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Attorneys and Counselors at Law  
123 South Calhoun Street  
P.O. Box 391 32302  
Tallahassee, FL 32301

P: (850) 224-9115  
F: (850) 222-7560

[ausley.com](http://ausley.com)

March 2, 2023

**VIA: ELECTRONIC FILING**

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

Re: PPA (Purchase Power Agreement) Pasco County  
FPSC Docket No. 20220186-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Response to Staff's Second Data Request (Nos.1-9), propounded on February 16, 2023.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Malcolm N. Means'.

Malcolm N. Means

MNM/bml  
Attachment

cc: All Parties of Record (w/encl.)  
Phillip Davis – Eng. Specialist ([pdavis@psc.state.fl.us](mailto:pdavis@psc.state.fl.us))

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Tampa Electric Company's responses to Staff's Second Data Request (Nos. 1-9), have been furnished by electronic mail on this 2nd day of March 2023 to the following:

Jennifer Crawford  
Major Thompson  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
[jcrawfor@psc.state.fl.us](mailto:jcrawfor@psc.state.fl.us)  
[mthomps@psc.state.fl.us](mailto:mthomps@psc.state.fl.us)

James R. Kelly  
359 Milestone Drive  
Tallahassee, FL 3312-3575  
[Kellyjr2694@gmail.com](mailto:Kellyjr2694@gmail.com)



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ATTORNEY

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20220186-EI  
STAFF'S SECOND DATA REQUEST  
REQUEST NO. 1  
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1. Please refer to Staff's First Data Request, Question 1.B. Please verify that the fuel forecast used is the same as TECO's Midcourse Correction filing in Docket No. 20230001-EI. If not, please explain why not. As part of this response, identify when the fuel forecast used in the response was developed.
  - A. Tampa Electric used the fuel forecast from the midcourse correction filed on January 23, 2023. The projected market price for fuel used in the midcourse correction is the average of five NYMEX trading days ending December 30, 2022.

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2. Please refer to Section 12 of the Purchased Power Agreement (PPA). How will the Public Service Commission be informed of a third party sale of Renewal Energy Credits (RECs)? Also, what administrative costs are associated with the RECs?

A. When Tampa Electric sells RECs on behalf of Pasco, Tampa Electric will deduct those volumes from the total quantity of RECs. The remaining volume of RECs will be those owned by Tampa Electric. Tampa Electric will report both REC volumes to date in its annual fuel projection filings.

Administrative costs for the REC sales would be costs associated with transferring ownership of the RECs to the buyer. The exact costs will be sale specific but, in general, would include costs like applicable REC tracking platform fees and broker fees.

The following is an illustration of potential administrative costs. Assume the REC tracking platform charges \$0.01 per REC to issue (or “create”) each REC and then another \$0.01 per REC to transfer ownership of the REC to another party. The REC sale could also include a REC broker fee of approximately one percent (for this example) of the REC sale revenues. If Tampa Electric facilitates a sale of 10,000 RECs on behalf of Pasco at a price of \$1.00 per REC, the administrative costs for the scenario above would be \$300.00.

	<b>Category</b>	<b>Calculation</b>	<b>Cost</b>
A	REC Platform Issuance Fee	10,000 RECs x \$0.01/REC	\$100.00
B	REC Transfer Fee	10,000 RECs x \$0.01/REC	\$100.00
C	REC Sale Revenues	10,000 RECs x \$1.00/REC	\$10,000.00
D	REC Broker Fee	REC Sale Revenues x 1.00% Broker Fee	\$100.00
E	<b>Total Administrative Costs</b>	$A + B + D$	<b>\$300.00</b>
F	Total Administrative Costs Relative To REC Sale Revenues	$(E \div C) \times 100$	3.00%

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For the following questions, please refer to Section 5 of the PPA.

- 3.** Please discuss how this section of the PPA complies with Rule 25-17.0889, Florida Administrative Code (F.A.C.). Specifically, explain how the PPA is consistent with the requirements that a Qualifying Facility (QF) seek these services.
  - A.** It is not uncommon for the purchaser of the power to arrange for the transmission service. Rule 25-17.0889 of the Florida Administrative Code requires each electric utility to provide transmission service to wheel as-available energy or firm energy and capacity produced by a QF to another electric utility upon request by a QF. Tampa Electric does not view this Rule as one that requires the QF to arrange for transmission service. Instead, Tampa Electric views this Rule being in place to prohibit a transmission service provider from denying transmission service to a QF without a justifiable reason. Tampa Electric agreed within the terms of the PPA to arrange for the third-party transmission service.

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- 4.** Please discuss how this section of the PPA complies with Rule 25-17.0883, F.A.C. Specifically, explain how the PPA is consistent with the requirements that a QF seek these services.
  - A.** Rule 25-17.0883 is inapplicable to the PPA at issue in this docket. The Rule requires each public utility to provide transmission and distribution services “to enable a retail customer to transmit electrical power generated at one location to the customer’s facilities at another location.” The Rule refers to this type of arrangement as “transmission service for self-service.” Here, Pasco is selling power to Tampa Electric, not generating power at one Pasco location and asking for transmission and/or distribution service(s) to transmit that power to another Pasco facility. Thus, Tampa Electric believes this rule does not apply.

