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November 15, 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 Depreciation Rates for
Direct Current Microgrid Pilot Equipment

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company is a Petition for approval of
Depreciation Rates for Direct Current Microgrid Pilot Equipment.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/bmp
Attachment
cc: TECO Regulatory Department

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
For Approval of Depreciation Rates for Direct)
Current Microgrid Pilot Equipment)
_____)

DOCKET NO. _____

FILED: November 15, 2021

**TAMPA ELECTRIC COMPANY'S PETITION
FOR APPROVAL OF DEPRECIATION RATES FOR
DIRECT CURRENT MICROGRID PILOT EQUIPMENT**

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Section 366.04, Florida Statutes and Rules 25-6.0436(2)(a) and 25-6.0436(3)(b), Florida Administrative Code, petitions for Commission approval of new depreciation sub-accounts and rates for equipment associated with the company's direct current microgrid pilot and, in support thereof, says:

I. Preliminary Information

1. The Petitioner's name and address are:

Tampa Electric Company
702 North Franklin Street
Tampa, Florida 33602

2. 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
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Manager, Regulatory Coordination
Tampa Electric Company
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3. Tampa Electric is an investor-owned public utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes, and is a wholly owned subsidiary of Emera, Inc.

4. Tampa Electric serves more than 800,000 retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties, Florida.

5. This petition is filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399. This Petition represents an original proceeding and does not involve reversal or modification of an agency decision or any proposed agency action.

III. Statement on Disputed Issues of Material Fact

6. In compliance with paragraph (2)(d) of Rule 28-106.201, F.A.C., Tampa Electric states that it 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, but acknowledges the possibility that the Office of Public Counsel and other parties could assert disputed issues of material fact during this proceeding.

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

7. Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Public Utilities and Licensees, as found in the Code of Federal Regulations, which is incorporated by reference in Rule 25-6.014(1), F.A.C.

8. Pursuant to Rule 25-6.0436(2)(a), F.A.C., no utility may initiate a new depreciation rate without Commission approval.

9. Pursuant to Rule 25-6.0436(3)(b), F.A.C., any utility that establishes a new account or subaccount classification must request Commission approval of a depreciation rate for the new plant category.

10. On October 27, 2020, Tampa Electric filed a Petition for approval of a direct current microgrid pilot program (“Pilot”).¹ The Pilot involves installation of new direct current electric microgrid technology and associated generating equipment, known as the Block Energy System, to provide power to approximately 37 home lots as part of a housing development within Tampa Electric’s service area in southern Hillsborough County.

11. On June 30, 2021, the Commission entered an Order approving the Pilot.² The Order notes that the Pilot involves “new and innovative technologies” and new categories of plant assets. The Order directs Tampa Electric to “submit a request to the Commission for establishing several new depreciation accounts/subaccounts, with corresponding depreciation rates, to record those plant assets.”

12. The Block Energy System utilized in the Pilot includes, among other things, company-owned rooftop photovoltaic solar arrays, natural gas fueled reciprocating generating units, and distributed energy storage. Tampa Electric does not currently have a depreciation subaccount for the reciprocating generators utilized in the Pilot. Tampa Electric also needs to create new subaccounts for the company-owned rooftop solar panels and related battery storage utilized in the Pilot to isolate those assets from the accounts for existing utility-scale solar and utility-scale battery storage.

¹ See FPSC Document No. 11531-2020. The company later filed an amended petition on March 4, 2021. See FPSC Document No. 02587-2021.

² Order No. PSC-2021-0237-PAA-EI; see also Order No. PSC-2021-0265-CO-EI, entered July 22, 2021 (consummating order).

13. Tampa Electric currently expects that the Block Energy System will be ready for service by late November or early December of 2021.

14. In order to properly account for the depreciation related to the reciprocating generators, solar panels, and battery storage associated with the Block Energy System, Tampa Electric requests authority to record the costs of this equipment in the following new FERC sub-accounts:

- a. 341.98 Str and Improvements – DC Microgrid
- b. 343.98 Prime Movers – DC Microgrid
- c. 345.98 Accessory Elect Eq – DC Microgrid
- d. 348.98 Energy Storage Battery Equip – DC Microgrid

15. The parties to the company’s 2021 Stipulation and Settlement Agreement (“2021 Agreement”) filed in the company’s most recent general rate case agreed that the life of utility-scale solar assets to be used when calculating depreciation rates should be 35 years. The 2021 Agreement was approved by the Commission in Order No. PSC-2021-0423-S-EI, issued on November 10, 2021. In accordance with the 2021 Agreement, Tampa Electric requests a service life of 35 years for the Pilot rooftop solar assets, or an annual depreciation rate of 2.9 percent.

16. Order No. PSC-2020-0156-PAA-EI, issued April 20, 2020 in Docket No. 20190215-EI, established depreciation rates for the company’s utility-scale energy storage equipment. That Order established a useful life of 10 years and a depreciation rate of 10 percent for utility-scale energy storage. In accordance with this precedent, the company requests an annual depreciation rate of 10 percent for energy storage equipment associated with the Pilot. This 10-year life was also reflected in the unanimous 2021 Agreement that resolved the company’s most recent base rate case. *See* Order No. PSC-2021-0423-S-EI [DN 12617-2021].

17. Tampa Electric will pursue cost recovery for the Pilot in its next general base rate case. Additionally, Tampa Electric will include the new accounts in its next depreciation study filed with the Commission.

18. As indicated in its initial Petition, if the Pilot proceeds as expected, the company may propose a new optional tariff for service including the Block Energy System. The company proposes that, if the Commission ultimately approves such a tariff, the depreciation treatment described in this petition would apply to future Block Energy System installations.

WHEREFORE, Tampa Electric Company respectfully urges the Commission to approve the new depreciation rates for the reciprocating generators, solar panels, and energy storage equipment associated with the Pilot.

DATED this 15th day of November 2021.

Respectfully submitted,



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