

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: February 17, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mathis, Buys, Cicchetti) *ALM*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20210153-EI – Application for authority to issue and sell securities for 12 months ending December 31, 2022, by Tampa Electric Company.

AGENDA: 03/01/22 – Regular Agenda – Final Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On September 3, 2021, Tampa Electric Company (TECO or Company) filed an Application with the Commission for Authority to Issue and Sell Securities (Initial Application). TECO's Initial Application requested authority for up to \$800 million in outstanding short-term debt. On November 5, 2021, the Commission issued Order No. PSC-2021-0414-FOF-EI, approving TECO's Initial Application.¹ On December 15, 2021, TECO filed a petition requesting that the Commission amend Order No. PSC-2021-0414-FOF-EI by increasing the limit on short-term debt for 2022 from \$800 million to \$1 billion. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Section 366.04, F.S.

¹Order No. PSC-2021-0414-FOF-EI, issued November 05, 2021, in Docket No. 20210153-EI, *In re: Application for authority to issue and sell securities for 12 months ending December 31, 2022, by Tampa Electric Company.*

Discussion of Issues

Issue 1: Should the Commission approve TECO's petition to amend the authority granted in Order No. PSC-2021-0414-FOF-EI by increasing TECO's limit on short-term debt for 2022 from \$800 million to \$1 billion?

Recommendation: Yes. TECO's petition to amend the authority granted in Order No. PSC-2021-0414-FOF-EI by increasing TECO's limit on short-term debt for 2022 from \$800 million to \$1 billion should be approved. (Mathis)

Staff Analysis: On September 3, 2021, TECO filed its Initial Application for authority to issue and sell securities for the fiscal period of 12 months ending December 31, 2022, pursuant to Section 366.04, F.S., and Chapter 25-8, Florida Administrative Code (F.A.C.). The Commission approved the Initial Application for authority to issue \$800 million in short-term debt in 2022 by Order No. PSC-2021-0414-FOF-EI, issued November 5, 2021.²

Beginning in March of 2020, the COVID-19 pandemic caused a tightening of credit markets, which in turn increased borrowing rates for various products including term loans. As a result, the Company did not pursue any additional term loans by the time it filed its Initial Application. In the fourth quarter of 2021, short-term loan rates returned to favorable levels and once again became an attractive source of liquidity for the Company. In order to take advantage of the favorable rates, TECO entered into a new term loan agreement with a group of banks on December 17, 2021. TECO had not considered entering into a new term loan prior to the updated pricing, and as a result the Company did not factor the amount of a new term loan into its Initial Application. The instant petition rectifies this issue by factoring in the amount of the new term loan and requesting that the short-term debt limit for 2022 be increased from \$800 million to \$1 billion. The increase in short-term debt provides TECO with flexibility to better manage its short-term borrowing costs in 2022. The newly requested amount for the short-term debt limit in 2022 is consistent with the amount for the short-term debt limit in 2021 granted to TECO by Order No. PSC-2020-0468-FOF-EI.³

The requested amendment to Order No. PSC-2021-0414-FOF-EI applies only to the limit on short-term debt outstanding for 2022. TECO does not seek modification or amendment of any of the other terms set out in Order No. PSC-2021-0414-FOF-EI.

Based on its review, staff believes TECO's request to increase its short-term debt limit from \$800 million to \$1 billion is appropriate and recommends it be approved.

²Id.

³Order No. PSC-2020-0468-FOF-EI, issued November 23, 2020, in Docket No.20200208-EI, *In re: Application for authority to issue and sell securities for 12 months ending December 31, 2021, by Tampa Electric Company.*

Issue 2: Should this docket be closed?

Recommendation: For monitoring purposes, this docket should remain open until May 5, 2023, to allow the Company time to file the required Consummation Report. (Sandy)

Staff Analysis: For monitoring purposes, this docket should remain open until May 5, 2023, to allow the Company time to file the required Consummation Report.