. Please see answer to Staff's Fourth Data Request, No. 1(b) for the installed cost for each piece of equipment (by associated account number) used in the Block Energy System, *i.e.*, the DC Microgrid Pilot Program. The total installed cost of \$1,990,000 for the Block Energy System is also reflected in this answer.
- g. Please see the response to 4a above.