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STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

August 25, 2021

James D. Beasley/J. Jeffry Wahlen/
Malcolm N. Means
Ausley McMullen
Post Office Box 391
Tallahassee, FL 32302
jbeasley@ausley.com
jwahlen@ausley.com
mmeans@ausley.com

STAFF'S FIFTH DATA REQUEST
VIA EMAIL

Re: Docket No. 20210034-EI – Petition for rate increase by Tampa Electric Company

Docket No. 20200264-EI – Petition for approval of 2020 depreciation and dismantlement study and capital recovery schedules, by Tampa Electric Company.

Greetings:

By this letter, the Commission staff asks that Tampa Electric Company (TECO) provide responses to the following data requests:

1. Please refer to TECO's 2021 Stipulation and Settlement Agreement (SA), page 32. Paragraph 9(a) of the SA states that "during the Term, the company may in its sole discretion petition, on an estimated earnings-neutral basis, the Commission to extend the lives of lighting assets and thereby reduce depreciation rates for lighting assets."

   a. Is it correct that the aforementioned statement will only affect depreciable Account 373.00 - Street Light and Signal Systems? If not, please identify all the other accounts/subaccounts that will be affected.

   b. Please explain why TECO envisions that there would be a potential lighting asset life extension in the near future (before the end of 2024, the SA Term), and identify all the factors that could result in the life extension for Account 373.00.

c. TECO's 2020 Depreciation Study (2020 Study), Bates-stamped page 1449 of 1821, showed that for Account 373.00, both TECO's existing and proposed average service life (ASL) are 20 years, and the proposed depreciation rate for the account is 4.6 percent. The SA, Exhibit G, page 5, shows that the Parties' agreed-to depreciation rate for this account is 2.8 percent. Please identify the ASL TECO/Parties used in deriving the 2.8 percent depreciation rate for Account 373.00 with explanation of why the ASL assumed is a reasonable estimate.

2. Please refer to TECO's response to Staff's 2nd Data Request Response, No. 1, page 2, which shows:

> LED Depreciation Expense is a 373.00 Lighting reserve adjustment that is expensed and recovered through the ECCR clause.

And

> MFR Schedule B-9 reserve adjustment included on MFR Schedule C-6 373.00 Street Light & Signal Sys = $ 4,972,800.

Please also refer to the SA, Exhibit G "Depreciation Calculations," pages 5-6, which shows the following amounts of depreciation expenses which relate to Account 37000 and/or LED:

Depreciation Calculations

Exhibit G	Account	PowerPlant Depr Group	Revised Depr Rate 2022 Total ($)	Original Proposed 2022 Depr Rate 2022 Total ($)	Revised Depr Rate Impacts
Page 5	373.00	Street Light & Signal Sys	9,108,371	14,963,753	(5,855,381)
Page 6	ADD:	LED Clause Depreciation Expense	4,972,800	4,972,800	-

a. Please identify the page number(s) of MFR schedules and witnesses' testimonies, if any, in which the "LED Clause Depreciation Expense" was discussed.

b. Referring to page 8 of Exhibit G, please explain why line item "ADD: LED Clause Depreciation Expense" is needed, given the "Revised Depr Rate Impact" is none.

c. Please explain why the ECCR-related LED depreciation expense is added into the rate base portion of depreciation calculation.

d. As indicated in TECO's response to Staff's 2nd Data Request, No. 1, the $4,972,800 depreciation expense is related to Account 373.00. Please explain why, for the same Account 373.00 and the same amount of depreciation expense of $4,972,800, the "Revised Depr Rate Impact" shown on Page 5 of Exhibit G is zero but the "Revised Depr Rate Impact" shown on Page 6 of Exhibit G is negative $5,855,381.

e. Please explain how the 2022 depreciation expense, in the amount of $4,972,800, was derived; and identify the 2022 plant amount upon which the expense was calculated.

3. Please refer to the SA, Exhibit G, page 6 of 6, and explain the "Settlement Adjustment," in the amount of negative $500,318, listed under "FPSC Adjustments," specifically, why the adjustment is needed, what original amount was adjusted, and how the adjusted amount was derived.

4. Please refer to TECO's response to Staff's 2nd Data Request, No. 1, and explain what is meant by "allocation of expense" regarding the ED Transportation L/H Vehicle plant account reserve accruals.

