



FILED 5/19/2023  
DOCUMENT NO. 03298-2023  
FPSC - COMMISSION CLERK

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)

May 19, 2023

**VIA ELECTRONIC FILING**

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

Re: Petition of Tampa Electric Company for Approval of Revised Underground Residential Distribution Tariff  
FPSC Docket No. 20230042-EI

Dear Mr. Teitzman:

Please find attached for filing Tampa Electric Company's Answers to Staff's First Data Request (Nos. 1-10), propounded on May 5, 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

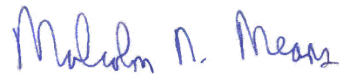
cc: All parties of record.  
TECO Regulatory  
Jordan Williams ([jmwilliams@tecoenergy.com](mailto:jmwilliams@tecoenergy.com))

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Answers to Staff's First Data Request filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 19th day of May, 2022 to the following:

Daniel Dose  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
[ddose@psc.state.fl.us](mailto:ddose@psc.state.fl.us)

Walter Trierweiller  
Mary A. Wessling  
Charles Rehwinkel  
Office of Public Counsel  
111 West Madison Street – Room 812  
Tallahassee, FL 32399  
[Trierweiller.walt@leg.state.fl.us](mailto:Trierweiller.walt@leg.state.fl.us)  
[wessling.mary@leg.state.fl.us](mailto:wessling.mary@leg.state.fl.us)  
[crehwinkel@leg.state.fl.us](mailto:crehwinkel@leg.state.fl.us)



---

ATTORNEY

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 1  
BATES PAGE(S): 1  
FILED: MAY 19, 2023**

**General**

1. Please provide a general discussion on the reasons for increases in overhead and underground material and labor costs.
  - A. Over about the past two years, Tampa Electric has experienced significant price increases from its material suppliers. These increases are not unique to Tampa Electric, which is evident when comparing the nation-wide Producer Price Index ("PPI") from the time period of Tampa Electric's previous Underground Residential Distribution ("URD") tariff filing for the period 2018-2020 against the time period encompassed by Tampa Electric's current petition (2020-2022). The PPI, which is published in the Federal Reserve Economic Data ("FRED") database, measures the average change over time in the selling prices received by domestic producers for their output. For the time period of 2018 to 2020, the PPI for Construction Material increased by 10%. Over the period of 2020 to 2022, it increased by 40%. For the time period of 2018 to 2020, the PPI for Mining, Utilities, and Manufacturing increased by 1%, as compared to the 28% increase for the time period of 2020 to 2022. Manufacturers also experienced extraordinary levels of inflation and supply chain shortages and passed those costs on to customers, including Tampa Electric. The United States has not seen inflation levels this high since the 1980s. Wages and salaries have also increased at high percentages throughout the United States, including within Tampa Electric's service area. Relative to Tampa Electric's previous URD filing, Tampa Electric has had to pay more for labor to continue providing safe and reliable power for its customers. These factors increased the costs of materials and labor for both overhead and underground installations.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 2  
BATES PAGE(S): 2  
FILED: MAY 19, 2023**

- 2.** Please explain why material and labor costs for underground escalated at a higher rate than overhead costs.
  - A.** There are several factors that caused material and labor costs for underground construction to escalate at a faster rate than overhead construction. First, there has been a higher demand for underground facilities versus that of overhead facilities. Second, a combination of supply chain issues, inflation, and supply and demand economics caused the rate of change in price for underground facilities to exceed that of overhead facilities.

**URD Calculations**

The following questions are referring to Docket No. 20210064-EI and this docket. 3.

3. Referring to the cost per service lateral underground material and labor sheet for single occupancy low density 210 lot subdivision cost per lot in Exhibit C, please explain the increase in the following costs.

- a. Material for transformers increased from \$378.83 to \$754.98.
- b. Labor for pri. and sec. trenching increased from \$319.74 to \$813.82.

**A.**

- a. Please see the response to Staff's First Data Request No. 1 for an explanation of the materials cost increase.
- b. Please see the response to Staff's First Data Request No. 1 for an explanation of the labor cost increase.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 4  
BATES PAGE(S): 4  
FILED: MAY 19, 2023**

4. Referring to the cost per service lateral underground material and labor sheet for single occupancy high density 176 lot subdivision individually metered cost per lot in Exhibit C, please explain why the following charges have increased.

- a. Material for service increased from \$288.33 to \$434.33.
- b. Material for transformers increased from \$267.25 to \$541.68.
- c. Labor for pri. and sec. trenching increased from \$175.02 to \$430.48.
- d. Labor for service trenching increased from \$317.91 to \$591.44.