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5. Please refer to TECO's most recent Standard Offer Contract, specifically Section 6 on Tariff Page No. 8.214. Please verify that under the Standard Offer Contract, the QF would be responsible for all transmission delivery to TECO's interconnection.
  - A. Section 6 of Tampa Electric's Tariff Sheet No. 8.214 state that the QF (referenced in the tariff as "capacity and energy provider") will arrange and pay for third-party transmission services. However, that is under the terms of the "off-the-shelf" Standard Offer Contract. The Pasco PPA is a negotiated agreement. Tampa attempted to maintain the spirit of this tariff section by passing through to Pasco the third-party transmission service costs up to the negotiated transmission cost cap. Tampa Electric could have required Pasco to arrange for the third-party transmission services; however, the company determined it would be best handled by Tampa Electric since Tampa Electric is (i) purchasing the power, (ii) doing the invoicing, and (iii) will contribute to transmission costs if the transmission costs exceed the cap. Receiving the transmission services bill directly from Duke Energy Florida (DEF) allows Tampa Electric to compare those costs to the transmission cost cap when creating the invoice.

Additionally, Tampa Electric receives an added benefit for arranging the third-party transmission. By reserving the transmission, Tampa Electric becomes the customer of record for the transmission service. Thus, if the Pasco facility experiences an extended outage, Tampa Electric can request DEF allow a redirect of the transmission to get power from another source. If allowed by DEF, that redirect, which typically is at zero cost, would allow Tampa Electric to make an alternate, beneficial purchase for its customers.

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- 6.** Does Section 5 of the PPA transfer risk associated with transmission service rates from the QF to TECO's ratepayers? If so, what benefits would TECO's ratepayers receive by assuming this risk? If not, please explain who bears the risk for transmission service rate increases.
  - A.** Tampa Electric did incorporate the transmission risk in the customer savings ranges presented to the Commission. The \$4.3 million to \$11.4 million in customer savings noted in Section 22(c) of Tampa Electric Petition (filed November 4, 2022) includes the third-party transmission cost risk.



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7. Regarding a potential transmission study and associated costs, please provide the estimated cost of a transmission study and explain whether it was included in the Company's cost- effectiveness analysis provided as part of its Petition and in response to Staff's First Data Request Question No 1.
  - a. If the Commission approves the PPA, does TECO believe the transmission study costs are eligible for cost recovery from its ratepayers? If so, please explain.
  
- A. Tampa Electric did not include the cost of the transmission study in its economic evaluation of the PPA. Since transmission studies are request specific (i.e., the location of the source, the delivery path, the term, etc.), each transmission service provider computes the cost for each study at the time of the request. Tampa Electric would cover the transmission study cost and not pass those costs on to its customers.
  - a. As previously stated, Tampa Electric would pay the transmission study costs, if applicable, and not pass those costs through to customers.

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- 8.** If the transmission study determines additional transmission upgrades are needed, how would the Commission be notified of TECO's choice to either pay for transmission upgrades or cancel the PPA?
- a. If TECO elects to pay for transmission upgrades, would the Commission have an opportunity to review TECO's decision separate from the approval of the PPA? If so, please explain.
  - b. If TECO elects to pay for transmission upgrades, does TECO believe any transmission upgrades it elects to pay for would be eligible for cost recovery from its ratepayers? If so, please explain.
  - c. If TECO elects to pay for transmission upgrades, where would TECO seek cost recovery?
- A.** If the transmission study determines additional transmission upgrades are needed, Tampa Electric will do one of the following:
- (i) If the company elects to pay for the upgrades, it will notify the Commission in its applicable annual fuel projection filings of that decision.
  - (ii) If the company elects not to pay for the upgrades, it will notify Pasco of that decision, giving them the right to pay for the upgrades, and, in Tampa Electric's applicable annual fuel projection filings, notify the Commission of that decision.
  - (iii) If both the company and Pasco elect not to pay for the upgrades, Tampa Electric will terminate the PPA and notify the Commission of that decision as soon as practicably possible.
- a. Tampa Electric will not pass transmission upgrade costs through to its customers and would not seek a separate approval from the Commission for such costs.
  - b. Tampa Electric will not pass transmission upgrade costs through to its customers.
  - c. Tampa Electric will not pass transmission upgrade costs through to its customers.

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- 9.** Please provide the anticipated administrative costs associated with arranging transmission for the QF through DEF's territory. As part of your response, state whether this cost was included in the Company's cost-effectiveness analysis provided as part of its Petition and in response to Staff's First Data Request Question No. 1.
  
- A.** As it relates to the third-party transmission services cost rates, there are no administrative costs associated with arranging these services. The transmission services cost will be as stated in the Duke Energy Florida (DEF) Open Access Transmission Tariff (OATT). As noted in response to Data Request No. 6, above, Tampa Electric incorporated transmission cost risk associated with these transmission service rates in the customer savings economics. Additionally, as stated in the responses to Data Request Nos. 7 and 8, above, Tampa Electric will not pass-through transmission study or transmission upgrade costs, including any potential associated administrative costs caused by such activity, to customers.