5. Please refer to the SA, Exhibit G "Depreciation Calculations," TECO's 2020 Study, Bates-stamped pages 31-35 and 1449-1450 of 1821, and MFR Schedule B-7, pages 1-9 of 30. It appears that for certain depreciable accounts, the SA's proposed annual depreciation rates are different from the annual depreciation rates that TECO proposed in its 2020 Study as indicated in Table 1 below:

Table 1: Comparison of the Depreciation Rates

Acct. No.	Acct. Description	Existing Annual Depreciation Rate	2020 Study Proposed Depreciation Rate	2021 SA Proposed Depreciation Rate
34199	Str & Improvements-Solar	3.3%	3.3%	2.9%
34399	Prime Movers-Solar	3.3%	3.3%	2.9%
34599	Accessory Elect Eq-Solar	3.3%	3.3%	2.9%
35500	Poles & Fixtures	3.6%	3.6%	2.8%
35600	OH Conductors & Devices	2.8%	3.3%	2.9%
36400	Poles, Towers & Fixtures	4.4%	4.4%	3.7%
36500	OH Conductors & Devices	3.1%	2.6%	2.2%
36700	UG Conductors & Devices	3.0%	2.6%	2.3%
36800	Line Transformers - OH	4.4%	5.3%	4.5%
36900	Services - OH	3.4%	2.3%	1.9%
36902	Services - UG	2.8%	2.7%	2.3%
37300	Street Light & Signal Sys.	5.4%	4.6%	2.8%
39000	Structures & Improvements	2.3%	2.5%	1.4%
39725	Fiber Optic	5.3%	3.7%	2.9%

a. Please explain how the SA's proposed rates were derived and provide the depreciation parameters, including the service lives, remaining lives and net salvage percentage that are associated with each of the SA's proposed rate.

b. Table 1 shows that all the SA proposed depreciation rates are lower than the corresponding rates that TECO proposed in its 2020 Study. Please identify the major causes/factors which lead to the decrease in the depreciation rate for each account, and elaborate on why such rate reduction is an appropriate estimate of the activities and characters of the affected account in the future within the effective period of the proposed rates.

6. Please provide a list, in both PDF and MS Excel formats, of the SA Parties agreed upon depreciation parameters (service lives, remaining lives, net salvage percentages, reserve percentages, theoretical reserves and imbalances) and depreciation rates for each and all depreciable accounts and subaccounts. Please provide this data which will provide the foundation for similar information and data the Company is required to submit in its next depreciation study and to report in future Annual Depreciation Status Reports in accordance with Rule 25-6.0436(5) and (6), F.A.C.

7. Please refer to Paragraph 2(b)(vii) on page 8 of the SA.

    a. Please explain in further detail the statement, "Tampa Electric cannot double count the impact of the Trigger and the ability to achieve a higher mid-point by virtue of Paragraph 10."

    b. Please provide an example of how the "double counting" would occur.

8. Please refer to Paragraph 2(b)(vii) on page 8 of the SA. Please explain the statement, "if application of the Trigger were to result in Tampa Electric earning below the new ROE floor, Tampa Electric must choose whether to utilize the Trigger mechanism or to avail itself of Paragraph 10 and exit the 2021 Agreement." If the Trigger Mechanism is applied and Tampa Electric is earning below the new floor of 9.25%, can Tampa Electric request a limited proceeding or base rate increase to increase its earnings to the mid-point ROE of 10.20 during the Term of the Agreement?

9. Please refer to Paragraph 2(b)(vii) on page 9 of the SA. Please clarify the underlined phrase in the following statement, "Since the purpose of Paragraph 11 <u>on Tax the cost recovery revenue distribution shown on Exhibit Changes</u> is to increase or decrease revenues to counterbalance the impact of corporate income tax rate changes, the net operating income impact of the operation of Paragraph 11 should be zero and not impact application of the Trigger."

Please file all responses electronically no later than Wednesday, September 1, 2021, via the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6191 if you have any questions.

Respectfully,

/s/ Charles W. Murphy

Charles W. Murphy
Senior Attorney

CWM/nah

cc: Office of Commission Clerk
All Parties of Record