**A.**

- a. Please see the response to Staff's First Data Request No. 1 for an explanation of the materials cost increase.
- b. Please see the response to Staff's First Data Request No. 1 for an explanation of the materials cost increase.
- c. Please see the response to Staff's First Data Request No. 1 for an explanation of the labor cost increase.
- d. Please see the response to Staff's First Data Request No. 1 for an explanation of the labor cost increase.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 5  
BATES PAGE(S): 5 - 6  
FILED: MAY 19, 2023**

**Net Present Value**

- 5.** Please provide the NPV tables V-VIII, found on pages OC-3 - OC-7 in excel format for tables 5-8 with formulas intact.
  
- A.** Please see Tampa Electric electronic attachment in MS Excel format containing the provided Excel spreadsheet titled "(BS6\_DR5\_Docket 20230042-EI First Data Request Answer #5)".

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 6  
BATES PAGE(S): 7  
FILED: MAY 19, 2023**

6. In the overhead vs underground summary sheet for single occupancy low density 210 lot subdivision cost per lot in Exhibit C, please explain why the overhead Net Present Value (NPV) operational cost increased from \$1,896.66 to \$4,928.39 and the underground cost increased from \$1,254.37, to \$2,570.64. Please discuss all changes that impacted the NPV analysis.

A. The contributing factors to both the overhead and underground NPV are the 3-year average annual operational costs, 3-year average annual pole attachment revenue, 3-year average annual line clearance costs, and estimated annual storm costs. Over the book life of 35 years, Tampa Electric's 3-year average annual operations cost increased significantly due to inflation. Tampa Electric's 3-year annual pole attachment revenue is projected to experience a lower rate of growth than what was provided in Tampa Electric's previous URD filing. In each Tampa Electric URD filing, the company projects the pole attachment growth rate using the last year of the URD filing's time period. In this case, the projection is based on 2022's percentage increase from 2021. The 3-yr average annual line clearance cost increased over the book life of 35 years due to increases in the inflation rate and underground allocation percentage. In Tampa Electric's previous URD filing, Tampa Electric used an estimated 3-year average storm cost based upon a storm analysis which estimated the average annual storm costs to be \$27,000,000. In the current URD petition, Tampa Electric used actual costs from storms that impacted Tampa Electric's service area between 2020 and 2022. This resulted in the average annual storm costs being \$40,991,120 over the 3-year period. Additionally, Tampa Electric updated the company's storm costs allocation factors. Tampa Electric's previous URD filing attributed 96% of the storm costs to overhead and 4% to underground. Based on the impacts and data from Hurricanes Irma and Ian, Tampa Electric updated the company's allocation factors to attribute 99% of the storm costs to overhead and 1% to underground. These changes, in tandem with higher inflation, increased the projected storm costs over the 35-year period.

Comparing Tampa Electric's previous URD filing to the company's current URD petition, the inflation rate increased from 0.8% to 7.1%, the discount rate increased from 6.70% to 7.13%, the pole attachment annual revenue projected growth rate decreased from 2.1% to 0.9%, and the line clearance overhead to underground ratio changed from 96.1%:3.9% to 94.6%:5.4%. These percentage changes alongside Tampa Electric's change in storm cost allocation percentages as well as using actual storm costs versus a storm analysis impacted the NPV.



**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 7  
BATES PAGE(S): 8  
FILED: MAY 19, 2023**

- 7.** In the overhead vs underground summary sheet for single occupancy high density 176 lot subdivision individually metered cost per lot in Exhibit C, please explain why the overhead NPV operational cost increased from \$1,408.20 to \$3,656.43 and the underground cost increased from \$583.66 to \$1,207.69.
  
- A.** Please see the response to Staff's First Data Request No. 6 for an explanation of the increase in both overhead and underground NPV.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 8  
BATES PAGE(S): 9  
FILED: MAY 19, 2023**

- 8.** On Table V (A) under assumptions, the inflation rate of 7.10 percent is listed. Please explain how the rate was arrived upon.
  
- A.** As done in each Tampa Electric URD filing analysis, the inflation rate assumption is the projected Consumer Price Index rate for the last year of the URD filing's 3-year average operational period purchased from Moody's Analytics.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 9  
BATES PAGE(S): 10  
FILED: MAY 19, 2023**

- 9.** Referring to Table V (B), please explain what underground line clearing entails and why the 3-Yr Average Annual Line Clearance Cost increased from \$681,042 to \$2,875,646.
  - A.** Underground line clearing entails tree trimming around terminal poles, which are a part of the underground system. The 3-yr Average Annual Line Clearance Cost in Table V (B) increased from \$681,042 to \$2,875,646 due to increases in the inflation rate and underground allocation percentage.

**TAMPA ELECTRIC COMPANY  
DOCKET NO. 20230042-EI  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 10  
BATES PAGE(S): 11  
FILED: MAY 19, 2023**

- 10.** Please explain the store handling costs increase for both low and high density models, as shown on pages LD-1 and HD-1 (for example 39.90 percent increase for low density underground costs).
- A.** Higher store handling costs are caused by higher material costs. Please see the response to Staff's First Data Request No. 1 for an explanation of the materials cost increase.